

**AP OIL INTERNATIONAL LIMITED**

Registration No. 197502257M

(Incorporated in Singapore)

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**RESPONSE TO SUBSTANTIAL AND RELEVANT QUESTIONS FOR ANNUAL GENERAL MEETING**

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The Board of Directors (the “**Board**”) of AP Oil International Limited (the “**Company**”), together with its subsidiaries) refers to the announcement dated 9 April 2021 on the alternative arrangements for its Annual General Meeting to be held on 28 April 2021 (“**AGM 2021**”), in particular the invitation to shareholders to submit questions in advance of the AGM 2021. The Company would like to thank the shareholders for the questions submitted.

The Appendix sets out the Company’s response to the questions received from the shareholders that are relevant to the AGM resolutions and the business of the Company.

**By Order of the Board**

Ho Chee Hon  
Group Chief Executive Officer  
28 April 2021

## APPENDIX

*Question 1: Can Management consider to distribute all the earnings instead of holding excessive cash levels (\$35.7million)?*

Answer: The Group cash and cash equivalents of \$35.7 million is required for working capital and capital expenditure requirements of the Group, and for merger and acquisition projects as determined and undertaken by the Company to enhance shareholder value and seek out new business growth. The quantum of dividend declared each year will take into consideration the Group's profit growth, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Board has proposed a final tax-exempt dividend of 0.50 cent per ordinary share for financial year 2020, this to be approved at the Annual General Meeting on 28 April 2021.

*Question 2: What solution can Management look at to boost the low capitalization?*

Answer: Management will continue to seek out new business opportunities and strengthen our existing business, amidst the Covid-19 pandemic, to bolster better performance and enhance shareholder value. The market will find its own level for the share price. Management will continue to focus on delivering better earnings for the Company.

*Question 3: What is the revenue share between the Lubricants and Specialty Chemicals? What are their respective margins?*

Answer: Manufacturing segment accounted for 59.0% or \$33.7 million of the Group's revenue, it is split into 2 products, namely:

- Lubricants, carried out by AP Oil Pte Ltd; and
- Specialty Chemicals, carried out by A.I.M. Chemicals and GB Chemicals.

In financial year 2020, the revenue share between the Lubricants and Specialty Chemicals was 76% and 24% respectively. The revenue share is dependent on volume and selling price, and may fluctuate from time to time.

Manufacturing segment gross margin was 19.8%. As the Specialty Chemicals revenue relate to small, competitive and niche markets, it is not in the Group's interest to disclose the respective margins.

*Question 4: What is the Company's plan with reduction of cars use of lubricants in near future?*

Answer: As part of its strategic review earlier, the Company had anticipated the advent of electric vehicles to potentially disrupt the use of lubricants in the middle term. To diversify its revenue base, the Company embarked to develop the new Marine market segment; and to secure toll blending customers for business growth and diversification of the Group's revenue. Thereafter, the Company acquired three Marine segment customers and two toll blending customers. The Company will continue to seek out new business opportunities to grow its revenue base.