



**LION ASIAPAC LIMITED**

(Co. Reg. No. 196800586R)

(Incorporated in the Republic of Singapore)

---

## Update on the Relocation Exercise by Compact Energy Sdn Bhd

---

On 20 October 2017, the Company had issued an announcement (“**Announcement**”) on the proposed relocation of an idle quicklime production plant in Banting, Selangor to Gopeng, Perak (“**Relocation**”) by Compact Energy Sdn. Bhd. (“**Compact**”), a wholly-owned subsidiary of the Company. Capitalised terms in this announcement shall (unless the context otherwise requires) have the same meanings as used in the Announcement.

Since the Announcement, a sum of RM2.1 million (approximately S\$0.7 million) has been paid by Compact to the Vendor pursuant to the SPA but as certain regulatory approvals for the construction and operation of the Gopeng Plant has not been obtained, the construction of the Gopeng Plant on the land has not commenced.

The Relocation was originally budgeted at RM23.4 million (approximately S\$7.8 million) but the budget for the Relocation has since increased to RM36.5 million (approximately S\$12.2 million) due to increase in estimated construction costs.

To date, Compact has incurred RM2.5 million (approximately S\$0.8 million) for the acquisition of the land [including the RM2.1 million (approximately S\$0.7 million) paid by Compact to the Vendor] and expenses related to obtaining of regulatory approvals and preparation for the construction of the Gopeng Plant.

In addition, the Covid-19 pandemic and its growing economic fallout is expected to play out over a prolonged period, with the general outlook for economic recovery remaining uncertain.

In view of the above, having re-evaluated the costs and benefits of continuing with the Relocation, including the increased budget and the uncertainty of economic recovery caused by the Covid-19 pandemic, the Company considers it not in the interests of the Group to proceed with the Relocation amidst this uncertain time.

It wishes to inform that it will not be proceeding with the Relocation and Compact is currently in discussions with the Vendor to sell the land back to the Vendor at the original purchase price.

The Company will continue to conduct a strategic review of the lime business.

The termination of the Relocation is not expected to have any material impact on the Group’s net tangible asset per share and earnings per share of the Group for the financial year ending 30 June 2020.

None of the Company’s Directors or controlling shareholders has any interest, direct or indirect, in the termination of the Relocation.

BY ORDER OF THE BOARD  
LION ASIAPAC LIMITED

Lah Ling San  
Company Secretary

Singapore, 29 May 2020