



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: AsiaPhos Limited

Security: AsiaPhos Limited

Meeting details:

Date: 30 April 2019

Time: 10.00 a.m.

Venue: Edelweiss Room (Level 3), Aperia, 10 Kallang Avenue, Singapore 339510

Company Description

AsiaPhos Limited is a Singapore-based mineral resources company. The Company is focused on exploring and mining phosphate in in Sichuan Province, People's Republic of China. The principal activity of the Company is that of investment holding. The Company operates through two segments: upstream segment and downstream segment. The Company's upstream segment is engaged in the business of exploration, mining and sale of phosphate rocks. Its downstream segment is engaged in the business of manufacturing, sale and trading of phosphate-based chemical products. Its products include sodium tripolyphosphate, sodium hexametaphosphate, tetrapotassium pyrophosphate and sodium acid pyrophosphate. The Company has mining rights in two mines situated in the west central portion of Sichuan Province: Cheng Qiang Yan deposit and Shi Sun Xi deposit. Its mines are located approximately 45 kilometers northwest of the Gongxing Facilities and are approximately eight kilometers apart.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5WV)

Q1. As noted in the message to shareholders, the group's mining operations at mines 1 and 2 and the Feng Tai mine were interrupted following a directive from the local government. The group has engaged an international law firm with extensive experience in international arbitration to safeguard its interest.

On the balance sheet, the mine properties, mining related property, plant and equipment and goodwill have been reclassified as asset held for sale (Note 9 – page 91). The group has taken an impairment loss on the P4 plant.

- (i) Can the board confirm that all mining activities have been suspended?**
- (ii) What is the staff strength left after the downsizing?**
- (iii) Who is leading the evaluation of shifting the P4 plant outside of Singapore?**
- (iv) Would the board consider it timely to explore a diversification to a new business (outside of Sichuan/phosphate)?**

Q2. The company has also stated that it had made a provision for doubtful debt receivable from a state-owned enterprise which failed to pay for the rocks that it purchased.

- (i) What was the reason the state-owned enterprise failed to pay up for the rocks?**
- (ii) Is it a first-time customer?**
- (iii) In the consolidated statement of cash flows, the provision for doubtful debts amounted to \$1.195 million. Is this sum the amount owed by the state-owned enterprise?**
- (iv) How is the group going to enforce its rights?**

Q3. The board comprises seven directors, with three independent directors. The group has escalated negotiations on the disposal from the Sichuan Provincial Government to Ministry of Commerce of the Chinese Government (“MOFCOM”).

- (i) Does the board have any director with experience in arbitration or in dealing with PRC government/legal system?**
- (ii) How much legal fees has been provided for?**
- (iii) What is the involvement by the board members, including the independent directors, to help the company resolve this issue as quickly as possible?**