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6 June 2022

Stephanie Patchell
Adviser, Listings Compliance (Perth)
Australia Securities Exchange

Dear Stephanie

RESPONSE TO QUERY LETTER

1. We refer to the query letter dated 27 May 2022 addressed to the Company, and are pleased to provide our response in the attached Appendix A.
2. Please let us know if you required further information.

Yours faithfully
For and on behalf of
ASAPLUS RESOURCES LIMITED

A handwritten signature in black ink, appearing to read 'Ding Poi Bor', is written over a white, slightly irregular rectangular background.

DING Poi Bor
Managing director

APPENDIX A

Unless otherwise defined or the context otherwise permit, capitalized terms used in this Appendix 1 shall have the same meanings given to them in the query letter dated 27 May 2022 from ASX to the Company

Q1 Does AJY expect that it will continue to have the current level of negative operating cash flows for the time being and, if not, why not?

A AJY expects that it will continue to have the current level of negative operating cash flows for the next two quarters.

Q2 Has AJY taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? In answering this question, please comment specifically on the current status of the non-renounceable rights issue AJY indicated it was considering as disclosed at paragraph 8.8.2 of the Appendix 5B.

A AJY expects to launch the non-renounceable rights issue (the **Rights Issue**) it disclosed at paragraph 8.8.2 of the Appendix 5B by 30 June 2022. The Company is cautiously optimistic that the Rights Issue will be reasonably successful as DING Poi Bor, the controller of the Company who currently holds 29,500,000 shares representing 21.69% of AJY's issued capital, has indicated that he will subscribe for his entitlement in full.

Pending completion of the Rights Issue, the controller has undertaken to provide continuing financial support for the Company as and when it needs it.

Q3 Does AJY expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

A AJY expects to be able to continue its operations and to meet its business objectives, and make this statement on the following bases:

(a) its Beikeng Mine is expected to commence operations at a commercial scale within the next three quarters; and

(b) it expects to have the funds to continue its operations until the Beikeng Mine commence commercial operations. Please also refer to the answer to Q2 above.

Q4 Is AJY able to confirm that in the Directors' Opinion the Half-Year Report:

(a) comply with the relevant Accounting Standards; and

(b) give a true and fair view of AJY's financial performance and position?

A AJY confirms that in the Directors' opinion, the Half-Year Report:

(a) comply with the relevant Accounting Standards; and

(b) give a true and fair view of AJY's financial performance and position.

Q5 Does AJY consider that the financial condition of AJY is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2? In answering this question, please also explain the basis for this conclusion, taking into consideration AJY's negative working capital of \$3,589,779 and net liabilities position of \$898,106.

- A** Yes, AJY considers that its financial condition is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2. The bases for making this statement are:
- (a) a substantial portion of its liabilities are owed by Datian Huayu Mining Co., Limited (**Datian Huayu**), its wholly-owned subsidiary which is pending completion of its disposal. As of 31 December 2021, Datian Huayu's total liabilities amounted to approximately \$3,170,000. AJY did not provide any guarantee nor enforceable comfort letter in relation to these liabilities owed by Datian Huayu;
 - (b) a substantial portion of its liabilities which are not owed by Datian Huayu, are owed to its controller and an unrelated creditor (the **Creditor**);
 - (c) the liabilities owed by Datian Huayu will cease to be the liabilities of AJY when its disposal is completed. Completion of this disposal is scheduled to take place on 9 June 2022, and AJY will make an announcement after it occurs;
 - (d) AJY has requested the controller, and the controller has indicated his willingness, to convert sums owed to him into equity of AJY. AJY will also seek the Creditor's agreement to similarly convert the debt due to it into equity of AJY. These debt-to-equity conversions will be subject to shareholders' approval at an extraordinary general meeting; and
 - (e) as referred to in the answer to Q3, its Beikeng Mine is expected to commence commercial operations within the next three quarters.

Q6 If the answer to question 5 is "No", please explain what steps AJY has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rule 12.2.

A Not applicable.

Q7 In relation to the Half-Year Report, did the Board receive the CFO and CEO declaration, as described in section 4.2 of AJY's Replacement Corporate Governance Disclosure, that in the opinion of the CFO and CEO, the financial records of AJY have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of AJY and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively?

A The Board received the CFO and CEO declaration, as described in section 4.2 of AJY's Replacement Corporate Governance Disclosure, in relation to the Half-Year Report.

Q8 If the answer to Question 7 is 'no', why did the Board not receive the CEO and CFO declaration as described in section 4.2 of AJY's Replacement Corporate Governance Disclosure?

A Not applicable.

Q9 What enquiries did the Board make of management to satisfy itself that the financial records of AJY have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of AJY?

A The Board meets regularly with management to receive feedbacks and reports and, where so required, seek answers to material transactions to satisfy itself that the financial records of AJY have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of AJY.

Q10 Given the Auditor has raised a material uncertainty whether the AJY can continue as a going concern and as of 31 December 2021 AJY had cash and cash equivalents of \$218,312 and total current liabilities of \$5,953,922, on what basis do the directors consider that AJY is a going concern?

A Please refer to the answer to Q5, in particular, the matters explained in paragraphs (a) and (c). AJY expects that the financial statements for the year ended 30 June 2022 will reflect that liabilities previously owed by Datian Huayu will no longer be liabilities of AJY. Additionally, directors also believe that AJY is a going concern because the controller and the Creditor have indicated to AJY that they will not demand payment of the debts owed to them until such time when it is able to repay these debts, subject to these debts not being converted to equity as referred to in paragraph (d) of the answer to Q3.

Q11 Please also provide any other information that AJY considers may be relevant to ASX forming an opinion on whether AJY is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

A AJY believes that all relevant information has been provided to ASX in this response to query letter and/or has been otherwise publicly disclosed.

Q12 Please confirm that AJY is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.

A The Company confirms that it is complying with Listing Rule 3.1.

Q13 Please confirm that AJY's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of AJY with delegated authority from the board to respond to ASX on disclosure matters.

A AJY confirms that its response to the query letter have been approved and issued by DING Poi Bor, who is the officer with delegated authority from the board to respond to ASX on disclosure matters.



27 May 2022

Reference: 53086

Ms Swapna Keskar
Asaplus Resources Limited

By email: keskar@company matters.com.au

Dear Ms Keskar

Asaplus Resources Limited ('AJY'): Query – Financial Condition

ASX refers to the following:

- A. AJY's Appendix 5B quarterly report for the period ended 31 March 2022 lodged with ASX Market Announcements Platform ('MAP') on 29 April 2022 (the 'Appendix 5B'), which included the following disclosure at section 8.8.2:

"8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?"

Answer: The entity is considering a non-underwritten, non-renounceable rights issue to raise additional funds to speed up the development of the mine at its tenement. As this proposal is still at the preliminary stage, directors are not able to assess the likelihood of its success should the entity proceed with this proposal."

- B. The financing facilities of \$4,750,800 available to AJY as disclosed in section 7 of the Appendix 5B and the amount drawn down at quarter end of \$4,096,686.
- C. AJY's half-year report for the half-year ended 31 March 2022 lodged with ASX Market Announcements Platform and released on 16 March 2022 ('Half-Year Report').
- D. The Independent Auditor's Report attached to the Half-Year Report ('Auditor's Report') which contains the following emphasis of matter:

"We draw attention to Note 3 of the financial statements, which highlights that the Group incurred a net loss of A\$313,849 during the interim period ended 31 December 2021 and as at 31 December 2021, the Company's current liabilities exceeded its current assets by A\$3,589,779. This indicates that a material uncertainty exist that may cast doubt on the Company's ability to continue as a going concern."

- A. The following disclosures in the Half Year Report regarding AJY's financial position as at 31 December 2021:
- (a) Current assets: \$2,364,143
 - (b) Total assets: \$5,055,816
 - (c) Current liabilities: \$5,953,922
 - (d) Total liabilities: \$5,953,922
- B. AJY's Replacement Corporate Governance Statement for 2021 lodged on the ASX Market Announcements Platform on 31 March 2022 which provides confirmation that AJY complies with recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations which states:

“The board of a listed entity should, before it approves the entity’s financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.”

C. Listing Rule 12.2 which states:

12.2 An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

D. Listing Rule 19.11A which states:

19.11A If a listing rule requires an entity to give ASX accounts, the following rules apply.

- (a) If the entity controls an entity within the meaning of section 50AA of the Corporations Act or is the holding company of an entity, required by any law, regulation, rule or accounting standard, or if ASX requires, the accounts must be consolidated accounts.*
- (b) The accounts must be prepared to Australian accounting standards. If the entity is a foreign entity the accounts may be prepared to other standards agreed by ASX.*
- (c) If the listing rule requires audited accounts, the audit must be conducted in accordance with Australian auditing standards by a registered company auditor. If the entity is a foreign entity, the audit may be conducted in accordance with other standards agreed by ASX and may be conducted by an overseas equivalent of a registered company auditor.*
- (d) If the listing rule requires accounts to be reviewed, the review must be conducted in accordance with Australian auditing standards. If the entity is a foreign entity, the review may be conducted in accordance with other standards agreed by ASX. Unless the listing rule says an independent accountant may conduct the review, it must be conducted by a registered company auditor (or, if the entity is a foreign entity, an overseas equivalent of a registered company auditor).*
- (e) If there is a directors’ declaration that relates to the accounts, the directors’ declaration must be given to ASX with the accounts.*
- (f) If there is a directors’ report that relates to the period covered by the accounts, the directors’ report must be given to ASX with the accounts.*

Request for Information

In view of that, ASX asks AJY to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does AJY expect that it will continue to have the current level of negative operating cash flows for the time being and, if not, why not?
2. Has AJY taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? In answering this question, please comment specifically on the current status of the non-renounceable rights issue AJY indicated it was considering as disclosed at paragraph 8.8.2 of the Appendix 5B.

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3. Does AJY expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
 4. Is AJY able to confirm that in the Directors' Opinion the Half-Year Report:
 - (a) comply with the relevant Accounting Standards; and
 - (b) give a true and fair view of AJY's financial performance and position?
 5. Does AJY consider that the financial condition of AJY is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2? In answering this question, please also explain the basis for this conclusion, taking into consideration AJY's negative working capital of \$3,589,779 and net liabilities position of \$898,106.
 6. If the answer to question 5 is "No", please explain what steps AJY has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rule 12.2.
 7. In relation to the Half-Year Report, did the Board receive the CFO and CEO declaration, as described in section 4.2 of AJY's Replacement Corporate Governance Disclosure, that in the opinion of the CFO and CEO, the financial records of AJY have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of AJY and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively?
 8. If the answer to Question 7 is 'no', why did the Board not receive the CEO and CFO declaration as described in section 4.2 of AJY's Replacement Corporate Governance Disclosure?
 9. What enquiries did the Board make of management to satisfy itself that the financial records of AJY have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of AJY?
 10. Given the Auditor has raised a material uncertainty whether the AJY can continue as a going concern and as of 31 December 2021 AJY had cash and cash equivalents of \$218,312 and total current liabilities of \$5,953,922, on what basis do the directors consider that AJY is a going concern?
 11. Please also provide any other information that AJY considers may be relevant to ASX forming an opinion on whether AJY is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.
 12. Please confirm that AJY is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
 13. Please confirm that AJY's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of AJY with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.00 AM AWST on Thursday, 2 June 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AJY's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require AJY to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in AJY's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in AJY's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to AJY's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that AJY's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Stephanie Patchell
Senior Adviser, Listings Compliance (Perth)