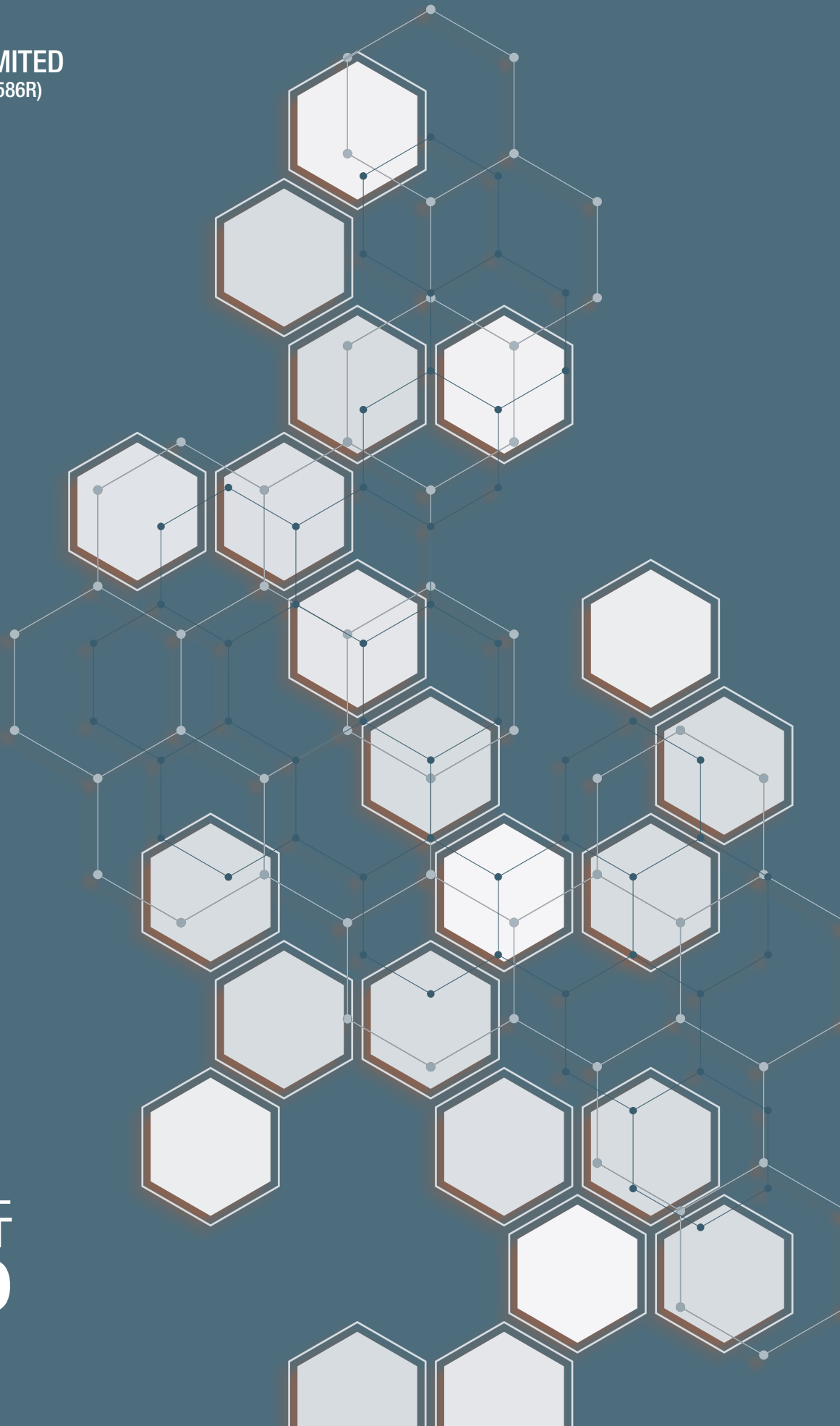




LION ASIAPAC LIMITED  
(CO. REG. NO. 196800586R)



ANNUAL  
REPORT  
**2020**

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# Corporate Information



## BOARD OF DIRECTORS

Sam Chong Keen, Chairman  
Loh Kgai Mun, Executive Director  
Tan Sri Cheng Heng Jem  
Cheng Theng How  
Dr Chua Siew Kiat  
Lee Whay Keong

## AUDIT COMMITTEE

Sam Chong Keen, Chairman  
Cheng Theng How  
Dr Chua Siew Kiat

## NOMINATING COMMITTEE

Sam Chong Keen, Chairman  
Cheng Theng How  
Dr Chua Siew Kiat

## REMUNERATION COMMITTEE

Sam Chong Keen, Chairman  
Cheng Theng How  
Dr Chua Siew Kiat

## COMPANY SECRETARIES

Lah Ling San  
Silvester Bernard Grant

## REGISTERED OFFICE

10 Arumugam Road  
#10-00 LTC Building A  
Singapore 409957  
Tel: +65 6632 0500  
Fax: +65 6747 9493  
Website: [www.lionasiapac.com](http://www.lionasiapac.com)

## SHARE REGISTRAR

B.A.C.S. Private Limited  
8 Robinson Road  
#03-00 ASO Building  
Singapore 048544  
Tel: +65 6593 4848  
Fax: +65 6593 4847

## INDEPENDENT AUDITOR

RSM Chio Lim LLP  
8 Wilkie Road  
#03-08 Wilkie Edge  
Singapore 228095  
Tel: +65 6533 7600  
Fax: +65 6538 7600

Partner-in-charge:  
Eu Chee Wei David  
(since financial year 2020)

## PRINCIPAL BANKER

Malayan Banking Berhad  
2 Battery Road  
16th Floor, Maybank Tower  
Singapore 049907

## LAWYER

WongPartnership LLP  
12 Marina Boulevard Level 28  
Marina Bay Financial Centre Tower 3  
Singapore 018982  
Tel: +65 6416 8000  
Fax: +65 6532 5711

# Chairman's Message



## Chairman's Message



### Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report for the financial year ended 30 June 2020.

The economic uncertainty from the Covid-19 pandemic, has posed many challenges to our business. The Group had a difficult year in adverse trading conditions, intense competition continues to impact sales and depress profit margin whilst the absence of trading activity has further reduced turnover.

### Financial Performance

Revenue fell by 48% to S\$16.8 million, owing primarily to the absence of steel trading. A net profit of S\$0.5 million was recorded for the year.

### Financial Position

The balance sheet continues to remain healthy, with net assets of S\$72.5 million at year end.

### Dividend

After rewarding shareholders with an interim dividend of 5 cents per share, it is necessary to reserve cash for future working capital and investment projects. No final dividend is proposed for FY 2020.

### Looking Ahead

Although the Company has decided not to proceed with the relocation exercise in the midst of this uncertain time, nevertheless we will continue to explore new business opportunities whilst developing our core businesses.

I am confident that we are well positioned to meet the challenges of the coming year and strive to generate sustainable long-term growth, which should in turn drive shareholder returns.

### Acknowledgement

Finally, I would like to express my appreciation to the management and staff for their dedication and hard work, as well as to our customers, suppliers, business associates, for their partnership. I would also like to thank my Board colleagues for their considerable contribution.

Above all, I would like to thank our loyal shareholders for their ongoing support, during this challenging period and look forward to a successful 2021.

### Sam Chong Keen

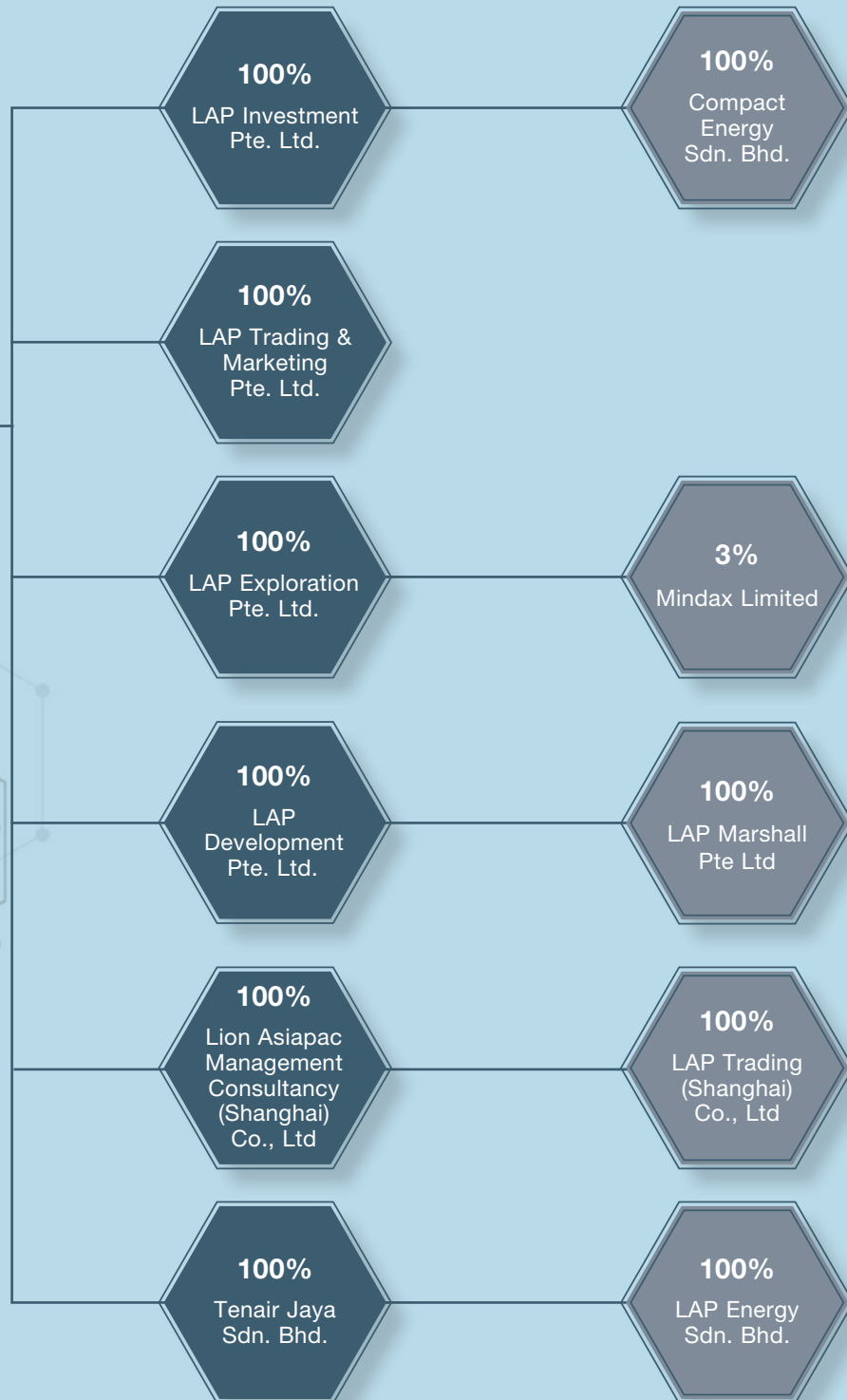
Chairman

# Corporate Structure

As at 25 September 2020



**Lion Asiapac Limited**



## Board of Directors



### **SAM CHONG KEEN**

*Chairman & Independent Director*

Mr Sam Chong Keen, an Independent Director of the Company, assumed the position of Chairman of the Board on 8 May 2017. He also chairs the Audit Committee, Nominating Committee and Remuneration Committee.

Appointed to the Board on 22 February 1997, Mr Sam served as the Company's Managing Director till 31 May 2002. Concurrently, he was the Chief Executive Officer and Executive Vice-Chairman of LTC Corporation Limited. Mr Sam was last re-elected as a Director of the Company on 31 October 2018.

Mr Sam has a wealth of management experience, having held senior/CEO positions in the Singapore Government Administrative Service, National Trades Union Congress (NTUC), Intraco Ltd, Comfort Group Ltd, VICOM Ltd, A-Smart Holdings Ltd ("A-Smart") (formerly known as Xpress Holdings Ltd), Jade Technologies Holdings Ltd and Sino-Environment Technology Group Limited.

Mr Sam was the Political Secretary to the Minister for Education from 1988 to 1991. He has served on various government boards and committees, including the Central Provident Fund Board and the National Co-operative Federation.

Mr Sam currently sits on the boards of other public listed companies, namely A-Smart and Stamford Tyres Corporation Ltd, as an independent director and chairman respectively.

Mr Sam holds a Bachelor of Arts (Engineering Science and Economics) (Honours) degree and a Master of Arts degree from the University of Oxford, as well as a Diploma from the Institute of Marketing, United Kingdom.



### **LOH KGAI MUN**

*Executive Director*

Mr Loh Kgai Mun joined the Board as an Executive Director on 8 August 2008. He was last re-elected as a Director of the Company on 31 October 2017, and will be seeking for re-election at the forthcoming 50th Annual General Meeting to be held on 30 October 2020.

He has a wealth of management experience in multi-national organisations as well as listed companies. Prior to 2008, he was the Group General Manager of the Company and oversaw financial, operational and compliance matters of the Group. Mr Loh joined The Lion Group as the Financial Controller of its Telecommunications division. Concurrently, he also headed the Group Internal Audit and Group Information Technology divisions in Singapore.

Currently, he also sits on the board of Mindax Limited, a company listed on the Australian Securities Exchange, as an Independent Director and Chairman of the Audit Committee. He has also assumed the position of Chairman of the Board on 26 May 2020.

Mr Loh holds a Masters Degree in Business Administration from the University of Edinburgh Business School, and is an Associate Member of the Institute of Chartered Accountants in England and Wales.

## Board of Directors



### **TAN SRI CHENG HENG JEM**

*Non-Executive Director*

Tan Sri Cheng Heng Jem joined the Board as a Non-Executive Director on 7 September 2010. He was last re-elected as a Director of the Company on 31 October 2019.

Tan Sri Cheng has more than 47 years of experience in the business operations of the Lion Group encompassing retail, branding, food and beverage, credit financing and money lending services, property development, mining, manufacturing, steel, tyre, motor, agriculture and computer industries.

Tan Sri Cheng was the President of The Associated Chinese Chambers of Commerce and Industry of Malaysia (“ACCCIM”) and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor (“KLSCCCI”) from 2003 to 2012 and is now a Honorary Life President of ACCCIM and KLSCCCI. Tan Sri Cheng was also the President of Malaysia Retailers Association (“MRA”) from August 2014 to May 2018 and in June 2018, he was appointed an Honorary President of MRA. He is a Trustee of ACCCIM’s Socio-Economic Research Trust, the President of Malaysia Steel Association, and was appointed the Chairman of the Federation of Asia-Pacific Retailers Associations in October 2017.

Tan Sri Cheng is currently the Chairman and Managing Director of Parkson Holdings Berhad, and also the Chairman of Lion Posim Berhad (formerly known as Lion Forest Industries Berhad), both of which are public listed companies in Malaysia. He is also the Chairman and Managing director of ACB Resources Berhad, and a Founding Trustee and Chairman of The Community Chest in Malaysia, a company limited by guarantee incorporated for charity purposes.

Tan Sri Cheng is also the Chairman of Parkson Retail Asia Limited and Parkson Retail Group Limited, which are public listed companies in Singapore and Hong Kong respectively.



### **CHENG THENG HOW**

*Non-Executive Director*

Mr Cheng Theng How joined the Board as a Non-Executive Director on 22 February 1997. He also serves as a member of the Audit Committee, Nominating Committee and Remuneration Committee. He was last re-elected as a Director of the Company on 31 October 2017, and will be seeking for re-election at the forthcoming 50th Annual General Meeting to be held on 30 October 2020.

Mr Cheng is currently the General Manager and Director of Angkasa Daehan Steel Pte Ltd (formerly known as Angkasa Amsteel Pte Ltd), which distributes steel and iron products, since 1994. Prior to that, he served as the Assistant General Manager (Production) of Amalgamated Steel Mills Berhad.

Mr Cheng was also an Executive Director of Antara Steel Mills Sdn Bhd, a subsidiary of Lion Industries Corporation Berhad which is a public listed company in Malaysia, from 2006 to 2019.

Mr Cheng holds a Diploma in Mechanical Engineering from Singapore Polytechnic.



## Board of Directors



### **DR CHUA SIEW KIAT**

*Independent Director*

Dr Chua Siew Kiat joined the Board as an Independent Director on 8 May 2017. He also serves as a member of the Audit Committee, Nominating Committee and Remuneration Committee. Dr Chua was last re-elected as a Director of the Company on 31 October 2019.

Dr Chua is currently the Managing Director of Ban Seng Guan Sdn Bhd (“BSG”), which is involved in the trading and distribution of fertilizer and feed products. Prior to joining BSG in 1996, Dr Chua held senior engineering positions in several engineering and consulting companies in the defence and automotive industries in the USA.

Dr Chua holds a Bachelor of Science (BSc) degree in Mechanical Engineering from the University of Western Ontario, Canada. He also holds a Master of Science (MSd), as well as a Doctorate (PhD) from the California Institute of Technology, USA.



### **LEE WHAY KEONG**

*Non-Executive Director*

Mr Lee Whay Keong joined the Board as a Non-Executive Director on 7 September 2010. He was last re-elected as a Director of the Company on 31 October 2018.

Mr Lee is currently the Personal Assistant to the Group Executive Director (“GED”), since he joined The Lion Group in 1992. His responsibilities include advising and assisting the GED on governmental, corporate, strategic, joint venture, accounting and corporate finance issues.

Mr Lee’s main duties also involve assisting the GED in overseeing some of The Lion Group’s subsidiaries and in the acquisitions and divestments of businesses and companies of The Lion Group. Since 2009, he is overseeing PT Kebunaria, a plantation company in Indonesia.

Mr Lee is currently the Commissioner of PT Lion Metal Works Tbk, which is a public listed company in Indonesia.

Mr Lee holds a Bachelor of Science (Honours) degree and a Diploma in Education from the University of Malaya, and a Master of Business Administration (Banking and Finance) from North Texas State University.

## Management Team

### **WONG MIN SEONG**

*Assistant General Manager,  
Lime Manufacturing Division*

Mr Wong Min Seong joined Compact Energy Sdn Bhd in 2007 as its Assistant General Manager. He heads the operations of the Group's lime manufacturing plants in Malaysia.

From 2004 to 2007, Mr Wong served as the Assistant General Manager at Megasteel Sdn Bhd, and oversaw its limekiln project. Prior to that, he was the Plant Manager at Natsteel Chemicals (M) Sdn Bhd, and was responsible for quicklime production and maintenance of plant and machinery.

Mr Wong holds a Class 2 Engineer Certificate of Competency Examination (equivalent to a Bachelor Degree) from Jabatan Laut Malaysia, and a Diploma in Marine Mechanical Engineering from Polytechnic Ungku Omar, Ipoh.

### **FAN HONGBO**

*Finance Manager  
Corporate Division*

Mr Fan Hongbo joined the Group in 2013 as Finance Manager, and is responsible for financial accounting and reporting, treasury control and taxation of the Group.

Prior to joining the Group, he was the Group Accounts Manager at Kinery Ltd since 2011. He started his career as an Audit Associate at Moore Stephens LLP in 2007, and left as its Assistant Audit Manager.

Mr Fan holds a Masters Degree in Business Administration from the University of Strathclyde and is a member of the Institute of Singapore Chartered Accountants, and also a member of the Association of Chartered Certified Accountants.

### **LAH LING SAN**

*Company Secretary  
Corporate Division*

Ms Lah Ling San joined the Group in 2018 as Company Secretary, and is responsible for corporate secretarial matters of the Group. She manages the Group's compliance with the company laws, SGX-ST listing rules and other applicable regulations, as well as investor relations.

From 2016 to 2018, Ms Lah served as the Corporate Secretarial Manager for Tuan Sing Holdings Limited and SP Corporation Limited. Prior to that, she was the Corporate Secretarial Manager at Yeo Hiap Seng Limited ("YHS"). Before she joined YHS in 2011, Ms Lah was the Legal & Secretarial Executive at Far East Orchard Limited. Ms Lah started her career with a corporate secretarial servicing firm in 2001.

Ms Lah is an Associate Member of the Chartered Secretaries Institute of Singapore.



# Financial Highlights

| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 30 June 2020<br>S\$'000 | 30 June 2019<br>S\$'000 |
|---|-------------------------|-------------------------|
| <b>Continuing Operations</b>  |                         |                         |
| Revenue   |                         |                         |
| – Lime manufacturing  | 16,826                  | 19,042                  |
| – Steel consumables trading   | –                       | 13,491                  |
|   | 16,826                  | 32,533                  |
| <b>Profit/(loss) before income tax</b>                                  | <b>680</b>              | <b>(964)</b>            |
| <b>Total profit/(loss)</b>  | <b>541</b>              | <b>(1,106)</b>          |
| Segmental result  |                         |                         |
| – Lime manufacturing  | (179)                   | (91)                    |
| – Steel consumables trading   | (915)                   | (455)                   |
| – Investment holding/others   | (639)                   | (618)                   |
|   | <b>(1,733)</b>          | <b>(1,164)</b>          |
| <b>Statement of Financial Position</b>                                  |                         |                         |
|   | 30 June 2020<br>S\$'000 | 30 June 2019<br>S\$'000 |
| Current assets  | 73,318                  | 76,684                  |
| Current liabilities   | (2,926)                 | (2,708)                 |
| Net current assets  | 70,392                  | 73,976                  |
| Non-current assets  | 3,511                   | 2,707                   |
| Non-current liabilities   | (1,412)                 | (224)                   |
| <b>Net assets</b>   | <b>72,491</b>           | <b>76,459</b>           |
| <b>Represented by:</b>  |                         |                         |
| Shareholders' equity  | 72,491                  | 76,459                  |
| <b>Shareholders' funds</b>  | <b>72,491</b>           | <b>76,459</b>           |
|   | 30 June 2020<br>(cents) | 30 June 2019<br>(cents) |
| Earnings/(losses) per share (basic and diluted)                         | 0.67                    | (1.36)                  |
| Net asset value per ordinary share                                      | 89.38                   | 94.27                   |
| Interim dividend per ordinary share                                     | 5.00                    | 3.00                    |
| Final dividend per ordinary share                                       | –                       | 0.50                    |

# Corporate Governance Report

Lion Asiapac Limited (the “Company”) considers the maintenance of a high standard of corporate governance as absolutely paramount, and is committed to self-regulatory corporate practices in protecting the interests of its shareholders.

In accordance with Rule 710 of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual, this report describes the Company’s corporate governance processes and activities which are in compliance with the principles and guidelines of the Code of Corporate Governance 2018 (the “Code”) and an explanation is provided where there is deviation from any guideline of the Code.

## Board Matters

### Principle 1 – The Board’s Conduct of Affairs

*The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

#### Principal Duties of the Board

Apart from its statutory duties, the Board is responsible for the overall strategy and direction of the Group. It provides entrepreneurial leadership and sets strategic aims, taking into account sustainability issues, and ensures that the necessary financial and human resources are in place for the Company to meet its objectives. It also ensures that the Company’s strategies are in the interests of the Company and its shareholders.

The Board supervises executive management and reviews management performance, as well as establishes a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Group’s assets. It sets the Company’s values and standards, identifies the key stakeholder groups and recognises that their perceptions affect the Company’s reputation, ensuring that obligations to shareholders and other stakeholders are understood and met.

#### Board Orientation and Training

The Board is routinely being updated on pertinent developments in the business including changes in laws and regulations, code of corporate governance, financial reporting standards and industry-related matters, to enable it to effectively discharge its duties. The Company will fund directors’ participation at industry conferences, seminars or any training programme conducted by external professionals, to allow them to continue fulfilling their roles as Board members and Committee members effectively.

#### Matters Requiring Board Approval

The Board reviews and approves strategic plans, key operational and financial matters, major acquisition and divestment plans, major expenditure projects and funding decisions. Directors who have a potential conflict of interest in a particular transaction is abstained from participating in the relevant Board discussions and decisions.

#### Delegation by the Board

To facilitate effective management, the Board delegates certain functions to the Nominating Committee (“NC”), Remuneration Committee (“RC”) and Audit Committee (“AC”), each of which has its own terms of reference setting out the scope of its duties and responsibilities, and procedures governing the manner in which it is to operate and how decisions are to be taken. Any change to the terms of reference for any Board committees requires Board approval.

# Corporate Governance Report

## Board Matters (Cont'd)

### Board and Board Committees Meetings and Attendance Records of the Board Members

The Board and its committees met regularly based on schedules planned one year ahead to ensure maximum attendance by all participants. On occasions when directors are unable to attend meetings in person, telephonic participation at the meetings is allowed under the Constitution of the Company ("Constitution").

The number of meetings attended by the directors during the financial year ended 30 June 2020 is set out as follows:

|                                     | Board    | Audit Committee | Nominating Committee | Remuneration Committee | General Meeting |
|-------------------------------------|----------|-----------------|----------------------|------------------------|-----------------|
| <b>Number of meetings held:</b>     | <b>5</b> | <b>8</b>        | <b>1</b>             | <b>1</b>               | <b>1</b>        |
| <b>Number of meetings attended:</b> |          |                 |                      |                        |                 |
| Sam Chong Keen                      | 5        | 8               | 1                    | 1                      | 1               |
| Loh Kgai Mun                        | 5        | n.a.            | n.a.                 | n.a.                   | 1               |
| Tan Sri Cheng Heng Jem              | 4        | n.a.            | n.a.                 | n.a.                   | 1               |
| Cheng Theng How                     | 5        | 8               | 1                    | 1                      | 1               |
| Dr Chua Siew Kiat                   | 5        | 8               | 1                    | 1                      | 1               |
| Lee Whay Keong                      | 5        | n.a.            | n.a.                 | n.a.                   | 1               |

### Access to Information

The directors are provided with complete and adequate information in a timely manner by management. To facilitate an informed decision making, explanatory notes or reports on major operational, financial and corporate issues, together with copies of disclosure documents and/or financial statements are circulated to the directors at least one week prior to the meetings.

### Access to Management, Company Secretary and Professional Advice

All directors have direct access to the senior management of the Company ("Management") and the company secretary ("Secretary"). The Secretary ensures that Board procedures are followed, and that applicable rules and regulations are complied with. She also manages the Group's compliance with the requirements of the Companies Act, rules of SGX-ST Listing Manual and other applicable regulations. Additionally, the Secretary facilitates information flows between the Board and its committees, as well as between Management and the Board, and where necessary, manages orientations and assist in professional development. During the financial year ended 30 June 2020 ("FY 2020"), the Secretary attended all meetings of the Board and Board committees, with all the associated minutes circulated thereafter. The appointment and removal of the Secretary are subject to the approval of the Board.

Other than the access to management, if necessary, arrangement will be made for the directors to obtain independent professional advice at the Company's expense.

# Corporate Governance Report

## Board Matters (Cont'd)

### Principle 2 – Board Composition and Guidance

*The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

#### Structure of the Board

The Board comprises six directors, two of whom are independent, and one of whom holds executive position.

The members of the Board are as follows:

| <u>Executive</u> | <u>Non-Executive</u>   |   |
|------------------|------------------------|---|
| Loh Kgai Mun     | Sam Chong Keen         | <i>(Chairman, Independent Director)</i> |
|                  | Dr Chua Siew Kiat      | <i>(Independent Director)</i>           |
|                  | Tan Sri Cheng Heng Jem |   |
|                  | Cheng Theng How        |   |
|                  | Lee Whay Keong         |   |

The NC conducted its annual review of the directors' independence and was satisfied that the Company complies with the guidelines of the Code which provide that a majority of the Board is made up of non-executive directors. The Company also complies with SGX-ST's Listing Rule 210(5)(c) which requires independent directors to comprise at least one-third of the Board.

#### Independence of Directors

The NC determines annually the independence of a director, taking into account the criteria and circumstances set out in SGX-ST Listing Manual, the Code and the complementary practice guidance ("Practice Guidance"). Each director is required to complete a Director's Independence Checklist drawn up based on the guidelines in the Code and the Practice Guidance, and is required to confirm whether he is independent despite not having any relationships as set out in the Code. Thereafter, the NC reviews the completed checklists to assess the independence of the directors and recommends its assessment to the Board. If there is any change in the relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company, the director is required, to immediately notify the Company. For FY 2020, both independent non-executive directors confirmed that they had no such relationship.

#### Independent Non-Executive Directors who have served beyond Nine Years

The NC and the Board are aware of the impending SGX-ST's Listing Rule 210(5)(d)(iii) in respect of the 9-year tenure for independent directors effective 1 January 2022, where all independent directors who have served the Board for an aggregate period of more than nine years will undergo the mandatory two-tier voting process at the 2021 annual general meeting ("AGM"). At present, the continued independence of directors who have served more than nine years are subject to particularly rigorous review. Such measures will enable the Board to have an independent and objective perspective, to allow balanced and well-considered decisions to be made.

# Corporate Governance Report

## Board Matters (Cont'd)

### Independent Non-Executive Directors who have served beyond Nine Years (Cont'd)

The NC is of the view that Mr Sam Chong Keen and Dr Chua Siew Kiat are independent directors. Although Mr Sam has served on the Board for more than nine years, the NC is of the view that a director's independence cannot be determined solely on the basis of length of time. Instead, the substance of a director's professionalism, integrity and objectivity is of utmost importance. Mr Sam has expressed individual views and objectively scrutinised and debated issues. In doing so, he has demonstrated independent mindedness and conduct at Board and Board committee meetings. The Board is of the opinion that Mr Sam has over time developed significant insights into the Group's businesses, and could continue to provide valuable contribution and exercise independent judgement in the best interests of the Company.

### Board Composition and Size

The NC conducted its annual review on the size and composition of the Board which comprises members from different backgrounds and whose core competencies, qualifications, skills and experiences are extensive. Considering the scope and nature of the operations of the Group, the Board is of the view that the current Board size is appropriate to facilitate effective decision making.

A summary of the composition of the Board and its committees is set out below:

| Name                   | Status   | Board | Audit Committee | Nominating Committee | Remuneration Committee |
|------------------------|----------|-------|-----------------|----------------------|------------------------|
| Sam Chong Keen         | NED, ID  | C     | C               | C                    | C                      |
| Loh Kgai Mun           | ED, NID  | M     | –               | –                    | –                      |
| Tan Sri Cheng Heng Jem | NED, NID | M     | –               | –                    | –                      |
| Cheng Theng How        | NED, NID | M     | M               | M                    | M                      |
| Dr Chua Siew Kiat      | NED, ID  | M     | M               | M                    | M                      |
| Lee Whay Keong         | NED, NID | M     | –               | –                    | –                      |

#### Legend:

C: Chairman                      ED: Executive Director                      ID: Independent Director  
M: Member                      NED: Non-Executive Director                      NID: Non-Independent Director

### Competency of the Board

The current Board composition provides an appropriate and diverse mix of skills and experiences to serve the Group competently and efficiently. The directors have core competencies in accounting and finance, business and management experience, industry knowledge, and strategic planning experience.

Board performance is evaluated based on its size, composition, processes and accountability. The NC is of the view that quantitative criteria, namely financial ratios, provide a snapshot of a company's performance rather than board performance. There is no concrete performance criteria that addresses how the Board has enhanced long term shareholder value.

The NC has put in place an annual board performance evaluation exercise in the form of a questionnaire for completion by each director. The results of the questionnaire are collated, and the findings are reviewed by the NC and reported to the Board. The Board was satisfied with the results of the assessment for FY 2020.

Details of the directors' qualifications, background and working experience are set out under "Board of Directors" section of this Annual Report.

# Corporate Governance Report

## Board Matters (Cont'd)

### Board Diversity

In identifying suitable candidates for new appointment to the Board, the NC will give equal considerations to all female candidates. Gender is only one aspect of diversity and new directors will continue to be selected based on merit, taking into account the contributions the candidates can bring to the Board, as part of the process for new Board appointment and Board succession planning.

### Meetings of Non-Executive Directors

The Non-Executive Directors constructively challenge and help develop proposals on strategy, as well as help review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. Where necessary, Non-Executive Directors will meet for discussion, without the presence of Management.

### Principle 3 – Chairman and Chief Executive Officer

*There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

### Separation of the Role of Chairman and Executive Director

The offices of Chairman of the Board and the Executive Director are held by separate individuals to maintain effective oversight and accountability at Board and management levels. As Chairman of the Board, Mr Sam Chong Keen manages the business of the Board and leads the meetings to ensure full discussion of all agenda items. Whilst Mr Loh Kgai Mun, as the Executive Director, provides stewardship for the overall operations and resources of the Group's businesses.

There is no familial relationship between the Chairman and the Executive Director.

### Roles and Responsibilities of Executive Director

The Executive Director oversees the day-to-day operations of the Group, and is responsible for the execution and management of the Group's strategy as set by the Board. He updates the Board on pertinent developments in the Group's business, as well as identifies, assesses, and advises the Board of any material internal and external issues that may affect the Group. Other than the meetings of the Board and shareholders, during FY 2020, the Executive Director also attended all the meetings convened by Board committees.

### Roles and Responsibilities of Chairman

The Chairman is responsible for the management of the Board. He leads the Board to ensure its effectiveness on all aspects of its role and promotes a culture of openness and debate at the Board. He sets its agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. He facilitates the effective contribution of Non-Executive Directors, and encourages constructive relations within the Board and between the Board and Management.

The Chairman convenes Board meetings as and when necessary, manages the Board proceedings, and ensures that the Board members are provided with complete, timely and adequate information. He also ensures compliance with the Company's guidelines on corporate governance.



# Corporate Governance Report

## Board Matters (Cont'd)

### Lead Independent Director

The Code prescribes that the Board appoints a lead independent director to lead and coordinate the activities of non-executive directors, *inter alia*, in situations where the Chairman is conflicted. Having considered the current business operations and the Chairman of the Company, whom is also an independent director, the NC and the Board are of the view that the appointment of a lead independent director is not necessary.

The Board and Management are always accessible to the Company's shareholders. The absence of a lead independent director has not impacted, and is not expected to impact, the communication between the Board and, the shareholders or, other stakeholders of the Company.

### Principle 4 – Board Membership

*The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

### NC Membership and Responsibilities

The NC comprises three directors, all of whom are non-executive, and two of whom including the Chairman are independent. The NC met once during the financial year.

Sam Chong Keen (Chairman, Independent Director)  
Dr Chua Siew Kiat (Independent Director)  
Cheng Theng How (Non-Executive Director)

The NC makes recommendations to the Board on relevant matters relating to:

- (a) the review of board succession plans for directors, in particular, the Chairman and for the Executive Director, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in future;
- (b) the development of a process for evaluating the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board, and to propose objective performance criteria;
- (c) the review of training and professional development programs for the Board; and
- (d) the appointment and re-appointment for directors, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required.

The NC also ensures compliance with the provisions of the Constitution which stipulates that at each AGM, every director is to retire from office by rotation at least once every three years and may stand for re-election.

With the NC's recommendation, the Board has agreed for the following directors to retire by rotation and seek re-election at the forthcoming AGM:

- (a) Mr Cheng Theng How; and
- (b) Mr Loh Kgai Mun.

Subject to his re-election, Mr Cheng Theng How will continue to serve as a member of the AC, the NC and the RC.

Additional information on directors standing for re-election at the forthcoming AGM is set out on pages 97 to 102 of this Annual Report.

# Corporate Governance Report

## Board Matters (Cont'd)

### Nomination and Selection of Directors

The NC is responsible for making recommendations to the Board on the appointments and re-appointments of directors. The individual's calibre, stature, competencies, commitment, contribution and performance are being considered, where board positions are concerned, the composition and progressive renewal of the Board are also evaluated.

The NC reviews a potential candidate's background, qualifications, experience, skill sets and ability to contribute, before making recommendation to the Board. It will endeavour to ensure that the candidates selected, regardless of gender and age, possess the relevant background, experience and knowledge, as well as business, finance and management skills critical to the Company's business.

A formal letter of appointment, setting out the duties and obligations, is provided to new director upon appointment. As part of induction, information on the Group's structure, businesses operations and governance policies and practices are provided. New directors will have the opportunity to visit the Group's manufacturing plants, for a greater appreciation of its operations.

During the financial year, no new directors were appointed to the Board.

### Continuous Review of Directors' Independence

Annually, each director is required to declare his independence on a checklist, which is based on the guidelines provided in the Code and the Practice Guidance. The NC has reviewed the declarations and is satisfied with the independence of the directors. In addition, the NC is committed to reassess the independence of each individual Director as and when warranted.

### Commitments of Directors Sitting on Multiple Boards

The Board has not established the maximum number of listed company board representations which a director may hold, as it is of the view that the directors have different capabilities, and the nature of the organisations in which they hold appointments are of different complexities. Directors who have multiple board representations and principal commitments are required to ensure the demands of their obligations and the number of directorships they hold will not undermine their ability to dedicate sufficient time and attention to effectively serve the Company. Each director is required to update the Company of any changes in his external directorships, which will be noted at Board meetings. The NC reviews and determines whether each director is able to, and has been, adequately carrying out his duties as director of the Company, having considered his other listed company board representations and principal commitments.

### Appointment of Alternate Directors

During FY 2020, the Company had no alternate directors on its Board.

## Principle 5 – Board Performance

*The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

### Board evaluation process, Board performance criteria and individual Director evaluation

The Company has implemented a formal process to annually evaluate the performance and effectiveness of the Board as a whole, and the contribution by the Chairman and each individual director to the Board. During the year, the Company did not engage external facilitator for Board evaluation process.

# Corporate Governance Report

## Board Matters (Cont'd)

### Board evaluation process, Board performance criteria and individual Director evaluation (Cont'd)

All directors completed an Assessment Form, assessing the effectiveness of the Board. Criteria includes size of the Board, degree of independence, information flow from Management, adequacy of the Board and Board committees' meetings, accountability and the conduct of the Board.

In addition, each director is appraised by his fellow colleague on the Board, in terms of contributions made, degree of preparedness, business knowledge and experience, level and quality of involvement during the course of the year, intensity of participation at meetings, quality of interventions and interactive skills.

The outcome of the evaluation is used as reference by the Chairman to review the composition of the Board and its committees, and in consultation with the NC, the effectiveness of the Board's oversight of the Company. The finding of the evaluation is made known to each member of the Board.

## Remuneration Matters

### Principle 6 – Procedures for Developing Remuneration Policies

*The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

### RC Composition

The RC comprises three directors, all of whom are non-executive, and two of whom including the Chairman are independent. The RC met once during the financial year.

Sam Chong Keen      *(Chairman, Independent Director)*  
Dr Chua Siew Kiat    *(Independent Director)*  
Cheng Theng How     *(Non-Executive Director)*

The responsibilities and duties of the RC include the review and recommendation of a framework of remuneration for the directors, to the Board. This covers all aspects of remuneration, including directors' fees, salaries, allowances, bonuses, share-based incentives, and benefits-in-kind.

A director is to abstain from the voting, recommendation or approval of his own remuneration.

### RC's access to advice on remuneration matters

During the financial year, the RC did not require the services of an external remuneration consultant. Nevertheless, the RC has explicit authority to seek external expert advice should such need arise, at the Company's expense.

# Corporate Governance Report

## Remuneration Matters (Cont'd)

### Principle 7 – Level and Mix of Remuneration

*The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

#### Remuneration of Executive Director and key management personnel

In structuring the remuneration framework, the RC ensures that the remuneration of the Executive Director and key management staff is linked to the Company's relative performance and individual performance, giving due regard to the financial health and business needs of the Group, aligned with the interests of shareholders and promotes the long term success of the Company. It also takes account of risk policies of the Group, be symmetric with risk outcomes and sensitive to the time horizon of risks.

The RC determines specific remuneration package for the Executive Director in accordance with a remuneration framework comprising basic salary, bonus and benefits-in-kind. The annual bonus is a variable component, based on the performance of the Group and the individual. Such remuneration framework is reviewed by the RC on an annual basis and recommended to the Board for approval.

For FY 2020, the RC is satisfied that the performance-related bonus granted to the Executive Director was reflective of his performance and contribution made by him taking into account the extent to which his performance conditions were met.

The Company does not have any share-based compensation scheme or any long-term incentive scheme involving the offer of shares or options for Executive Director and key management personnel. Besides, the service contracts of Executive Director and key management personnel of the Group also do not contain any onerous termination clauses.

#### Remuneration of Non-Executive Directors

The Non-Executive Directors are remunerated with directors' fees, which are set on an annual basis and in accordance with a remuneration framework comprising basic fees, committee fees and attendance fees. Before recommending to the Board, the RC ensures that the remuneration is appropriate and not excessive, taking into account the directors' effort, time spent and responsibilities. There are no schemes in place to encourage Non-Executive Directors to hold shares in the Company. The aggregate directors' fees for each financial year is subject to the approval of shareholders at the AGM.

#### Contractual provisions to reclaim incentive components of remuneration

In the exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss, there are no contractual provisions that allow the Group to recover incentive components of remuneration from the Executive Director or key management personnel. The RC will seek expert advice as and when necessary.

# Corporate Governance Report

## Remuneration Matters (Cont'd)

### Principle 8 – Disclosure of Remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Details on the remuneration of directors and key management personnel for FY 2020 are presented below.

#### Remuneration of Directors

Remuneration paid to the directors of the Company for FY 2020 is set out in bands of S\$250,000. For competitive and sensitivity reasons, remuneration paid to the Executive Director and members of the Board are not disclosed in detail.

| Name of Director       | Remuneration Band                 | Salary | Bonus | Directors' Fees | Total |
|------------------------|-----------------------------------|--------|-------|-----------------|-------|
| Loh Kgai Mun           | S\$250,000 to below<br>S\$500,000 | 71%    | 29%   | –               | 100%  |
| Sam Chong Keen         | Below \$250,000                   | –      | –     | 100%            | 100%  |
| Tan Sri Cheng Heng Jem |                                   | –      | –     | 100%            | 100%  |
| Cheng Theng How        |                                   | –      | –     | 100%            | 100%  |
| Dr Chua Siew Kiat      |                                   | –      | –     | 100%            | 100%  |
| Lee Whay Keong         |                                   | –      | –     | 100%            | 100%  |

#### Remuneration of Top Five Key Management Personnel

The aggregate remuneration paid to the top five key management personnel of the Group (who are not directors or the Executive Director) for FY 2020 amounted to S\$449,082. For competitive and sensitivity reasons, remuneration paid to the individual key management personnel is not disclosed.

#### Remuneration of employees who are substantial shareholders of the Company, or are immediate family members (i.e. spouse, child, adopted child, step-child, brother, sister and parent) of a director, the Executive Director or a substantial shareholder of the Company

There were no employees of the Group who is a substantial shareholder of the Company or an immediate family member of any of the directors or the Executive Director or a substantial shareholder of the Company, whose remuneration exceeds S\$100,000 in the financial year under review.

#### Other payments and benefits paid to directors and key management personnel

During FY 2020, there were no terminations, share-based incentives, retirements or post-employment benefits, granted to the directors, the Executive Director or the key management personnel.

# Corporate Governance Report

## Accountability and audit

### Principle 9 – Risk Management and Internal Controls

*The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

It aims to provide a balanced and fair assessment of the Group's performance, position and prospects to shareholders, through announcements of quarterly and full-year financial statements and other material corporate developments on a timely manner.

Directors are provided with management accounts and related information on a regular basis and from time to time as they are required. The Board ensures that adequate steps are taken to comply with legislative and regulatory requirements, including requirements under the listing rules of the SGX-ST.

### Risk Management and Internal Control System

The Board is responsible for the governance of risk, and ensures that Management maintains a sound system of risk management and internal controls to safeguard the assets of the Group.

It also determines the Company's levels of risk tolerance and risk policies, and oversees management in their design, implementation and monitoring of the risk management and internal control systems.

A risk management framework, which Management has put in place, where key risks, namely financial, operational, compliance and information technology risks are identified and addressed.

Once a year, a review of the framework is conducted to evaluate risks and adequacy and effectiveness of the Group's internal control system. The identification and management of risks are delegated to Management who assumes ownership and responsibilities. Management is responsible for the effective implementation of risk management strategy, including establishment of corporate policies and processes.

The Board acknowledges that the system established by Management is designed to manage, rather than eliminate, the risk of failure in achieving the Company's strategic objectives. Hence, it recognises that the system is designed to provide reasonable assurances, but not an absolute guarantee, against material misstatement or loss.

For FY 2020, the Executive Director and Finance Manager have provided a written assurance to the Board, that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and that the Group's risk management and internal control systems are adequate and effective in the provision of reasonable assurances.

Based on the risk management and internal control systems established and maintained by the Group, work performed by the internal auditor, statutory audit undertaken by the external auditor, and reviews performed by the Executive Director and management, as well as the signed letter of opinion by the Executive Director and Finance Manager of the Company, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal control systems were effective and adequate as at 30 June 2020 to address the financial, operational, compliance and information technology risks of the Group.

# Corporate Governance Report

## Accountability And Audit (Cont'd)

### Principle 10 – Audit Committee

The Board has an Audit Committee which discharges its duties objectively.

#### AC Composition

The AC comprises three directors, all of whom are non-executive, and two of whom including the Chairman are independent.

Sam Chong Keen (Chairman, Independent Director)

Dr Chua Siew Kiat (Independent Director)

Cheng Theng How (Non-Executive Director)

#### Expertise of AC Members

Members of the AC, having held senior positions in various industries and sectors, collectively possess a wealth of management experience which includes *inter alia*, accounting and finance. The Board is of the view that all members of the AC, being reviewed on an annual basis, are appropriately qualified to discharge their responsibilities.

#### Roles, Responsibilities and Authority of AC

The AC carries out the functions, as set out in the Code and the Practice Guidance and duties, in its terms of reference. These include:

- (a) reviewing the significant financial reporting issues and judgements made to ensure the integrity of the financial statements and any announcements on the Company's financial performance;
- (b) reviewing, and reporting to the Board, at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- (c) reviewing the adequacy and effectiveness of the Company's internal audit function;
- (d) reviewing the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors; and
- (e) making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.

Every year, before the commencement of the respective audit work, the AC reviews the audit plan with the external auditor, as well as the scope of internal audit work with the internal auditor. To ensure that interested person transactions are, carried out on normal commercial terms and, not prejudicial to the interests of the Company and its minority shareholders, the AC reviews interested person transactions and conduct periodic reviews of the review procedures for such transactions.

During the financial year, the AC met twice, in the presence of the internal and external auditors, with Management; and six times with the internal auditor and Management. Without the presence of Management, there was one meeting each with the internal auditors and the external auditors. It reviewed the periodic consolidated financial statements, the auditors' report as issued by both the internal and external auditors and the management's report on the risk management framework, before their submissions to the Board, and also management's estimates and judgements adopted, in the preparation of the consolidated financial statements.

# Corporate Governance Report

## Accountability And Audit (Cont'd)

### Roles, Responsibilities and Authority of AC (Cont'd)

#### Key Audit Matters ("KAM")

The following significant matters were discussed, and consensus obtained between senior management staff and the external auditor, before being reviewed by the AC:

(a) Assessment of impairment loss on property, plant and equipment ("PPE")

The AC considered the approach and methodology applied by the external valuation expert and Management, for assessing the recoverable amount based on the depreciated replacement cost approach, except for the freehold land, which is based on the market approach, before reviewing the key assumptions including useful life of the assets, inflation rate.

Consequently, they are satisfied with the valuation process and methodologies used for the valuation of PPE. The related impairment was an area of concern, hence, has been included as KAM. Please refer to pages 31 and 32 of this Annual Report for more details.

(b) Assessment of impairment loss on cost of investments in subsidiaries and long-term receivables from subsidiaries

The AC considered the approach adopted by Management, namely by comparing the net carrying amount of the subsidiaries with the Company's share of net assets or liabilities of the subsidiaries to identify the indications of impairment and to determine the impairment allowance of cost of investments and long-term receivables from the subsidiaries concerned, before being satisfied with the impairment assessment approach adopted and associated disclosure requirements.

The impairment of Company's cost of investments in subsidiaries and long-term receivables from subsidiaries were areas of concern, hence has been included as KAM. Please refer to pages 32 and 33 of this Annual Report for more details.

(c) Assessment of expected credit loss on trade receivables

The AC considered the basis of Management's judgement on the overdue debts and the amount of default based on the past collection trends. The AC reviewed the Management's process over assessing the recoverability of the overdue debts.

The impairment assessment of trade receivables has been included as KAM. Please refer to page 33 of this Annual Report for more details.

The financial statements, including the KAM, were recommended to the Board, which approval was obtained on 25 September 2020.

Under the terms of reference, the AC has explicit authority to, investigate any matter, full access to Management and, full discretion to invite any director, Management or employee to attend its meetings, and reasonable resources to discharge its functions properly.

Members of the AC are kept informed of changes to accounting standards and issues, by the Company, and by the external auditor. They are also encouraged to attend, at the Company's expense, courses or seminars conducted by external professionals to keep abreast of such changes.



# Corporate Governance Report

## Accountability and Audit (Cont'd)

### Whistle-blowing Policy

The whistle-blowing policy of the Company sets out the procedures for any staff of the Group who may, in confidence and in good faith, raise concerns about possible improprieties in matters of financial reporting or other matters. Arrangements are also in place for the independent investigation of such matters and for appropriate follow up action. Such policy and procedures have been reviewed by the AC and made available to employees of the Group.

### Independence of External Auditor

The AC is responsible for nominating the external auditor, and reviewing their remuneration and terms of engagement before making recommendation to the Board. It reviews the scope, independence, objectivity of the external auditors and the findings of their external audit.

Following the presentation of FY2020's audit plan, the AC was satisfied with the independence, objectivity, planned audit approach and the proposed audit fees of RSM Chio Lim LLP.

A breakdown of the fees for services provided by the external auditor and its member firms, is illustrated in the table below:

| Services provided by External Auditor | FY2020  |                 | FY2019  |                 |
|---------------------------------------|---------|-----------------|---------|-----------------|
|                                       | S\$'000 | % of Total Fees | S\$'000 | % of Total Fees |
| Audit Fees                            | 126     | 100             | 120     | 100             |
| Non-Audit Fees                        | -       | -               | -       | -               |
| Total Fees                            | 126     | 100             | 120     | 100             |

The nature and extent of non-audit services, if any, performed by the external auditor will be reviewed by the AC. There were no non-audit services provided by the external auditor during FY 2020.

None of the AC members is a former partner or director of the Company's existing auditing firm. The Company has complied with SGX-ST Listing Rules 712 and 715 in relation to the engagement of external auditor.

### Internal Auditor and Internal Audit Function

The internal auditors ("IA") review, at least once annually, the adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls, and risk management systems. All material policy non-compliance or lapses in internal controls together with remedial measures are reported by the IA to the AC. The latter also reviews the adequacy and timeliness of the rectifications by management of the auditee entity.

Functionally, IA reports to the Chairman of the AC, and administratively, to the Executive Director. The hiring and removal of the head of the IA are subject to the approval of the AC. The IA is independent of the activities it audits, and abstains from the audit of activities, where conflict of interests might arise.

The IA is staffed with persons, of suitable qualifications and experience, whom are members of internationally recognised professional accountancy bodies. It conducts its audit in accordance with International Standards for the Professional Practice of Internal Auditing, as set by the Institute of Internal Auditors. It has unrestricted access to the Group's documents, records, properties and personnel, including access to the AC.

# Corporate Governance Report

## Accountability and Audit (Cont'd)

### Adequacy and Effectiveness of Internal Audit Function

On an annual basis, the AC reviews the adequacy and effectiveness of the internal audit function. For FY 2020, the AC is satisfied that the IA is adequately resourced to carry out its duties independently and effectively.

## Shareholder Rights and Engagement

### Principle 11 – Shareholder Rights and Conduct of General Meetings

*The company treats all shareholders fairly and equitable in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

### Effective Shareholders' Participation and Voting at General Meetings

The Company encourages greater shareholders' participation at general meetings, where their views could be communicated to the Board, and for the latter to solicit feedbacks from the shareholders.

Shareholders are informed of all general meetings through annual reports or circulars sent to them, which are also posted on the Company's website. The notices of general meetings are announced via SGXNet and published in the newspapers and on the Company's website. Resolutions tabled at general meetings are passed through a process of voting by poll which procedures are clearly explained by the Company Secretary at the beginning of the voting in such general meetings.

If any shareholder is unable to attend a general meeting in person, he/she may appoint not more than two proxies, in accordance with the Constitution, to attend, speak and vote on his/her behalf. Any shareholder who is a Relevant Intermediary (as defined under Section 181(6) of the Companies Act) may appoint more than two proxies to attend, speak and vote at general meetings of the Company. This is to facilitate indirect shareholder including CPF investors to participate in general meetings. Such indirect shareholders where so appointed as proxy, will have the same rights as direct shareholders to attend, speak and vote at general meetings. In order to have a valid registration of proxy, an instrument appointing a proxy must be deposited at such place or places specified in the notice convening the general meetings at least 72 hours before the time appointed for the general meetings.

The Constitution allows shareholders who are unable to vote in person at a general meeting the option to vote in absentia by mail, facsimile or email.

### Separate Resolutions at General Meetings

At general meetings, matters requiring shareholders' approval are set out in separate resolutions. However, if the matters are interdependent and interrelated, they will be combined to become a resolution. Where resolutions are combined, explanatory notes will be included in the notice of general meeting.

### Attendance at General Meetings

General meetings are considered as opportunities for the Company to communicate directly with shareholders. Shareholders are given the opportunity to air their views or raise questions regarding the Group. The Board will be present to address any query. The external auditor will also be present to provide clarifications on audit issues.

# Corporate Governance Report

## Shareholder Rights and Engagement (Cont'd)

### Voting by Poll at General Meetings

The Company puts all resolutions to vote by poll at general meetings. The results showing the number of votes cast for and against each resolution and the respective percentages are displayed on screen and will be read to shareholders after the vote has been cast. The same information will also be released to SGX-ST after the conclusion of the general meeting.

### Minutes of General Meetings

Minutes of general meetings will be posted on the Company's website as soon as practicable. These minutes include the proceedings at the general meetings, substantial and relevant comments or questions from shareholders and responses from the Board as well as the voting result of each resolution. Minutes are also available to shareholders upon their request.

### Dividend Policy

The Company does not have a definitive dividend policy in place. Nonetheless, the Company has been declaring dividends since 2012. Declaration of dividends, if any, will be clearly communicated to shareholders. In the event that the Company decides not to declare or recommend a dividend, explanations will be provided in the financial results announcement for that relevant period.

In declaring a dividend, the Board takes into consideration numerous factors including the Group's financial performance, cash flows position, retained earnings, projected capital expenditure requirement and other investment plans.

## Principle 12 – Engagement with Shareholders

*The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

### Communication with Shareholders

General meetings have been and are still the principal forum for dialogue with shareholders. During these meetings, shareholders are given a PowerPoint presentation by the Executive Director on the Group's performance for the reporting financial year or the purpose of any extraordinary meetings. Shareholders are then invited to raise questions, express any concern or give suggestions. Before the voting of each resolution, shareholders are again given ample opportunities to raise queries.

In line with the continuous disclosure obligations under the requirements set out in SGX-ST Listing Manual and Companies Act, the Board informs the shareholders promptly of all major developments that may have a material impact on the Group.

The Company's investor relations policy and practices adhere to fair disclosure and transparency principles. Clear, pertinent and accurate information is provided to shareholders and the investing community in a timely and effective manner. Selective disclosure is not practised by the Company. All material developments that impact the Group, including financial results and annual reports, are announced or issued within the mandatory periods and posted on the Company's website.

The Company's website is updated from time to time, as and when necessary.

# Corporate Governance Report

## Shareholder Rights and Engagement (Cont'd)

### Avenues for communication

The Company treats all shareholders fairly and equitably, and endeavours to engage in regular, effective and fair communication with shareholders. Such channels include annual reports, shareholder circulars, shareholders' meetings and announcements through SGXNet and the Company's website.

To enhance the process of soliciting input from shareholders and members of the investment community, the Company's website provides a "Contact LAP" link which gives contact details for shareholders to communicate with the Company.

### Managing Stakeholders Relationships

#### Principle 13 – Engagement with Stakeholders

*The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

The Board recognises the relationships with material stakeholders is important and may have an impact on the Company's business operations. The strategy and key areas of focus in relation to the management of stakeholder relationships during the year is disclosed in the Sustainability Report 2020, a copy of its summary is set out on page 27 of this Annual Report.

In addition, the Company maintains a corporate website: [www.lionasiapac.com](http://www.lionasiapac.com) to enable stakeholders to contact the Company, when needed.

## OTHER CORPORATE GOVERNANCE MATTERS

### Dealings in Securities

In compliance with SGX-ST Listing Rule 1207(19), the Company has issued a Compliance Code on Securities Transactions ("LAP Compliance Code") to all Directors and officers of the Group, setting out the implications of insider trading and the guidelines on dealing in the Company's shares.

In accordance with the LAP Compliance Code and SGX-ST Listing Rule 1207(19), all directors and officers of the Group who have access to price sensitive information, are prohibited from dealing in the shares of the Company, during the periods commencing 1 January to the date of announcement of the Company's second-quarter results ending 31 December, 1 April to the date of announcement of third-quarter results ending 31 March, 1 July to the date of announcement of full-year results ending 30 June, and 1 October to the date of announcement of first-quarter results ending 30 September. LAP Compliance Code discourages all Directors or officers of the Group from dealing in the Company's shares on short-term considerations and reminds them of their obligations under insider trading laws.

## Summary of Sustainability Report 2020

We are pleased to present the Group's Sustainability Report ("SR") for the fourth year. This report is based on the Global Reporting Initiative (GRI) standards: Core option.

At Lion Asiapac Limited, we consider sustainability issues as part of our strategic formulation. With full support from the Board, the SR committee, spearheading by executive management, establishes a framework for its sustainability efforts before identifying, managing and addressing ESG factors that are material to the Group's business activities.

Through the continuous process of interaction with stakeholders, the committee reviews the ESG factors to reflect the changes over the year, and no changes has been identified. The material ESG factors are presented in the following table:

| <b>Economic</b>   | <b>Social</b>  | <b>Governance</b>  | <b>Environment</b>  |
|---|--|--|---|
| <ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Anti-corruption</li> </ul> | <ul style="list-style-type: none"> <li>• Training and development</li> <li>• Occupational health and safety</li> </ul> | <ul style="list-style-type: none"> <li>• Corporate governance</li> </ul> | <ul style="list-style-type: none"> <li>• Energy management</li> <li>• Pollution management</li> </ul> |

The SR details policies, practices and performance measures to each of the above ESG factor, and set performance target for future implementation.

For this year SR, no engagement of third party assurance has been arranged.

The full Sustainability Report for 2020 will be available at the Company's website:  
<http://www.lionasiapac.com/index.php/investors>

**Loh Kgai Mun**  
Executive Director

# Statement by Directors

The directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 30 June 2020.

## 1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of the statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

## 2. Directors

The directors of the Company in office at the date of this statement are:

Sam Chong Keen  
Loh Kgai Mun  
Tan Sri Cheng Heng Jem  
Cheng Theng How  
Lee Whay Keong  
Dr Chua Siew Kiat

## 3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year were not interested in shares in or debentures of the Company or other related body corporates as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 (the "Act"), except as follows:

|                        | <b>Number of shares of no par value<br/>Shareholdings in which a director<br/>is deemed to have an interest</b> |                        |
|------------------------|---|------------------------|
|                        | As at 1.7.2019  | <b>As at 30.6.2020</b> |
| <u>The Company:</u>    |   |                        |
| Tan Sri Cheng Heng Jem | 54,062,680  | <b>54,062,680</b>      |

By virtue of section 7 of the Act, the above director is deemed to have an interest in the Company and in all the related body corporates of the Company.

The director's interest as at 21 July 2020 were the same as those at the end of the reporting year.

## Statement by Directors

#### 4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

#### 5. Options

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

#### 6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

#### 7. Report of audit committee

The members of the audit committee ("AC") at the date of this report are as follows:

|                   |                        |
|-------------------|------------------------|
| Sam Chong Keen    | Chairman               |
| Dr Chua Siew Kiat | Independent Director   |
| Cheng Theng How   | Non-Executive Director |

The AC performs the functions specified by section 201B (5) of the Act. Among other functions, the AC:

- Reviewed with the independent external auditor their audit plan;
- Reviewed with the independent external auditor their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them;
- Reviewed with the internal auditors the scope and results of the internal audit procedures;
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the AC are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provide non-audit services.

The AC has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as the independent auditor at the next annual general meeting of the Company.

# Statement by Directors

## 8. Directors' opinion on the adequacy of internal controls

The directors' opinion on the adequacy of internal controls is detailed in the report on corporate governance included in the annual report of the Company.

## 9. Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 24 August 2020, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On behalf of the directors

.....  
**Loh Kgai Mun**  
Director

.....  
**Lee Whay Keong**  
Director

25 September 2020



# Independent Auditor's Report

to the Members of LION ASIAPAC LIMITED

## Report on the audit of the financial statements

### Opinion

We have audited the accompanying financial statements of Lion Asiapac Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2020, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

### Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### (a) Assessment of impairment loss on property, plant and equipment

Please refer to Note 2A to the financial statements on accounting policies, Note 2C on critical judgements, assumptions and estimation uncertainties; Note 11A on property, plant and equipment and the annual report on the section on the audit committee's views and responses to the reported key audit matters.

The Group's carrying value of the property, plant and equipment ("PPE") amounted to S\$2,289,000 as at 30 June 2020.

The management considered both the market approach and cost approach (depreciated replacement cost method) in determining fair value less cost of disposal ("FVLCOD"). It was determined that cost approach is more appropriate, given the unique specifications and nature of the PPE. An impairment loss is the excess of the carrying value over the recoverable amount, if any, and is recognised in profit or loss.

# Independent Auditor's Report

to the Members of LION ASIAPAC LIMITED

## Key audit matters (cont'd)

### (a) Assessment of impairment loss on property, plant and equipment (cont'd)

Management engaged an external valuation expert to support its assessment. The external valuation expert adopted the depreciated replacement cost approach, except for freehold land, which was based on the market approach. The assessment of the recoverable amount requires management's significant judgements and impacted by a number of key assumptions including useful lives of the assets and inflation rate used to adjust historical information. Due to the level of judgement and uncertainty, the assessment of the recoverable amount is considered to be a key audit matter.

As part of our audit procedures, we have:

- Evaluated management's impairment assessment which, among others, included procedures around identification of observable impairment indicators, selection of the external valuation expert, review of the valuation report in determining the fair value less costs of disposal of property, plant and equipment.
- Involved our own valuation experts to assess the appropriateness of management's valuation model, the reasonableness of certain assumptions used in the valuation process and whether the calculations within the model are performed correctly.
- With the assistance from our own valuation experts, assessed the independence, competency and experience of the external valuation expert. Our own valuation experts also checked the accuracy and relevance of inputs used by the external valuation expert. We also considered the adequacy of the disclosures on the degree of critical judgement and estimation made.
- Reviewed for the adequacy of the disclosures included in the financial statements.

### (b) Assessment of impairment loss on cost of investments in subsidiaries and long-term receivables from subsidiaries

Please refer to Note 2A to the financial statements on accounting policies, Note 2C on critical judgements, assumptions and estimation uncertainties; Note 12 on investments in subsidiaries and the annual report on the section on the audit committee's views and responses to the reported key audit matters.

As at 30 June 2020, the Company's cost of investments and long-term receivables from subsidiaries amounted to a total of S\$61,115,000. Collectively, these are the net investments in subsidiaries of the Company and it represents approximately 85% of the total assets in the statement of financial position of the Company. There is no impact at the Group level.

For the non-performing subsidiaries or if they have significant negative equity balances, the Company will have exposure to its net investments in the relevant subsidiaries. Any impairment losses will have to be recognised in the Company's separate financial statements.

Management made a comparison of net carrying amount of the subsidiaries with the Company's share of net assets or liabilities of the subsidiaries to identify indications of impairment and if so, to determine the impairment allowance of cost of investments and long-term receivables from the subsidiaries concerned. As aggregate value of the net investments of Company is material and combined with the significant degree of judgement made by management in assessing impairment of net investments in subsidiaries, we determine that this is a key audit matter.

# Independent Auditor's Report

to the Members of LION ASIAPAC LIMITED

## Key audit matters (cont'd)

### (b) Assessment of impairment loss on cost of investments in subsidiaries and long-term receivables from subsidiaries (cont'd)

As part of our audit procedures, we have:

- Obtained an understanding on how management estimated the impairment allowance and evaluated management's process in determining the recoverable amounts.
- Discussed and evaluated management's assessment in determining the impairment allowance of investments and long-term receivables.
- Reviewed financial statements of the subsidiaries for their respective financial positions.
- Reviewed for the adequacy of the disclosures included in the financial statements.

### (c) Assessment of expected credit loss on trade receivables

Please refer to Note 2A to the financial statements on accounting policies, Note 2C on critical judgements, assumptions and estimation uncertainties; Note 15 on trade receivables and the annual report on the section on the audit committee's views and responses to the reported key audit matters. The carrying amount of trade receivables amounted to S\$3,948,000 which represents approximately 5% of the Group's total assets as at the reporting year end.

The gross amount of trade receivables past due over 90 days amounted to S\$628,000. Allowance for impairment on trade receivables recognised amounted to S\$9,000. Management is of the view that the remaining balance of S\$619,000 is recoverable, based on the relevant customers' payment histories and credit worthiness.

To determine the amount of the expected credit loss on impairment of trade receivables, requires management's judgement on overdue debts and the amount of collection default based on past collection trends.

As part of our audit procedures, we have:

- Discussed and evaluated management's assessment in relation to customers' credit worthiness and expected credit losses.
- Performed other audit procedures that included reviewing payment histories and assessing recoverability by obtaining evidence of financial position of the relevant customers and/or receipts subsequent to the reporting year end.
- Reviewed management's process over the recoverability of outstanding trade receivables and evaluated management's assumptions used to estimate the allowance for impairment of trade receivables.
- Reviewed for the adequacy of the disclosures included in the financial statements.

# Independent Auditor's Report

to the Members of LION ASIAPAC LIMITED

## Other information

Management is responsible for the other information. The other information comprises the information included in the statement by directors and the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and the financial reporting standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

# Independent Auditor's Report

to the Members of LION ASIAPAC LIMITED

## Auditor's responsibilities for the audit of the financial statements (cont'd)

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Eu Chee Wei David.

**RSM Chio Lim LLP**  
Public Accountants and  
Chartered Accountants  
Singapore

25 September 2020

Engagement partner – effective from year ended 30 June 2020

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 30 June 2020

|   | Notes | 2020<br>S\$'000 | 2019<br>S\$'000 |
|---|-------|-----------------|-----------------|
| <b>Revenue</b>  | 5     | <b>16,826</b>   | 32,533          |
| Other income and gains  | 6     | <b>2,422</b>    | 1,539           |
| Purchases of inventories  |       | <b>(10,082)</b> | (25,034)        |
| Depreciation of property, plant and equipment   | 11    | <b>(647)</b>    | (752)           |
| Depreciation of right-of-use-assets   | 20    | <b>(207)</b>    | –               |
| Employee benefits expense   | 7     | <b>(2,129)</b>  | (2,105)         |
| Other expenses  | 8     | <b>(5,340)</b>  | (5,958)         |
| Changes in inventories of finished goods  |       | <b>(51)</b>     | 152             |
| Finance cost  | 20    | <b>(103)</b>    | –               |
| Other losses  | 6     | <b>(9)</b>      | (1,339)         |
| <b>Profit/(loss) before tax</b>   |       | <b>680</b>      | (964)           |
| Income tax expense  | 9A    | <b>(139)</b>    | (142)           |
| <b>Profit/(loss), net of tax</b>  |       | <b>541</b>      | (1,106)         |
| <b>Other comprehensive loss:</b>  |       |                 |                 |
| <b>Items that will not be reclassified to profit or loss:</b>                             |       |                 |                 |
| Fair value changes on equity instruments at fair value through other comprehensive income | 13A   | –               | (237)           |
| <b>Items that may be reclassified subsequently to profit or loss:</b>                     |       |                 |                 |
| Exchange differences on translating foreign operations                                    |       | <b>(49)</b>     | (1,713)         |
| <b>Other comprehensive loss, net of tax</b>   |       | <b>(49)</b>     | (1,950)         |
| <b>Total comprehensive income/(loss)</b>  |       | <b>492</b>      | (3,056)         |
| <b>Earnings/(losses) per share</b>  |       |                 |                 |
| Basic and diluted earnings/(losses) per share (cents)                                     | 10    | <b>0.67</b>     | (1.36)          |

The accompanying notes form an integral part of these financial statements.

# Statements of Financial Position

As at 30 June 2020

|  | Notes | Group           |                 | Company         |                 |
|--|-------|-----------------|-----------------|-----------------|-----------------|
|  |       | 2020<br>S\$'000 | 2019<br>S\$'000 | 2020<br>S\$'000 | 2019<br>S\$'000 |
| <b>ASSETS</b>  |       |                 |                 |                 |                 |
| <b>Non-current assets</b>  |       |                 |                 |                 |                 |
| Property, plant and equipment                                    | 11    | 2,289           | 2,707           | –               | –               |
| Right-of-use assets  | 20    | 1,222           | –               | –               | –               |
| Investments in subsidiaries                                      | 12    | –               | –               | 61,115          | 65,305          |
| Other financial assets   | 13    | –               | –               | –               | –               |
| <b>Total non-current assets</b>                                  |       | <b>3,511</b>    | 2,707           | <b>61,115</b>   | 65,305          |
| <b>Current assets</b>  |       |                 |                 |                 |                 |
| Inventories  | 14    | 3,326           | 4,310           | –               | –               |
| Trade and other receivables                                      | 15    | 4,588           | 4,925           | 81              | 82              |
| Other non-financial assets                                       | 16    | 352             | 341             | 3               | 2               |
| Income tax receivable  |       | –               | 70              | –               | –               |
| Cash and cash equivalents  | 17    | 65,052          | 67,038          | 10,318          | 10,351          |
| <b>Total current assets</b>                                      |       | <b>73,318</b>   | 76,684          | <b>10,402</b>   | 10,435          |
| <b>Total assets</b>  |       | <b>76,829</b>   | 79,391          | <b>71,517</b>   | 75,740          |
| <b>EQUITY AND LIABILITIES</b>                                    |       |                 |                 |                 |                 |
| <b>Equity</b>  |       |                 |                 |                 |                 |
| Share capital  | 18    | 47,494          | 47,494          | 47,494          | 47,494          |
| Retained earnings  |       | 33,117          | 37,155          | 22,547          | 26,779          |
| Other reserves (adverse balance)                                 | 19    | (8,120)         | (8,190)         | –               | –               |
| <b>Capital and reserve attributable to owners of the Company</b> |       | <b>72,491</b>   | 76,459          | <b>70,041</b>   | 74,273          |
| <b>Total equity</b>  |       | <b>72,491</b>   | 76,459          | <b>70,041</b>   | 74,273          |
| <b>Non-current liabilities</b>                                   |       |                 |                 |                 |                 |
| Deferred tax liabilities   | 9B    | 224             | 224             | 224             | 224             |
| Financial liabilities – lease liabilities                        | 20    | 1,188           | –               | –               | –               |
| <b>Total non-current liabilities</b>                             |       | <b>1,412</b>    | 224             | <b>224</b>      | 224             |
| <b>Current liabilities</b>                                       |       |                 |                 |                 |                 |
| Trade and other payables   | 21    | 2,372           | 2,241           | 1,252           | 1,243           |
| Income tax payable   |       | 68              | 51              | –               | –               |
| Financial liabilities – lease liabilities                        | 20    | 71              | –               | –               | –               |
| Provisions   | 22    | 415             | 416             | –               | –               |
| <b>Total current liabilities</b>                                 |       | <b>2,926</b>    | 2,708           | <b>1,252</b>    | 1,243           |
| <b>Total liabilities</b>   |       | <b>4,338</b>    | 2,932           | <b>1,476</b>    | 1,467           |
| <b>Total equity and liabilities</b>                              |       | <b>76,829</b>   | 79,391          | <b>71,517</b>   | 75,740          |

The accompanying notes form an integral part of these financial statements.

# Statements of Changes in Equity

Year Ended 30 June 2020

|  | Share<br>capital<br>S\$'000 | Other<br>reserves<br>S\$'000 | Retained<br>earnings<br>S\$'000 | Total<br>S\$'000 |
|--|-----------------------------|------------------------------|---------------------------------|------------------|
| <b>Group</b>                                   |                             |                              |                                 |                  |
| <b>Current year:</b>                           |                             |                              |                                 |                  |
| <b>Opening balance as at 1 July 2019</b>       | <b>47,494</b>               | <b>(8,190)</b>               | <b>37,155</b>                   | <b>76,459</b>    |
| Profit for the year                            | –                           | –                            | 541                             | 541              |
| Other comprehensive loss                       | –                           | (49)                         | –                               | (49)             |
| <b>Total comprehensive income for the year</b> | <b>–</b>                    | <b>(49)</b>                  | <b>541</b>                      | <b>492</b>       |
| Transfer to retained earnings                  | –                           | 119                          | (119)                           | –                |
| Dividends paid (Note 23)                       | –                           | –                            | (4,460)                         | (4,460)          |
| <b>Closing balance as at 30 June 2020</b>      | <b>47,494</b>               | <b>(8,120)</b>               | <b>33,117</b>                   | <b>72,491</b>    |
| <b>Previous year:</b>                          |                             |                              |                                 |                  |
| <b>Opening balance as at 1 July 2018</b>       | <b>47,494</b>               | <b>(6,135)</b>               | <b>40,995</b>                   | <b>82,354</b>    |
| Loss for the year                              | –                           | –                            | (1,106)                         | (1,106)          |
| Other comprehensive loss                       | –                           | (1,950)                      | –                               | (1,950)          |
| <b>Total comprehensive loss for the year</b>   | <b>–</b>                    | <b>(1,950)</b>               | <b>(1,106)</b>                  | <b>(3,056)</b>   |
| Transfer to retained earnings                  | –                           | (105)                        | 105                             | –                |
| Dividends paid (Note 23)                       | –                           | –                            | (2,839)                         | (2,839)          |
| <b>Closing balance as at 30 June 2019</b>      | <b>47,494</b>               | <b>(8,190)</b>               | <b>37,155</b>                   | <b>76,459</b>    |
| <b>Company</b>                                 |                             |                              |                                 |                  |
| <b>Current year:</b>                           |                             |                              |                                 |                  |
| <b>Opening balance as at 1 July 2019</b>       |                             | <b>47,494</b>                | <b>26,779</b>                   | <b>74,273</b>    |
| Total comprehensive income for the year        |                             | –                            | 228                             | 228              |
| Dividends paid (Note 23)                       |                             | –                            | (4,460)                         | (4,460)          |
| <b>Closing balance as at 30 June 2020</b>      |                             | <b>47,494</b>                | <b>22,547</b>                   | <b>70,041</b>    |
| <b>Previous year:</b>                          |                             |                              |                                 |                  |
| <b>Opening balance as at 1 July 2018</b>       |                             | <b>47,494</b>                | <b>29,933</b>                   | <b>77,427</b>    |
| Total comprehensive loss for the year          |                             | –                            | (315)                           | (315)            |
| Dividends paid (Note 23)                       |                             | –                            | (2,839)                         | (2,839)          |
| <b>Closing balance as at 30 June 2019</b>      |                             | <b>47,494</b>                | <b>26,779</b>                   | <b>74,273</b>    |

The accompanying notes form an integral part of these financial statements.



# Consolidated Statement of Cash Flows

Year Ended 30 June 2020

|   | 2020<br>S\$'000 | 2019<br>S\$'000 |
|---|-----------------|-----------------|
| <b>Cash flows from operating activities</b>   |                 |                 |
| Profit/(loss) before tax  | 680             | (964)           |
| Adjustments for:  |                 |                 |
| Depreciation of property, plant and equipment   | 647             | 752             |
| Depreciation of right-of-use-assets   | 207             | –               |
| Property, plant and equipment written-off   | 216             | 7               |
| (Reversal)/allowance of impairment loss on trade receivables                            | (758)           | 678             |
| Interest income   | (1,115)         | (1,080)         |
| Interest expense  | 103             | –               |
| Unrealised currency translation (gains)/losses  | (28)            | 688             |
| Operating cash flows before changes in working capital                                  | (48)            | 81              |
| Inventories   | 980             | 1,084           |
| Trade and other receivables   | 1,109           | (943)           |
| Other assets  | (12)            | (208)           |
| Trade and other payables  | 136             | (558)           |
| <b>Net cash flows from/(used in) operations</b>   | <b>2,165</b>    | <b>(544)</b>    |
| Income tax paid, net  | (51)            | (114)           |
| <b>Net cash flows from/(used in) operating activities</b>                               | <b>2,114</b>    | <b>(658)</b>    |
| <b>Cash flows from investing activities</b>   |                 |                 |
| Additions to property, plant and equipment  | (453)           | (254)           |
| Interest received   | 555             | 792             |
| Cash subjected to foreign exchange control  | 2,660           | 5,068           |
| <b>Net cash flows from investing activities</b>   | <b>2,762</b>    | <b>5,606</b>    |
| <b>Cash flows used in financing activities</b>  |                 |                 |
| Interest paid   | (103)           | –               |
| Repayment of lease liabilities – principal portion                                      | (171)           | (30)            |
| Dividends paid to owners of the Company   | (4,460)         | (2,839)         |
| <b>Net cash flows used in financing activities</b>                                      | <b>(4,734)</b>  | <b>(2,869)</b>  |
| <b>Net increase in cash and cash equivalents</b>  | <b>142</b>      | <b>2,079</b>    |
| Cash and cash equivalents, statement of cash flows, beginning balance                   | 31,925          | 30,043          |
| Effects of currency translation on cash and cash equivalents                            | 108             | (197)           |
| <b>Cash and cash equivalents, statement of cash flows, ending balance<br/>(Note 17)</b> | <b>32,175</b>   | <b>31,925</b>   |

The accompanying notes form an integral part of these financial statements.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 1. GENERAL

The Company is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) and incorporated and domiciled in Singapore with limited liabilities. The address of its registered office is 10 Arumugam Road, #10-00 LTC Building A, Singapore 409957. The financial statements are presented in Singapore dollars and they cover the Company (referred to as “parent”) and the subsidiaries.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are described in Note 12. The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

### **Statement of compliance with financial reporting standards**

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and the related Interpretations to SFRS(I) (“SFRS(I) INT”) as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act, Chapter 50 and with the International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”).

### **Accounting convention**

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

### **Basis of preparation of the financial statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity’s accounting policies. The areas requiring management’s most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

### **Basis of presentation**

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 1. GENERAL (CONT'D)

### Basis of presentation (cont'd)

Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as financial assets in accordance with the financial reporting standard on financial instruments.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the Company's separate statement of profit or loss and other comprehensive income is not presented.

### Covid-19 pandemic and the aftermath

The Covid-19 pandemic and the aftermath of the pandemic globally forced to suspend or limit business operations during the reporting year and the aftermath is expected for the unforeseeable period ahead. Measures were taken by the governments to contain the spread of Covid-19, including travels, social distancing and closure of non-essential services. This resulted in an economic slowdown, which have adversely impacted on the business of the reporting entity. The economic uncertainties have created questions about the uncertainties relating to the impairment or recoverability of certain assets (including impairment allowances for inventories and receivables) and the completeness or valuation of certain assets and liabilities reflected in these financial statements. An assessment was made by management whether for the current reporting year there were any indications that these assets and liabilities may be impacted adversely. If any such indication of uncertainties existed, an estimate was made of the realisable amount and or fair value of the relevant assets and the completeness of the liabilities (which balances are more fully disclosed in the relevant notes to these financial statements). The recoverability of the assets and the ability of the entity to maintain or pay its debts as they mature are dependent to a large extent on the efficacy of the fiscal and other measures undertaken by Singapore and the affected countries overseas to successfully meet those economic challenges. As the pandemic continues to progress and evolve, it is extremely challenging to predict the full extent and duration of its impact on the entity's businesses and the countries where the reporting entity operates. The Group is monitoring the situation closely and to mitigate the financial impact, it is conscientiously managing its cost by adopting an operating cost reduction strategy and conserving liquidity by working with major creditors to align repayment obligations with receivable collections.

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

### 2A. Significant accounting policies

#### Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## **2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)**

### **2A. Significant accounting policies (cont'd)**

#### **Revenue recognition (cont'd)**

An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year. Sale of goods – Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

#### **Other income**

Rental income is recognised from operating leases as income on either a straight-line basis or another systematic basis which is used if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. Interest income is recognised using the effective interest method.

#### **Government grants**

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

#### **Employee benefits**

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

#### **Foreign currency transactions**

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

#### Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

#### Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The useful lives are as follows:

|  | Useful lives   |
|--|----------------|
| Leasehold buildings and infrastructure | 20 years       |
| Plant and machinery                    | 1 – 15 years   |
| Office equipment and motor vehicles    | 2.5 – 10 years |
| Furniture and fittings                 | 3 – 10 years   |

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Property, plant and equipment (cont'd)

An asset classified as construction in progress is not depreciated until the construction has been completed or the ownership is established. The asset is then reclassified to other items under property, plant and equipment.

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements. Freehold land is not depreciated.

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss.

The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

#### Leases of lessee

A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised lease is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, and an interest expense on the recognised lease liability (included in finance costs) is expensed to profit or loss. For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term.

#### Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment. The right-of-use assets are depreciated over the lease terms.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

#### Business combinations

There were no business combinations during the reporting year.

#### Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

#### Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year, non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition, the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income ("FVTOCI"): There were no financial assets classified in this category at reporting year end date.
3. Financial asset that is an equity investment measured at FVTOCI: On initial recognition of an equity investment that is not held for trading, an irrevocably election may be made to present subsequent changes in fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis. Fair value changes are recognised in OCI but dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. The gain or loss that is presented in OCI includes any related foreign exchange component arising on non-monetary investments (eg, equity instruments). On disposal, the cumulative fair value changes are not recycled to profit or loss but remain in reserves within equity. The weighted average or specific identification method is used when determining the cost basis of equities being disposed of.
4. Financial asset classified as measured at FVTPL: There were no financial assets classified in this category at reporting year end date.



# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Financial instruments (cont'd)

Classification and measurement of financial liabilities:

Financial liabilities are classified as FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

#### Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include bank and cash balances, on demand deposits and any highly liquid debt asset instruments purchased with an original maturity of three months or less. For the statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

#### Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

In making the fair value measurement for a non-financial asset, management determines the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2B. Other explanatory information

#### Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

#### Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

### 2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

#### Assessment of impairment loss on property, plant and equipment

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on the fair value less costs of disposal and value-in-use of the cash-generating unit. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset or class of assets at the end of the reporting year affected by the assumptions is S\$2,289,000 (2019: S\$2,707,000).

#### Assessment of impairment loss on cost of investments in subsidiaries and long-term receivables from subsidiaries

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment loss. This measurement requires significant judgement. The carrying amount of subsidiaries at the end of the reporting year is S\$61,115,000 (2019: S\$65,305,000).

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

#### Assessment of expected credit loss on trade receivables

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates (over a period of certain months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined accordingly. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 15 on trade and other receivables.

#### Covid-19 pandemic and the aftermath

An assessment was made by management whether for the current reporting year there were any indications that these assets and liabilities may be impacted adversely. If any such indication of uncertainties existed, an estimate was made of the realisable amount and or fair value of the relevant assets and the completeness of the liabilities (which balances are more fully disclosed in the relevant notes to these financial statements). It is reasonably possible, based on existing knowledge that outcomes within the next reporting year are likely to be different from the current assumptions. The anticipated events do not occur frequently as expected and the variation may be material and could require material adjustments to the carrying amounts of the balances affected.

## 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Tan Sri Cheng Heng Jem, a director of the Company.

### 3A. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and financial guarantees if any, are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

### 3A. Related party transactions (cont'd):

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

|   | Group           |                 |
|---|-----------------|-----------------|
|   | 2020<br>S\$'000 | 2019<br>S\$'000 |
| <u>Related parties:</u>                               |                 |                 |
| Revenue received/receivable                           | 2,266           | 16,790          |
| Purchases of goods                                    | (61)            | (1,508)         |
| Interest income received/receivables                  | 36              | 200             |
| Rental paid/payable                                   | (120)           | (112)           |
| Rental recharged                                      | 48              | 48              |
| Penalties received for shortfall on minimum purchases | 338             | 358             |

Related parties are entities that are controlled by Tan Sri Cheng Heng Jem.

### 3B. Key management compensation:

|   | Group           |                 |
|---|-----------------|-----------------|
|   | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Salaries and other short-term employee benefits | 402             | 396             |
| Contribution to defined contribution plans      | 24              | 24              |
|   | <b>426</b>      | <b>420</b>      |

Further information about the remuneration of individual directors is provided in the report on corporate governance. Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

### 3C. Other receivables from and other payables to related parties:

|   | Group           |                 |
|---|-----------------|-----------------|
|   | 2020<br>S\$'000 | 2019<br>S\$'000 |
| <u>Related parties</u>                        |                 |                 |
| <u>Other receivables/(other payables):</u>    |                 |                 |
| Balance at beginning of the year              | 225             | 93              |
| Amounts billed to/paid out to related parties | 448             | 634             |
| Amounts paid in by related parties            | (479)           | (499)           |
| Foreign exchange adjustments                  | (2)             | (3)             |
| Balance at end of the year                    | <b>192</b>      | <b>225</b>      |

Presented in the statement of financial position as follows:

|                             |            |            |
|-----------------------------|------------|------------|
| Other receivables (Note 15) | 208        | 253        |
| Other payables (Note 21)    | (16)       | (28)       |
| Balance at end of the year  | <b>192</b> | <b>225</b> |

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

### 3C. Other receivables from and other payables to related parties (cont'd):

|  | Company         |                 |
|--|-----------------|-----------------|
|  | 2020<br>S\$'000 | 2019<br>S\$'000 |
| <u>Related parties</u>                                   |                 |                 |
| <u>Other receivables:</u>                                |                 |                 |
| Balance at beginning of the year                         | 1               | 1               |
| Amount billed to/paid out to related parties             | 2               | –               |
| Shared office expenses paid on behalf of related parties | 7               | 11              |
| Repayment by related parties                             | (7)             | (11)            |
| Balance at end of the year (Note 15)                     | <b>3</b>        | <b>1</b>        |

|                                      | Company         |                 |
|--------------------------------------|-----------------|-----------------|
|                                      | 2020<br>S\$'000 | 2019<br>S\$'000 |
| <u>Subsidiaries</u>                  |                 |                 |
| <u>Other payables:</u>               |                 |                 |
| Balance at beginning of the year     | (829)           | (838)           |
| Amounts paid out to subsidiaries     | 6               | 6               |
| Foreign exchange adjustments         | –               | 3               |
| Balance at end of the year (Note 21) | <b>(823)</b>    | <b>(829)</b>    |

## 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS

### 4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure has no impact on the reported financial performance or financial position of the reporting entity.

For management purposes, the reporting entity is organised into the following major strategic operating segments that offer different products and services: (1) manufacturing of lime, (2) trading of steel consumables, (3) investment holding/others. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The segments and the types of products and services are as follows:

- Manufacturing of lime – manufacturing and sales of quicklime and hydrated lime.
- Trading of steel consumables – trading of consumable required for steel product manufacturing.
- Investment holding/others – managing investments.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

### 4B. Profit or loss from continuing operations and reconciliations

|                            | Manufacturing<br>of lime<br>S\$'000 | Trading<br>of steel<br>consumables<br>S\$'000 | Investment<br>holding/<br>others<br>S\$'000 | Total<br>S\$'000 |
|----------------------------|-------------------------------------|---|---|------------------|
| <b>2020:</b>               |                                     |   |   |                  |
| <b>Revenue</b>             | <b>16,826</b>                       | <b>-</b>                                      | <b>-</b>                                    | <b>16,826</b>    |
| <b>Segment results</b>     | <b>(179)</b>                        | <b>(915)</b>                                  | <b>(639)</b>                                | <b>(1,733)</b>   |
| Other income and gains     | 512                                 | 1,126   | 784   | 2,422            |
| Other losses               | (8)                                 | (1)   | -   | (9)              |
| Profit before tax          |                                     |   |   | 680              |
| Income tax expense         |                                     |   |   | (139)            |
| <b>Profit for the year</b> |                                     |   |   | <b>541</b>       |
| <b>Non-cash expenses</b>   |                                     |   |   |                  |
| Depreciation               | 708                                 | 139   | 7   | 854              |
| <b>2019:</b>               |                                     |   |   |                  |
| <b>Revenue</b>             | 19,042                              | 13,491  | -   | 32,533           |
| <b>Segment results</b>     | (91)                                | (455)   | (618)                                       | (1,164)          |
| Other income and gains     | 528                                 | 241   | 770   | 1,539            |
| Other losses               | (7)                                 | (679)   | (653)                                       | (1,339)          |
| Loss before tax            |                                     |   |   | (964)            |
| Income tax expense         |                                     |   |   | (142)            |
| <b>Loss for the year</b>   |                                     |   |   | <b>(1,106)</b>   |
| <b>Non-cash expenses</b>   |                                     |   |   |                  |
| Depreciation               | 685                                 | 4   | 63  | 752              |

### 4C. Assets and reconciliations

|  | Manufacturing<br>of lime<br>S\$'000 | Trading<br>of steel<br>consumables<br>S\$'000 | Investment<br>holding/<br>others<br>S\$'000 | Total<br>S\$'000 |
|--|-------------------------------------|---|---|------------------|
| <b>2020:</b>   |                                     |   |   |                  |
| <b>Reportable segment assets and consolidated total assets</b> | <b>17,843</b>                       | <b>15,462</b>                                 | <b>43,524</b>                               | <b>76,829</b>    |
| <b>2019:</b>   |                                     |   |   |                  |
| <b>Reportable segment assets and consolidated total assets</b> | <b>16,433</b>                       | <b>11,870</b>                                 | <b>51,088</b>                               | <b>79,391</b>    |

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

### 4D. Liabilities and reconciliations

|                                       | Manufacturing<br>of lime<br>S\$'000 | Trading<br>of steel<br>consumables<br>S\$'000 | Investment<br>holding/<br>others<br>S\$'000 | Total<br>S\$'000 |
|---------------------------------------|-------------------------------------|---|---|------------------|
| <b>2020:</b>                          |                                     |   |   |                  |
| <b>Reportable segment liabilities</b> | <b>3,274</b>                        | <b>204</b>                                    | <b>636</b>                                  | <b>4,114</b>     |
| Unallocated:                          |                                     |   |   |                  |
| Deferred tax liabilities              |                                     |   |   | <b>224</b>       |
| <b>Consolidated total liabilities</b> |                                     |   |   | <b>4,338</b>     |
| <b>2019:</b>                          |                                     |   |   |                  |
| <b>Reportable segment liabilities</b> | <b>1,966</b>                        | <b>152</b>                                    | <b>590</b>                                  | <b>2,708</b>     |
| Unallocated:                          |                                     |   |   |                  |
| Deferred tax liabilities              | –                                   | –   | –   | <b>224</b>       |
| <b>Consolidated total liabilities</b> |                                     |   |   | <b>2,932</b>     |

### 4E. Other material items and reconciliations

|                            | Manufacturing<br>of lime<br>S\$'000 | Trading<br>of steel<br>consumables<br>S\$'000 | Investment<br>holding/<br>others<br>S\$'000 | Total<br>S\$'000 |
|----------------------------|-------------------------------------|---|---|------------------|
| <b>2020:</b>               |                                     |   |   |                  |
| <b>Capital expenditure</b> | <b>453</b>                          | <b>–</b>                                      | <b>–</b>                                    | <b>453</b>       |
| <b>2019:</b>               |                                     |   |   |                  |
| <b>Capital expenditure</b> | <b>251</b>                          | <b>3</b>                                      | <b>–</b>                                    | <b>254</b>       |

The Group's products are sold to Malaysia, Indonesia, Singapore and other overseas markets, and the management of the Group reviews the financial results by business segment to assess performance and make resource allocation decisions.

There are no significant sales or other transactions between the business segments. The revenue from external parties reported to the management is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income. All assets and liabilities are allocated to reportable segments other than income tax liabilities.

### 4F. Geographical information

As at 30 June 2020, the Group's three business segments operated in two main geographical areas:

Malaysia – the main activity is sales of lime and trading of steel consumables; and

Singapore – the main activity is investment holding.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

### 4F. Geographical information (cont'd)

|           | Revenue         |                 | Non-current assets |                 |
|-----------|-----------------|-----------------|--------------------|-----------------|
|           | 2020<br>S\$'000 | 2019<br>S\$'000 | 2020<br>S\$'000    | 2019<br>S\$'000 |
| Malaysia  | <b>16,035</b>   | 31,166          | <b>3,445</b>       | 2,695           |
| Singapore | <b>791</b>      | 1,367           | <b>66</b>          | 12              |
|           | <b>16,826</b>   | 32,533          | <b>3,511</b>       | 2,707           |

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

### 4G. Information about major customers

|   | 2020<br>S\$'000 | 2019<br>S\$'000 |
|---|-----------------|-----------------|
| Top 1 customer in sales of lime and trading of steel consumables  | <b>6,799</b>    | 16,422          |
| Top 2 customers in sales of lime and trading of steel consumables | <b>9,028</b>    | 22,190          |
| Top 3 customers in sales of lime and trading of steel consumables | <b>11,195</b>   | 24,429          |

## 5. REVENUE

Revenue from contracts with customers:

|               | Group           |                 |
|---------------|-----------------|-----------------|
|               | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Sale of goods | <b>16,826</b>   | 32,533          |

The revenue is from sale of goods which recognised based on point in time. All contracts are less than 12 months.



# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 6. OTHER INCOME AND GAINS AND (OTHER LOSSES)

|  | Group           |                 |
|--|-----------------|-----------------|
|  | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Reversal/(allowance) for impairment on trade receivables – related parties (Note 15) | 758             | (678)           |
| Foreign exchange losses, net   | (9)             | (661)           |
| Interest income  | 1,115           | 1,080           |
| Management fee income  | 12              | 12              |
| Penalties received for shortfall on minimum purchase (Note 3)                        | 338             | 358             |
| Government grant   | 69              | –               |
| Rental recharged   | 96              | –               |
| Others   | 34              | 89              |
| Net  | <b>2,413</b>    | 200             |

|                                 | Group           |                 |
|---------------------------------|-----------------|-----------------|
|                                 | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Presented in profit or loss as: |                 |                 |
| Other income and gains          | 2,422           | 1,539           |
| Other losses                    | (9)             | (1,339)         |
| Net                             | <b>2,413</b>    | 200             |

## 7. EMPLOYEE BENEFITS EXPENSE

|   | Group           |                 |
|---|-----------------|-----------------|
|   | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Short term employee benefits expense                  | 1,878           | 1,861           |
| Employer's contribution to defined contribution plans | 205             | 198             |
| Other benefits  | 46              | 46              |
| Total employee benefits expense                       | <b>2,129</b>    | 2,105           |

## 8. OTHER EXPENSES

The major and other selected components include the following:

|   | Group           |                 |
|---|-----------------|-----------------|
|   | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Audit fees paid/payable to independent auditors of the Company  | 76              | 74              |
| Audit fees paid/payable to independent auditors of subsidiaries | 50              | 46              |
| Maintenance expense   | 313             | 293             |
| Material handling   | 340             | 409             |
| Property, plant and equipment written-off                       | 216             | 7               |
| Transportation expense  | 2,370           | 2,639           |
| Utilities   | 1,145           | 1,177           |

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 9. INCOME TAX

### 9A. Components of income tax expense recognised in profit or loss include:

|  | Group           |                 |
|--|-----------------|-----------------|
|  | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Current tax expense:                         |                 |                 |
| Current tax expense                          | 139             | 143             |
| Over adjustments in respect of prior periods | -               | (1)             |
| Total income tax expense                     | <b>139</b>      | <b>142</b>      |

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2019: 17%) to profit or loss before income tax as a result of the following differences:

|  | Group           |                 |
|--|-----------------|-----------------|
|  | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Profit/(loss) before tax                                     | 680             | (964)           |
| Income tax expense/(benefit) at the above rate               | 116             | (164)           |
| Expenses not deductible for tax purposes                     | 170             | 449             |
| Effect of different tax rates in different countries         | 33              | 109             |
| Over adjustments in respect of tax in prior periods          | -               | (1)             |
| Utilisation of deferred tax assets not recognised previously | (180)           | (393)           |
| Deferred tax assets not recognised                           | -               | 142             |
| Total income tax expense                                     | <b>139</b>      | <b>142</b>      |

### 9B. Deferred tax balance in the statement of financial position:

|                                | Group           |                 |
|--------------------------------|-----------------|-----------------|
|                                | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Deferred tax liabilities:      |                 |                 |
| Foreign income not remitted    | (224)           | (224)           |
| Total deferred tax liabilities | <b>(224)</b>    | <b>(224)</b>    |

|                                   | Gross           |                 | Group<br>Unrecognised deferred<br>tax assets |                 |
|-----------------------------------|-----------------|-----------------|--|-----------------|
|                                   | 2020<br>S\$'000 | 2019<br>S\$'000 | 2020<br>S\$'000                              | 2019<br>S\$'000 |
| Unrecognised deferred tax assets: |                 |                 |  |                 |
| Unused tax losses available       | 16,127          | 16,249          | 3,679  | 3,648           |
| Unabsorbed capital allowances     | 11,074          | 11,956          | 2,658  | 2,869           |
| Unrecognised deferred tax assets  | <b>27,201</b>   | <b>28,205</b>   | <b>6,337</b>                                 | <b>6,517</b>    |

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 9. INCOME TAX (CONT'D)

### 9B. Deferred tax balance in the statement of financial position (cont'd):

Included in unrecognised deferred tax assets are tax losses of S\$3,026,000 (2019: S\$3,036,000) and unabsorbed capital allowance of S\$2,658,000 (2019: S\$2,869,000) that will expire between 2025 and 2026. The other unrecognised deferred tax assets for tax losses may be carried forward indefinitely.

The utilisation of the above deferred tax asset is subject to conditions imposed by law including the retention of majority shareholders defined.

## 10. EARNINGS/(LOSSES) PER SHARE

The basic earnings/(losses) amount per share is calculated by dividing the Group's profit/(loss) net of tax attributable to owners of the Company for the reporting year by the weighted average number of ordinary shares outstanding during the year.

The following table illustrates the numerators and denominators used to calculate basic and diluted amount per share:

|   | Group  |         |
|---|--------|---------|
|   | 2020   | 2019    |
| Profit/(loss), net of tax attributable to owners of the Company (S\$'000) | 541    | (1,106) |
| Weighted average number of ordinary shares ('000) (Note 18)               | 81,105 | 81,105  |
| Earnings/(losses) per share (cents)                                       | 0.67   | (1.36)  |

The diluted earnings/(losses) per share is the same as the basic earnings/(losses) per share as there were no share options outstanding (2019: Nil).

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 11. PROPERTY, PLANT AND EQUIPMENT

| Group   | Freehold<br>land<br>S\$'000 | Leasehold<br>buildings and<br>infrastructure<br>S\$'000 | Plant and<br>machinery<br>S\$'000 | Office<br>equipment and<br>motor vehicles<br>S\$'000 | Furniture<br>and fittings<br>S\$'000 | Construction-<br>in-progress<br>S\$'000 | Total<br>S\$'000 |
|---|-----------------------------|---|-----------------------------------|--|--------------------------------------|---|------------------|
| <u>Cost:</u>  |                             |   |                                   |  |                                      |   |                  |
| At 1 July 2018  | –                           | 402   | 28,485                            | 838  | 60                                   | 880                                     | 30,665           |
| Additions   | –                           | –   | 45                                | 42   | 4                                    | 163                                     | 254              |
| Written-off   | –                           | –   | (13)                              | –  | –                                    | –                                       | (13)             |
| Reclassification  | 713                         | –   | 89                                | –  | –                                    | (802)                                   | –                |
| Foreign exchange<br>adjustments                         | –                           | (13)  | (963)                             | (1)  | (1)                                  | (30)                                    | (1,008)          |
| At 30 June 2019   | 713                         | 389   | 27,643                            | 879  | 63                                   | 211                                     | 29,898           |
| Additions   | –                           | –   | 5                                 | 17   | 11                                   | 420                                     | 453              |
| Written-off   | –                           | –   | –                                 | –  | –                                    | (216)                                   | (216)            |
| Reclassification  | –                           | –   | 10                                | –  | –                                    | (10)                                    | –                |
| Foreign exchange<br>adjustments                         | (2)                         | (1)   | (92)                              | 4  | (1)                                  | (3)                                     | (95)             |
| At 30 June 2020   | 711                         | 388   | 27,566                            | 900  | 73                                   | 402                                     | 30,040           |
| <u>Accumulated<br/>depreciation and<br/>impairment:</u> |                             |   |                                   |  |                                      |   |                  |
| At 1 July 2018  | –                           | 212   | 26,321                            | 749  | 38                                   | –                                       | 27,320           |
| Depreciation for the<br>year                            | –                           | 19  | 648                               | 81   | 4                                    | –                                       | 752              |
| Written-off   | –                           | –   | (7)                               | –  | –                                    | –                                       | (7)              |
| Foreign exchange<br>adjustments                         | –                           | (7)   | (860)                             | (6)  | (1)                                  | –                                       | (874)            |
| At 30 June 2019   | –                           | 224   | 26,102                            | 824  | 41                                   | –                                       | 27,191           |
| Depreciation for the<br>year                            | –                           | 19  | 610                               | 13   | 5                                    | –                                       | 647              |
| Written-off   | –                           | –   | –                                 | –  | –                                    | –                                       | –                |
| Foreign exchange<br>adjustments                         | –                           | (1)   | (85)                              | (1)  | –                                    | –                                       | (87)             |
| At 30 June 2020   | –                           | 242   | 26,627                            | 836  | 46                                   | –                                       | 27,751           |
| <u>Carrying value:</u>                                  |                             |   |                                   |  |                                      |   |                  |
| At 1 July 2018  | –                           | 190   | 2,164                             | 89   | 22                                   | 880                                     | 3,345            |
| At 30 June 2019   | 713                         | 165   | 1,541                             | 55   | 22                                   | 211                                     | 2,707            |
| At 30 June 2020   | 711                         | 146   | 939                               | 64   | 27                                   | 402                                     | 2,289            |

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| <u>Company</u>                                | <b>Office equipment<br/>and motor vehicles<br/>S\$'000</b> |
|---|--|
| <u>Cost:</u>                                  |  |
| At 1 July 2018, 30 June 2019 and 30 June 2020 | 630  |
| <u>Accumulated depreciation:</u>              |  |
| At 1 July 2018                                | 567  |
| Depreciation for the year                     | 63   |
| At 30 June 2019 and 30 June 2020              | 630  |
| <u>Carrying value:</u>                        |  |
| At 1 July 2018                                | 63   |
| At 30 June 2019                               | –  |
| At 30 June 2020                               | –  |

### 11A. Assessment of impairment loss on property, plant and equipment

The Group engaged an external valuation expert, Roma Appraisals Limited (“ROMA”), to support management’s assessment of the valuation for property, plant and equipment (“PPE”) held by the subsidiary, Compact Energy Sdn. Bhd. (“Compact”) for the reporting year ended 30 June 2020.

The Group considered both the market approach and cost approach (depreciated replacement cost method) in determining fair value less cost of disposal (“FVLCOD”). It was determined that cost approach is more appropriate, given the unique specifications and nature of the PPE.

The cost approach considers the cost to reproduce, in new condition, the appraised assets in accordance with current market prices for assets, with allowance for depreciation arising from condition, utility, age, wear and tear or obsolescence present, taking into consideration past and present maintenance policy and rebuilding history. This approach generally furnishes a reliable indication of value for the assets in the absence of known market based on comparable sales. Due to the unobservable inputs, it is classified as a level 3 fair value.

As recoverable amount is based on the higher of fair value less costs of disposal and value-in-use, management adopted the fair value less costs of disposal as the valuation technique for the PPE in both 2020 and 2019. The recoverable amount was higher than the carrying value of the lime production plant and no impairment (2019: Nil) was made. As there is no favourable improvement of the market condition nor improvement in the economic performance of the plant and the related technology, accumulated impairment was not reversed.

Key assumptions and inputs used to determine the recoverable amount based on FVLCOD:

1. The assets are kept in reasonable condition and capable of operating for the purpose for which they are designed and produced.
2. The useful lives of the assets are appropriate.
3. Inflation rate used to adjust the historical information.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 12. INVESTMENTS IN SUBSIDIARIES

|                                 | <b>Company</b>  |          |
|---------------------------------|-----------------|----------|
|                                 | <b>2020</b>     | 2019     |
|                                 | <b>S\$'000</b>  | S\$'000  |
| Unquoted equity shares at cost  | <b>5,087</b>    | 5,087    |
| Loan receivables <sup>(a)</sup> | <b>104,663</b>  | 109,448  |
| Allowance for impairment        | <b>(48,635)</b> | (49,230) |
| Carrying value                  | <b>61,115</b>   | 65,305   |

(a) Loan receivables from subsidiaries are classified as investment in subsidiaries as these are deemed as long-term receivables in nature.

|   | <b>Company</b> |          |
|---|----------------|----------|
|   | <b>2020</b>    | 2019     |
|   | <b>S\$'000</b> | S\$'000  |
| Movements during the year. At carrying value: |                |          |
| Balance at beginning of the year              | <b>65,305</b>  | 78,381   |
| Reversal of impairment <sup>(b)</sup>         | <b>595</b>     | 1,898    |
| Repayment of loan receivables                 | <b>(4,785)</b> | (14,974) |
| Balance at end of the year                    | <b>61,115</b>  | 65,305   |

|   |               |         |
|---|---------------|---------|
| Movements in allowance for impairment:                |               |         |
| Balance at beginning of the year                      | <b>49,230</b> | 51,128  |
| Impairment loss reversed to profit or loss of Company | <b>(595)</b>  | (1,898) |
| Balance at end of the year                            | <b>48,635</b> | 49,230  |

(b) The net tangible assets/liabilities of subsidiaries were used to determine the allowance for impairment. There were improvements of subsidiaries' financial positions, hence resulting in reversal of impairment which amounted to S\$595,000.

The subsidiaries that are wholly-owned by the Group are listed below:

| <b>Name of subsidiaries, country of incorporation,<br/>place of operations and principal activities</b> | <b>Unquoted equity shares at cost</b> |         |
|---|---------------------------------------|---------|
|   | <b>2020</b>                           | 2019    |
|   | <b>S\$'000</b>                        | S\$'000 |
| <u>Held by the Company:</u>   |                                       |         |
| LAP Trading & Marketing Pte. Ltd. <sup>(1)</sup>  |                                       |         |
| Singapore   |                                       |         |
| Trading of steel consumables  | *                                     | *       |
|   |                                       |         |
| LAP Investment Pte. Ltd. <sup>(1)</sup>   |                                       |         |
| Singapore   |                                       |         |
| Investment holding  | *                                     | *       |

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

| Name of subsidiaries, country of incorporation,<br>place of operations and principal activities                                | Unquoted equity shares at cost |                 |
|--|--------------------------------|-----------------|
|  | 2020<br>S\$'000                | 2019<br>S\$'000 |
| Held by the Company:   |                                |                 |
| LAP Exploration Pte. Ltd. <sup>(1)</sup><br>Singapore<br>Investment holding  | *                              | *               |
| LAP Development Pte. Ltd. <sup>(1)</sup><br>Singapore<br>Investment holding  | *                              | *               |
| Ternair Jaya Sdn. Bhd. <sup>(2)</sup><br>Malaysia<br>Investment holding  | 4,750                          | 4,750           |
| Lion Asiapac Management Consultancy (Shanghai) Co., Ltd <sup>(3)</sup><br>The People's Republic of China<br>Investment holding | 337                            | 337             |

| Name of subsidiaries, country of incorporation,<br>place of operations and principal activities   | Effective percentage of<br>equity held by group |                 |
|---|---|-----------------|
|   | 2020<br>S\$'000                                 | 2019<br>S\$'000 |
| Held by Subsidiaries:   |   |                 |
| LAP Energy Sdn. Bhd. <sup>(2)</sup><br>Malaysia<br>Manufacture and sale of dry cargo containers<br>(Ceased operations in financial year ended 2000) | 100%  | 100%            |
| Compact Energy Sdn. Bhd. <sup>(2)</sup><br>Malaysia<br>Sales of lime  | 100%  | 100%            |
| LAP Trading (Shanghai) Co., Ltd <sup>(4)</sup><br>The People's Republic of China<br>Trading of steel consumables                                    | 100%  | 100%            |
| LAP Marshall Pte Ltd <sup>(5)(6)</sup><br>The Marshall Islands<br>Investment holding  | 100%  | 100%            |

(1) Audited by RSM Chio Lim LLP, Singapore.

(2) Audited by RSM Malaysia, member firm of RSM International of which RSM Chio Lim LLP is a member.

(3) Audited by SBA Stone Forest Certified Public Accountants Co., Ltd., an affiliated firm of RSM Chio Lim LLP in Singapore.

(4) Other independent auditors. Audited by Shanghai Haoyin C.P.A partnership, firm of accountants other than member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(5) Not audited, as it is immaterial.

(6) The company was incorporated during the reporting year and not required to be audited under the laws of the country of incorporation. The amount is not material.

(\*) Amount is less than S\$1,000.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 13. OTHER FINANCIAL ASSETS

|                                       | Group           |                 |
|---------------------------------------|-----------------|-----------------|
|                                       | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Balance is made up of:                |                 |                 |
| Investment in equity shares at FVTOCI | -               | -               |

### 13A. Reconciliation of fair value measurements in Level 1 of the fair value hierarchy

|   | Group           |                 |
|---|-----------------|-----------------|
|   | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Movements during the year:                                |                 |                 |
| Fair value at beginning of the year                       | -               | 258             |
| Decrease in fair value through other comprehensive income | -               | (237)           |
| Foreign exchange adjustments                              | -               | (21)            |
| Fair value at end of the year                             | -               | -               |

### 13B. Disclosures relating to investment in equity shares at FVTOCI

The information gives a summary of the significant sector concentrations within the investment portfolio:

|  | Level | Group           |                 |
|--|-------|-----------------|-----------------|
|  |       | 2020<br>S\$'000 | 2019<br>S\$'000 |
| <u>Fair value at end of the year:</u>          |       |                 |                 |
| Unquoted equity shares:                        |       |                 |                 |
| Australia <sup>(a)</sup>                       | 1     | -               | -               |
| Unquoted equity shares:                        |       |                 |                 |
| Malaysia <sup>(b)</sup>                        | 3     | -               | -               |
|  |       | <b>2020</b>     | <b>2019</b>     |
|  |       | %               | %               |
| <u>Percentage of equity held by the Group:</u> |       |                 |                 |
| Unquoted equity shares:                        |       |                 |                 |
| Australia <sup>(a)</sup>                       | 1     | <b>3.1</b>      | 3.4             |
| Unquoted equity shares:                        |       |                 |                 |
| Malaysia <sup>(b)</sup>                        | 3     | *               | *               |

(a) The unquoted investment is in Mindax Limited, listed on the Australian Securities Exchange. In previous reporting year, the quoted equity shares was suspended from trading and has been fully impaired.

(b) The unquoted investment is an equity interest in Lion Corporation Berhad ("LCB"), acquired by a subsidiary of the Company in a scheme of arrangement for overdue trade receivables owed by a related party in 2012. LCB was delisted from Bursa Malaysia in 2018, as such the investment has been fully impaired.

(\*) Percentage holding is not significant.

The investments are exposed to both currency risk and market price risk arising from uncertainties about future values of the investment securities.

Sensitivity analysis: The effect on pre-tax profit/loss is not significant.



# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 14. INVENTORIES

|                               | Group           |                 |
|-------------------------------|-----------------|-----------------|
|                               | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Raw materials and consumables | 2,999           | 3,932           |
| Finished goods                | 327             | 378             |
|                               | <b>3,326</b>    | <b>4,310</b>    |

There are no inventories pledged as security for liabilities.

## 15. TRADE AND OTHER RECEIVABLES

|  | Group           |                 | Company         |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 2020<br>S\$'000 | 2019<br>S\$'000 | 2020<br>S\$'000 | 2019<br>S\$'000 |
| <u>Trade receivables:</u>  |                 |                 |                 |                 |
| Outside parties  | 3,207           | 2,682           | -               | -               |
| Related parties  | 750             | 3,723           | -               | -               |
| Less: Allowance for impairment of<br>receivables – related parties | (9)             | (2,120)         | -               | -               |
| Net trade receivables  | <b>3,948</b>    | <b>4,285</b>    | <b>-</b>        | <b>-</b>        |
| <u>Other receivables:</u>  |                 |                 |                 |                 |
| Outside parties  | 110             | 92              | -               | -               |
| Related parties (Note 3) <sup>(a)</sup>                            | 208             | 253             | 3               | 1               |
| Interest receivables   | 322             | 295             | 78              | 81              |
| Net other receivables  | <b>640</b>      | <b>640</b>      | <b>81</b>       | <b>82</b>       |
| Total trade and other receivables                                  | <b>4,588</b>    | <b>4,925</b>    | <b>81</b>       | <b>82</b>       |

Movements in above allowance:

|   | Group           |                 |
|---|-----------------|-----------------|
|   | 2020<br>S\$'000 | 2019<br>S\$'000 |
| At beginning of the year                | 2,120           | 1,491           |
| (Reversal)/allowance of impairment loss | (758)           | 678             |
| Used/bad debts written-off              | (1,350)         | -               |
| Foreign exchange adjustments            | (3)             | (49)            |
| At end of the year                      | <b>9</b>        | <b>2,120</b>    |

- (a) Other receivables mainly consist of an amount of S\$187,000 (2019: S\$187,000) which pertains to partial amount of reimbursable cost payable to Gas Malaysia Berhad rechargeable to the related parties (Note 22).

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 15. TRADE AND OTHER RECEIVABLES (CONT'D)

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance is based on the individual assessment of the large balances and the use of a matrix for the smaller balances based on its historical observed default rates (over a period of 36 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined as follows for trade receivables:

Aging analysis of trade receivables that are past due:

| Group                  | Gross amount<br>S\$'000 | Loss allowance<br>S\$'000 |
|------------------------|-------------------------|---------------------------|
| <b>2020:</b>           |                         |                           |
| 1 to 30 days past due  | 577                     | -                         |
| 31 to 60 days past due | 498                     | -                         |
| 61 to 90 days past due | 322                     | -                         |
| Over 90 days past due  | 628                     | 9                         |
| Total                  | 2,025                   | 9                         |
| <hr/>                  |                         |                           |
| Group                  | Gross amount<br>S\$'000 | Loss allowance<br>S\$'000 |
| <b>2019:</b>           |                         |                           |
| 1 to 30 days past due  | 524                     | -                         |
| 31 to 60 days past due | 388                     | -                         |
| 61 to 90 days past due | 1,424                   | 88                        |
| Over 90 days past due  | 2,127                   | 2,032                     |
| Total                  | 4,463                   | 2,120                     |

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period.

There are no collateral held as security and other credit enhancements for the trade receivables.

At each subsequent reporting date, for the individual larger balances an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade customers is about 30 days (2019: 30 days). But some customers take a longer period to settle the amounts.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 15. TRADE AND OTHER RECEIVABLES (CONT'D)

Concentration of trade receivable customers as at the end of reporting year:

|                 | Group           |                 |
|-----------------|-----------------|-----------------|
|                 | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Top 1 customer  | 930             | 1,603           |
| Top 2 customers | 1,697           | 2,528           |
| Top 3 customers | 2,439           | 3,005           |

Other receivables:

The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The other receivables at amortised cost and which can be graded as low risk individually are considered to have low credit risk. At the end of the first reporting period, a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. No loss allowance is necessary.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

Other receivables are normally with no fixed terms and therefore there is no maturity. Other receivables are regarded as of low credit risk if they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

## 16. OTHER NON-FINANCIAL ASSETS

|                             | Group           |                 | Company         |                 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
|                             | 2020<br>S\$'000 | 2019<br>S\$'000 | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Deposits to secure services | 239             | 239             | 3               | 2               |
| Prepayments                 | 81              | 102             | –               | –               |
| GST recoverable             | 32              | –               | –               | –               |
|                             | 352             | 341             | 3               | 2               |

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 17. CASH AND CASH EQUIVALENTS

|   | Group           |                 | Company         |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 2020<br>S\$'000 | 2019<br>S\$'000 | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Cash at bank and on hand <sup>(a)</sup> | 4,785           | 6,528           | 951             | 349             |
| Fixed deposits <sup>(a)</sup>           | 60,267          | 60,510          | 9,367           | 10,002          |
| Cash at end of the year                 | <b>65,052</b>   | 67,038          | <b>10,318</b>   | 10,351          |

### 17A. Cash and cash equivalents in the statement of cash flows:

|   | Group           |                 |
|---|-----------------|-----------------|
|   | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Amount as shown above                                     | 65,052          | 67,038          |
| Cash subjected to foreign exchange control <sup>(b)</sup> | (32,877)        | (35,113)        |
| Cash and cash equivalents in the statement of cash flows  | <b>32,175</b>   | 31,925          |

(a) Cash and cash equivalents bear interest rates from 0% to 2.9% (2019: 0% to 2.7%) per annum.

(b) Subject to the foreign exchange control in the People's Republic of China.

### 17B. Reconciliation of liabilities arising from financing activities:

| Group             | 2019 | Cash flows | Non-cash changes     | 2020  |
|-------------------|------|------------|----------------------|-------|
| S\$'000           |      |            |                      |       |
| Lease liabilities | –    | (171)      | 1,430 <sup>(a)</sup> | 1,259 |

(a) Adoption of new financial reporting standard on lease by the Group effective from 1 July 2019 (see Note 20).

## 18. SHARE CAPITAL

| Group and Company                                      | Number of shares issued '000 | Share capital S\$'000 |
|--|------------------------------|-----------------------|
| Balances as 1 July 2018, 30 June 2019 and 30 June 2020 | 81,105                       | 47,494                |

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

### Capital management:

The objectives when managing capital are: to safeguard the reporting Company's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 18. SHARE CAPITAL (CONT'D)

In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to shareholders, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves). In order to maintain its listing on the Singapore Exchange, the Company has to have share capital with a free float of at least 10% of the issued shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives shareholding reports from the share registrar regularly to ensure continuing compliance with the 10% free-float requirement throughout the reporting year.

## 19. OTHER RESERVES

|   | Group           |                 |
|---|-----------------|-----------------|
|   | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Statutory reserve <sup>(a)</sup>            | 180             | 180             |
| Currency translation reserve <sup>(b)</sup> | (10,412)        | (10,363)        |
| Capital reserve <sup>(c)</sup>              | 2,112           | 2,112           |
| Fair value reserve <sup>(d)</sup>           | -               | (119)           |
| Total (adverse balance)                     | <b>(8,120)</b>  | <b>(8,190)</b>  |

### 19A. Statutory reserve

|                                  | Group           |                 |
|----------------------------------|-----------------|-----------------|
|                                  | 2020<br>S\$'000 | 2019<br>S\$'000 |
| At beginning and end of the year | <b>180</b>      | 180             |

### 19B. Currency translation reserve

|   | Group           |                 |
|---|-----------------|-----------------|
|   | 2020<br>S\$'000 | 2019<br>S\$'000 |
| At beginning of the year  | <b>(10,363)</b> | (8,650)         |
| Net currency translation differences from consolidation of financial statements | <b>(49)</b>     | (1,713)         |
| At end of the year (adverse balance)  | <b>(10,412)</b> | <b>(10,363)</b> |

### 19C. Capital reserve

|                                  | Group           |                 |
|----------------------------------|-----------------|-----------------|
|                                  | 2020<br>S\$'000 | 2019<br>S\$'000 |
| At beginning and end of the year | <b>2,112</b>    | 2,112           |

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 19. OTHER RESERVES (CONT'D)

### 19D. Fair value reserve

|  | Group           |                 |
|--|-----------------|-----------------|
|  | 2020<br>S\$'000 | 2019<br>S\$'000 |
| At beginning of the year                               | (119)           | 118             |
| Decrease in fair value of equity investments at FVTOCI | -               | (237)           |
| Transfer to retained earnings                          | 119             | -               |
| At end of the year                                     | -               | (119)           |

- (a) In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the People's Republic of China ("PRC"), wholly-owned subsidiaries are required to make appropriation to statutory reserve fund ("SRF"). At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.
- (b) Currency translation reserve comprises the exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and the exchange differences on monetary items which form part of the Group's net investment in foreign operations.
- (c) The capital reserve arose from bonus share issue through retained profits by a subsidiary.
- (d) Fair value reserve comprises the aggregate cumulative fair value changes of investments in equity shares at FVTOCI.

All the reserves classified on the face of the statement of financial position as retained earnings represents past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

## 20. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

The right-of-use assets in the statement of financial position are as follows:

| Group                            | Land<br>S\$'000 | Office<br>S\$'000 | Total<br>S\$'000 |
|----------------------------------|-----------------|-------------------|------------------|
| <u>Cost:</u>                     |                 |                   |                  |
| At 1 July 2019                   | 1,251           | 189               | 1,440            |
| Foreign exchange adjustments     | (11)            | -                 | (11)             |
| At 30 June 2020                  | 1,240           | 189               | 1,429            |
| <u>Accumulated depreciation:</u> |                 |                   |                  |
| At 1 July 2019                   | -               | -                 | -                |
| Depreciation of the year         | 63              | 144               | 207              |
| Foreign exchange adjustments     | *               | *                 | *                |
| At 30 June 2020                  | 63              | 144               | 207              |
| <u>Carrying value:</u>           |                 |                   |                  |
| At 1 July 2019                   | 1,251           | 189               | 1,440            |
| At 30 June 2020                  | 1,177           | 45                | 1,222            |

(\*) Amount is less than S\$1,000

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 20. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS (CONT'D)

The leases are for certain office space and land lease. The tenure of the lease contracts ranged from 1 to 19 years (2019: 2 to 20 years), but have extension options for land and office respectively. Lease terms contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

At the date of transition to the new standard on leases, management elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition (applied to leases previously classified as finance leases and leases of low-value underlying assets). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease liabilities are presented in the statement of financial position as follows:

|                                | <b>Group</b>   |         |
|--------------------------------|----------------|---------|
|                                | <b>2020</b>    | 2019    |
|                                | <b>S\$'000</b> | S\$'000 |
| Lease liabilities, current     | <b>71</b>      | –       |
| Lease liabilities, non-current | <b>1,188</b>   | –       |
|                                | <b>1,259</b>   | –       |

Reconciliation of lease commitments and lease liabilities at the date of initial application:

|   | <b>Group</b>   |
|---|----------------|
|   | <b>S\$'000</b> |
| Operating lease commitments as at 30 June 2019            | 2,555          |
| Relief option for short-term leases                       | (67)           |
| Subtotal – Operating lease liabilities before discounting | 2,488          |
| Discounted using incremental borrowing rate               | (1,048)        |
| Total lease liabilities at 1 July 2019                    | 1,440          |

Movements of lease liabilities for the reporting year are as follows:

|   | <b>Group</b>   |
|---|----------------|
|   | <b>S\$'000</b> |
| At 1 July 2019                          | 1,440          |
| Accretion of interest                   | 103            |
| Lease payments – principal portion paid | (171)          |
| Interest paid                           | (103)          |
| Foreign exchange adjustments            | (10)           |
| At 30 June 2020                         | 1,259          |

The new standard on leases has been applied using the modified retrospective transition approach. Therefore no comparative amounts for the reporting year ended 30 June 2019 are presented.

The lease liability above does not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 20. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS (CONT'D)

On transition to the new standard on leases the weighted average incremental borrowing rate applied to lease liabilities recognised was ranged from 4.25% to 8.25% per year. The finance lease, the right-of-use asset and lease liability before the date of initial application are measured at the same amounts as under the new standard.

The interest expense on lease liabilities amounted to S\$103,000 (2019: Nil).

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is in Note 24E.

Total cash outflows for leases for the year ended 30 June 2020 are shown in the statement of cash flows.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

## 21. TRADE AND OTHER PAYABLES

|                                | Group           |                 | Company         |                 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                | 2020<br>S\$'000 | 2019<br>S\$'000 | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Trade payables:                |                 |                 |                 |                 |
| Outside parties                | 683             | 636             | -               | -               |
| Other payables:                |                 |                 |                 |                 |
| Outsides parties               | 825             | 759             | 229             | 214             |
| Related parties (Note 3)       | 16              | 28              | 823             | 829             |
| Accrued liabilities            | 848             | 818             | 200             | 200             |
| Other payables – subtotal      | 1,689           | 1,605           | 1,252           | 1,243           |
| Total trade and other payables | 2,372           | 2,241           | 1,252           | 1,243           |

## 22. PROVISIONS

|                                       | Group           |                 |
|---------------------------------------|-----------------|-----------------|
|                                       | 2020<br>S\$'000 | 2019<br>S\$'000 |
| Provision for contractual obligations | 416             | 416             |
| Movement in above provision:          |                 |                 |
| At beginning of the year              | 416             | 430             |
| Foreign exchange adjustments          | (1)             | (14)            |
| At end of the year                    | 415             | 416             |

In 2018, the Group made a provision for reimbursable cost in respect to the works carried out by Gas Malaysia Berhad (“GMB”) for the construction of gas distribution pipeline and related facilities for a subsidiary of the Company.

The Group also entered into an agreement with its related parties to indemnify the subsidiary for shortfall claim, late payment charges, penalty or other costs payable to GMB. Partial amount of the reimbursable cost payable to GMB is rechargeable to its related parties (Note 15), and the remaining balance was expensed off in 2018.



# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 23. DIVIDENDS

|   | Rate per share – cents |      | Group and Company |                |
|---|------------------------|------|-------------------|----------------|
|   | 2020                   | 2019 | 2020<br>\$'000    | 2019<br>\$'000 |
| Final tax exempt (1-tier) dividend paid | 0.5                    | 0.5  | 406               | 406            |
| Interim exempt (1-tier) dividend paid   | 5.0                    | 3.0  | 4,054             | 2,433          |
| Total dividends paid in the year        | 5.5                    | 3.5  | 4,460             | 2,839          |

## 24. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

### 24A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

|   | Group           |                 | Company         |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 2020<br>S\$'000 | 2019<br>S\$'000 | 2020<br>S\$'000 | 2019<br>S\$'000 |
| <u>Financial assets:</u>                |                 |                 |                 |                 |
| Financial assets at amortised cost      | 69,640          | 71,963          | 10,399          | 10,433          |
| At end of the year                      | 69,640          | 71,963          | 10,399          | 10,433          |
| <u>Financial liabilities:</u>           |                 |                 |                 |                 |
| Financial liabilities at amortised cost | 3,631           | 2,241           | 1,252           | 1,243           |
| At end of the year                      | 3,631           | 2,241           | 1,252           | 1,243           |

Further quantitative disclosures are included throughout these financial statements.

### 24B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. All financial risk management activities are carried out and monitored by senior management staff.
3. All financial risk management activities are carried out following acceptable market practices.

### 24C. Fair values of financial instruments

The analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 24. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### 24D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses ("ECL") on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 17 discloses the maturity of the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

### 24E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2019: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

| Group                                 | Less than    | 1 – 3 years | 3 – 5 years | Over 5 years | Total        |
|---------------------------------------|--------------|-------------|-------------|--------------|--------------|
|                                       | 1 year       |             |             |              |              |
|                                       | S\$'000      | S\$'000     | S\$'000     | S\$'000      | S\$'000      |
| Non-derivative financial liabilities: |              |             |             |              |              |
| <b>2020:</b>                          |              |             |             |              |              |
| Gross lease liabilities               | 163          | 242         | 239         | 1,650        | 2,294        |
| Trade and other payables              | 2,372        | –           | –           | –            | 2,372        |
| At end of the year                    | <b>2,535</b> | <b>242</b>  | <b>239</b>  | <b>1,650</b> | <b>4,666</b> |
| <b>2019:</b>                          |              |             |             |              |              |
| Trade and other payables              | 2,241        | –           | –           | –            | 2,241        |
| At end of the year                    | 2,241        | –           | –           | –            | 2,241        |

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 24. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### 24E. Liquidity risk – financial liabilities maturity analysis (cont'd)

| <b>Company</b>                        | <b>Less than<br/>1 year<br/>S\$'000</b> |
|---------------------------------------|---|
| Non-derivative financial liabilities: |   |
| <b>2020:</b>                          |   |
| Trade and other payables              | 1,252                                   |
| At end of the year                    | <u>1,252</u>                            |
| <br>                                  |   |
| <b>2019:</b>                          |   |
| Trade and other payables              | 1,243                                   |
| At end of the year                    | <u>1,243</u>                            |

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

### 24F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position and on some financial instruments not recognised in the statement of financial position. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

|                                 | <b>Group</b>   |         |
|---------------------------------|----------------|---------|
|                                 | <b>2020</b>    | 2019    |
|                                 | <b>S\$'000</b> | S\$'000 |
| Financial assets with interest: |                |         |
| Fixed rates                     | <u>60,267</u>  | 60,510  |

Sensitivity analysis:

The impact of a change in interest rates on fixed interest rate financial instruments has not been assessed in terms of changing of their fair value.

### 24G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 24. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### 24G. Foreign currency risks (cont'd)

The Group's non-functional currencies exposure is as follows:

| <b>Group</b>                | <b>US</b>      | <b>China</b>    | <b>Singapore</b> | <b>Total</b>   |
|-----------------------------|----------------|-----------------|------------------|----------------|
| <b>2020:</b>                | <b>Dollar</b>  | <b>Renminbi</b> | <b>Dollar</b>    | <b>Total</b>   |
|                             | <b>S\$'000</b> | <b>S\$'000</b>  | <b>S\$'000</b>   | <b>S\$'000</b> |
| <u>Financial assets:</u>    |                |                 |                  |                |
| Cash and cash equivalents   | 26             | 14,569          | –                | 14,595         |
| Trade and other receivables | –              | –               | 199              | 199            |
| Total financial assets      | <b>26</b>      | <b>14,569</b>   | <b>199</b>       | <b>14,794</b>  |
| <u>2019:</u>                |                |                 |                  |                |
| <u>Financial assets:</u>    |                |                 |                  |                |
| Cash and cash equivalents   | 23             | 14,333          | –                | 14,356         |
| Trade and other receivables | –              | 35              | 353              | 388            |
| Total financial assets      | 23             | 14,368          | 353              | 14,744         |

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis:

|   | <b>Group</b>   |         |
|---|----------------|---------|
|   | <b>2020</b>    | 2019    |
|   | <b>S\$'000</b> | S\$'000 |
| A hypothetical 1% (2019: 1%) strengthening in the exchange rate of the functional currency against the China Renminbi with all other variables held constant would have an adverse effect on pre-tax profit/loss of | <b>146</b>     | 144     |

The effect on Group's pre-tax profit/loss for other non-functional currencies are not significant.

The above table shows sensitivity to a hypothetical percentage variation in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

# Notes to the Financial Statements

For the financial year ended 30 June 2020

## 25. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year, new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Adoption of the applicable new or revised standards has resulted in some changes in the detailed application of the accounting policies and some modifications to financial statements presentation and measurement as disclosed in Note 20.

| SFRS (I) No. | Title   |
|--------------|---|
| SFRS (I) 16  | Leases (and Leases – Illustrative Examples & Amendments to Guidance on Other Standards) |

### SFRS (I) 16 Leases:

The financial reporting standard on leases is effective for annual periods beginning on or after 1 July 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessee, almost all leases are brought onto the statement of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Thus, the entity has recognised a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases) which might have a material impact on the amounts recognised in the financial statements. The amount by which each financial statement line item is impacted in the current reporting year by the application of the new standard on leases are disclosed in the relevant notes to the financial statements. The reporting entity elected to apply the modified retrospective approach for this new standard on leases. Under the modified retrospective approach, the comparative information is not restated and therefore there is no presentation of a third column for the statement of financial position.

## 26. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years, certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

| SFRS (I) No.         | Title   | Effective date for periods beginning on or after |
|----------------------|---|--|
| SFRS (I) 3           | Definition of a Business – Amendments   | 1 Jan 2020                                       |
| SFRS (I) 1-1 and 1-8 | Definition of Material – Amendments to The Conceptual Framework for Financial Reporting | 1 Jan 2020                                       |
| SFRS (I) 16          | Amendment to SFRS (I) 16: Covid-19 Related Rent Concessions                             | 1 Jan 2021                                       |

# Annexure

## General Mandate for Interested Person Transactions

### RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

At the 49th annual general meeting (“AGM”) of the Company held on 31 October 2019, shareholders of the Company (“Shareholders”) approved the renewal of the General Mandate for Interested Person Transactions (the “IPT Mandate”) that will enable the Company, its subsidiaries and associated companies, or any of them that are entities at risk, to enter into certain transactions with the classes of interested persons (“Interested Persons”) as set out in the IPT Mandate.

Pursuant to Chapter 9 of the listing manual (“Listing Manual”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”), a general mandate for transactions with Interested Persons is subject to annual renewal. The IPT Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the forthcoming 50th AGM.

Accordingly, the directors of the Company (the “Directors”) are proposing that the approval of the Shareholders for the renewal of the IPT Mandate be sought at the 50th AGM of the Company to be held on 30 October 2020 at 11.00 a.m. via electronic means.

General information relating to Chapter 9 of the Listing Manual is set out in pages 84 and 85 of this Annexure.

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Annexure.

#### 1. **Rationale for the Renewal of the IPT Mandate**

It is envisaged that the Company, its subsidiaries that are not listed on the SGX-ST or an approved exchange and its associated companies that are not listed on the SGX-ST or an approved exchange over which the Company and its subsidiaries, or the Company and its subsidiaries and their interested person(s), have control (collectively, the “Group”), or any company within the Group, will, in the ordinary course of their businesses, enter into transactions (“Interested Person Transactions”) with Interested Persons for mutual benefit. Such Interested Person Transactions are likely to occur with some degree of frequency, and could arise at any time. Such Interested Person Transactions would include the provision of goods and services in the ordinary course of business of the Group to Interested Persons or the obtaining of services from such Interested Persons.

Given that the Interested Person Transactions are expected to be recurrent transactions and may occur at any time, and to allow the Group to undertake such transactions in a more expeditious manner, the Directors are seeking the approval of the Shareholders for the renewal of the IPT Mandate for the purposes of Chapter 9 of the Listing Manual and for the Group to enter into the categories of Interested Person Transactions with certain classes of Interested Persons as set out in paragraphs 4 and 3 below respectively.

#### 2. **Benefits of the IPT Mandate**

The IPT Mandate is intended to facilitate specified categories of Interested Person Transactions in the normal course of business of the Group which are transacted, from time to time, with the specified classes of Interested Persons, provided that they are carried out on an arm’s length basis and on the Group’s normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The IPT Mandate will enhance the ability of the companies in the Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need to convene separate general meetings from time to time to seek Shareholders’ approval as and when the need to enter into a specified category of Interested Person Transactions with an Interested Person arises. This will reduce the expenses associated with convening of general meetings on an *ad hoc* basis, improve administrative efficiency considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives available to the Group.

# Annexure

## General Mandate for Interested Person Transactions

### 3. Classes of Interested Persons

The IPT Mandate will apply to the Interested Person Transactions (as described in paragraph 4 below) with the following classes of Interested Persons, namely:

- (a) Lion Corporation Berhad (“LCB”), its subsidiaries and associated companies;
- (b) Lion Industries Corporation Berhad (“LICB”), its subsidiaries and associated companies;
- (c) Lion Diversified Holdings Berhad (“LDHB”), its subsidiaries and associated companies; and
- (d) ACB Resources Berhad (“ACB”), its subsidiaries and associated companies.

Transactions with Interested Persons that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

### 4. Categories of Interested Person Transactions

The transactions entered into by the Group with the Interested Persons which will be covered by the IPT Mandate are as follows:

#### 4.1 Sale of Lime Products

The Group will supply lime products to the Interested Persons. The basis of determining the contract and/or transaction terms are defined herein below.

#### 4.2 Sale of Consumables Required for Steel Product Manufacturing

The Group will supply consumables required for steel product manufacturing to the Interested Persons. The basis of determining the contract and/or transaction terms are defined herein below.

#### 4.3 Provision and/or Obtaining of Services arising from Business Operations

The Group will in the ordinary course of business provide or obtain, *inter alia*, management, consultancy, leasing or warehousing, internal audit and information technology services relating to its business operations. The basis of determining the contract and/or transaction terms are defined herein below.

The IPT Mandate will not cover any transaction by a company in the Group with an Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.

### 5. Review Procedures for Interested Person Transactions

To ensure that the Interested Person Transactions are conducted on normal commercial (or, in the absence of other similar comparable transactions, fair and reasonable) terms and will not be prejudicial to the interests of the Company and its minority Shareholders, as a general rule the Group will only enter into transactions with the Interested Persons if the terms offered by or extended to the Interested Persons are respectively no less favourable or more favourable than the terms that may be obtainable from or extended to unrelated third parties.

# Annexure

## General Mandate for Interested Person Transactions

### 5. Review Procedures for Interested Person Transactions (Cont'd)

5.1 In general, the Group has internal control procedures to ensure that the Interested Person Transactions are undertaken at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

(a) Sale of Lime Products

The review procedures are as follows:

- (i) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market prices determined by market conditions on terms which are no more favourable to the Interested Persons than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases and long-term contracts where the giving of such preferential prices/rates/discounts are commonly practised within the applicable industry and may be extended to unrelated third parties), or otherwise in accordance with applicable industry norms. The Company will source for documented evidences of market prices and quotations, where practicable, for ascertaining the reasonableness of the pricing;
- (ii) where the prevailing market prices or rates are not available due to the nature of the products to be sold or the services to be provided and the then prevailing business conditions, the Company will determine a reasonable percentage mark-up from cost to ensure that the pricing for such products or services to an Interested Person is in accordance with industry norms and usual business practices, strategic direction of the Group and pricing policies of the relevant company in the Group. The reasonable percentage mark-up from cost as determined by the Company shall be subject to the Audit Committee's concurrence. In determining the transaction price or rate payable by the Interested Person for such products and services, factors such as, but not limited to, specifications, quantity, volume, customer requirements, duration of contract, and credit worthiness, will be taken into consideration; and
- (iii) notwithstanding the aforementioned, prior approval will have to be sought for contracts and transactions in accordance with the following thresholds:
  - (A) contracts and transactions amounting to or exceeding S\$100,000 but less than S\$500,000 in value to be reviewed and approved by the Group Internal Audit Manager;
  - (B) contracts and transactions amounting to or exceeding S\$500,000 but less than S\$1,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the Non-Executive Directors (who does not have an interest in the contracts and/or transactions); or
  - (C) contracts and transactions amounting to or exceeding S\$1,000,000 in value to be reviewed and approved by the Audit Committee.



# Annexure

## General Mandate for Interested Person Transactions

### 5. Review Procedures for Interested Person Transactions (Cont'd)

#### 5.1 (Cont'd)

##### (b) Sale of Consumables Required for Steel Product Manufacturing

The review procedures are as follows:

- (i) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market prices determined by market conditions on terms which are no more favourable to the Interested Persons than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases and long-term contracts where the giving of such preferential prices/rates/discounts are commonly practised within the applicable industry and may be extended to unrelated third parties), or otherwise in accordance with applicable industry norms. The Company will source for documented evidences of market prices and quotations, where practicable, for ascertaining the reasonableness of the pricing;
- (ii) where the prevailing market prices or rates are not available due to the nature of the products to be sold or the services to be provided and the then prevailing business conditions, the Company will determine a reasonable percentage mark-up from cost to ensure that the pricing for such products or services to an Interested Person is in accordance with industry norms and usual business practices, strategic direction of the Group and pricing policies of the relevant company in the Group. The reasonable percentage mark-up from cost as determined by the Company shall be subject to the Audit Committee's concurrence. In determining the transaction price or rate payable by the Interested Person for such products and services, factors such as, but not limited to, specifications, quantity, volume, customer requirements, duration of contract, and credit worthiness, will be taken into consideration; and
- (iii) notwithstanding the aforementioned, prior approval will have to be sought for contracts and transactions in accordance with the following thresholds:
  - (A) contracts and transactions amounting to or exceeding S\$100,000 but less than S\$2,500,000 in value to be reviewed and approved by the Group Internal Audit Manager;
  - (B) contracts and transactions amounting to or exceeding S\$2,500,000 but less than S\$5,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the Non-Executive Directors (who does not have an interest in the contracts and/or transactions); or
  - (C) contracts and transactions amounting to or exceeding S\$5,000,000 in value to be reviewed and approved by the Audit Committee.

# Annexure

## General Mandate for Interested Person Transactions

### 5. Review Procedures for Interested Person Transactions (Cont'd)

#### 5.1 (Cont'd)

##### (c) Provision and/or Obtaining of Services arising from Business Operations

The review procedures are as follows:

- (i) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market prices determined by market conditions on terms which are no more favourable to the Interested Persons than the usual commercial terms extended to or obtained from unrelated third parties (including, where applicable, preferential prices/rates/discounts accorded to a class of customers and long-term contracts where the giving of such preferential prices/rates/discounts are commonly practised within the applicable industry and may be extended to or obtained from unrelated third parties), or otherwise in accordance with applicable industry norms. The Company will source for documented evidences of market prices, where practicable, for ascertaining the reasonableness of the pricing;
- (ii) where the prevailing market prices or rates are not available due to the nature of the services to be provided to an Interested Person, the Company will determine a reasonable percentage mark-up from cost or through a formula, to ensure that the pricing for such services to the Interested Person is in accordance with industry norms and usual business practices, strategic direction of the Group and pricing policies of the relevant company in the Group. The reasonable percentage mark-up from cost as determined by the Company shall be subject to the Audit Committee's concurrence. In determining the transaction price or rate payable by the Interested Person for such services, factors such as but not limited to, service requirements, duration of contract, credit worthiness and the benefit of such transactions to the Group, will be taken into consideration;
- (iii) where the prevailing market prices or rates are not available due to the nature of the services to be obtained from an Interested Person, the Company will assess and ensure that the pricing for such services from the Interested Person is not prejudicial to the interests of the Company and its minority Shareholders and/or is in accordance with industry norms and usual business practices. In determining the transaction price or rate payable by the Group for such services, factors such as, but not limited to, service requirements, duration of contract, credit worthiness and the benefit of such transactions to the Group, will be taken into consideration; and
- (iv) notwithstanding the aforementioned, prior approval will have to be sought for contracts and transactions in accordance with the following thresholds:
  - (A) contracts and transactions amounting to or exceeding S\$100,000 but less than S\$500,000 in value to be reviewed and approved by the Group Internal Audit Manager;
  - (B) contracts and transactions amounting to or exceeding S\$500,000 but less than S\$1,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the Non-Executive Directors (who does not have an interest in the contracts and/or transactions); or
  - (C) contracts and transactions amounting to or exceeding S\$1,000,000 in value to be reviewed and approved by the Audit Committee.

The thresholds as set out above are determined by factors which include, *inter alia*, frequency of the contracts/transactions, the market prices of the products/services and the anticipated contract/transaction volume.

# Annexure

## General Mandate for Interested Person Transactions

### 5. Review Procedures for Interested Person Transactions (Cont'd)

5.2 Notwithstanding paragraph 5.1 above, prior approval will have to be sought for any contracts and transactions, in accordance with the following:

where the aggregate value for all the Interested Person Transactions which are not required under the review procedures set out in paragraph 5.1 above to be approved by either (a) the Group Internal Audit Manager and any one of the Non-Executive Directors (who does not have an interest in the contracts and/or transactions); or (b) the Audit Committee, for any particular year,

- (i) amounts to or exceeds S\$10,000,000, any subsequent contracts and transactions with any Interested Person amounting to or exceeding S\$2,500,000 in aggregate value, shall require the approval of the Audit Committee;
- (ii) amounts to or exceeds S\$15,000,000, any subsequent contracts and transactions with any Interested Person amounting to or exceeding S\$1,500,000 in aggregate value, shall require the approval of the Audit Committee; or
- (iii) amounts to or exceeds S\$20,000,000, any subsequent contracts and transactions with any Interested Person amounting to or exceeding S\$500,000 in aggregate value, shall require the approval of the Audit Committee.

### 5.3 Additional Controls

- (a) The Company will maintain a register of transactions carried out with Interested Persons pursuant to the IPT Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into) and those transactions that are below S\$100,000.
- (b) The Company's annual internal audit plan shall incorporate a review of (i) all Interested Person Transactions; and (ii) the established review procedures for monitoring of such Interested Person Transactions, in the relevant financial year pursuant to the IPT Mandate.
- (c) The Audit Committee shall review and approve the maximum value ("Pre-Approved Cap") of Interested Person Transactions for each category of Interested Person Transactions for the forthcoming 12 months or for a shorter period, as may be determined by the Audit Committee. Notwithstanding that a contract or a transaction is within the thresholds set out in paragraphs 5.1(a)(iii), 5.1(b)(iii) or 5.1(c)(iv) above, ratification shall be sought from the Audit Committee should the Pre-Approved Cap for that contract or transaction be breached.
- (d) The Group Internal Audit Manager shall report to the Audit Committee on all Interested Person Transactions, and the basis of such transactions, entered into with Interested Persons during the preceding period at least once every six (6) months (subject to adjustment in frequency, depending on factors such as, *inter alia*, substantial increment of aggregate transactional value). The Audit Committee shall review such Interested Person Transactions at its periodic meetings except where the Interested Person Transactions are required under the established review procedures to be approved by the Audit Committee prior to the entry thereof.

# Annexure

## General Mandate for Interested Person Transactions

### 5. **Review Procedures for Interested Person Transactions (Cont'd)**

#### 5.3 Additional Controls (Cont'd)

- (e) The Audit Committee will conduct periodic reviews at least once every six (6) months, of the established review procedures for Interested Person Transactions. If, during these periodic reviews, the Audit Committee is of the view that these review procedures are not sufficient to ensure that the Interested Person Transactions are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh IPT Mandate from the Shareholders based on new review procedures for Interested Person Transactions. While a fresh IPT Mandate is being sought from the Shareholders, the Audit Committee shall review and approve all Interested Person Transactions prior to the entry thereof.
- (f) For the purposes of the above review and approval process, any Director who is not considered independent for the purposes of the IPT Mandate and/or any Interested Person Transactions will abstain from voting on any resolution relating thereof, and/or abstain from participating in the Audit Committee's decision during its review of the established review procedures for the Interested Person Transactions or during its review or approval of any Interested Person Transaction.

#### 5.4 Further Compliance

The Directors will ensure that all relevant disclosures, approvals and other requirements on Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with.

### 6. **Validity Period of the IPT Mandate**

If approved by Shareholders at the 50th AGM, the IPT Mandate will take effect from the date of the passing of the ordinary resolution for the renewal of the IPT Mandate, and shall apply in respect of Interested Person Transactions entered or to be entered into from the date of the 50th AGM until the conclusion of the next annual general meeting of the Company or the date by which such annual general meeting is required by law to be held, whichever is the earlier, unless revoked or varied by the Company in a general meeting.

### 7. **Disclosure**

Pursuant to Chapter 9 of the Listing Manual, the Company will disclose in its annual report the aggregate value of the Interested Person Transactions entered into under the IPT Mandate during the financial year under review, and in the annual reports of subsequent financial years during which the IPT Mandate is in force. In addition, the Company will announce the aggregate value of the Interested Person Transactions entered into pursuant to the IPT Mandate for the financial periods which it is required to report pursuant to Rule 705 of the Listing Manual within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 907 of the Listing Manual.

### 8. **Directors' and Substantial Shareholders' Interests in the Company**

The interests of the Directors and substantial Shareholders of the Company ("Substantial Shareholders") in the shares of the Company as at 30 June 2020 and 16 September 2020 respectively, can be found in pages 86 and 87 of this Annual Report respectively.

# Annexure

## General Mandate for Interested Person Transactions

### 9. Abstentions

Tan Sri Cheng Heng Jem, a Non-Executive Director and Controlling Shareholder of the Company, is also a director of LCB and ACB, both of whom are Interested Persons. By virtue of his directorships in the aforementioned companies, Tan Sri Cheng will abstain from voting his shares, if any, in respect of the ordinary resolution relating to the renewal of the IPT Mandate.

Mr Lee Whay Keong, a Non-Executive Director, is also a director of certain subsidiaries of LCB, LDHB and LICB, all of which are Interested Persons. By virtue of his directorships in the aforementioned companies, Mr Lee will abstain from voting his shares, if any, in respect of the ordinary resolution relating to the renewal of the IPT Mandate.

Further, Tan Sri Cheng Heng Jem and Mr Lee Whay Keong will decline to accept appointment as proxies to vote and attend at the 50th AGM in respect of the ordinary resolution approving the renewal of the IPT Mandate unless the Shareholder concerned shall have given specific instructions as to the manner in which his votes are to be cast.

By virtue of their interests in the IPT Mandate, as proposed to be renewed, each of the Substantial Shareholders as set out in page 87 of this Annual Report who are also Controlling Shareholders of the Company, will abstain and will ensure that their associates abstain from voting on the ordinary resolution relating to the renewal of the IPT Mandate at the 50th AGM.

Further, each of the Substantial Shareholders will decline to accept appointment as proxies to vote and attend at the 50th AGM in respect of the ordinary resolution approving the renewal of the IPT Mandate unless the Shareholder concerned shall have given specific instructions as to the manner in which his votes are to be cast.

### 10. Directors' Recommendation

The Independent Directors are of the opinion that the renewal of the IPT Mandate is in the best interests of the Company and not prejudicial to the interests of minority Shareholders. Accordingly, the Independent Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the renewal of the IPT Mandate at the forthcoming 50th AGM.

### 11. Statement of the Audit Committee

The Audit Committee confirms that:

- (a) The review procedures for determining the transaction prices and terms of the Interested Person Transactions conducted under the IPT Mandate have not changed since the Shareholders' approval of the renewal of the IPT Mandate at the 49th AGM held on 31 October 2019;
- (b) The review procedures referred to in paragraph 11(a) above continue to be sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders; and
- (c) The Company will obtain a fresh mandate from the Shareholders based on new review procedures for Interested Person Transactions if the review procedures referred to in paragraph 11(a) above are no longer sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

# Annexure

## General Mandate for Interested Person Transactions

### 12. Directors' Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Annexure and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Annexure constitutes full and true disclosure of all material facts about the renewal of the IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Annexure misleading.

Where information contained in this Annexure has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Annexure in its proper form and context.

### GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

#### Scope

Chapter 9 of the Listing Manual applies to transactions which an entity at risk proposes to enter into with a counterparty who is an interested person of the entity at risk.

#### Definitions

An “**associate**” in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means his immediate family (i.e. spouse, child, adopted child, stepchild, sibling and parent), the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An “**associate**” in relation to a substantial shareholder or controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

An “**associated company**” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or the listed company and its subsidiaries.

“**control**” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company.

A “**controlling shareholder**” means a person who holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in a company (provided that the SGX-ST may determine that a person who satisfies the foregoing is not a controlling shareholder) or one who in fact exercises control over the company.

An “**entity at risk**” means (a) the listed company; (b) any of its subsidiaries that are not listed on the SGX-ST or an approved exchange; or (c) any of its associated companies that are not listed on the SGX-ST or an approved exchange over which the listed company and its subsidiaries, or the listed company and its subsidiaries and their interested person(s), have control.

An “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

An “**interested person transaction**” means a transaction between an entity at risk and an interested person, and a “**transaction**” includes (a) the provision or receipt of financial assistance; (b) the acquisition, disposal or leasing of assets; (c) the provision or receipt of goods or services; (d) the issuance or subscription of securities; (e) the granting of or being granted options; and (f) the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

# Annexure

## General Mandate for Interested Person Transactions

### GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL (CONT'D)

#### General Requirements

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and are hence excluded from the ambit of Chapter 9, immediate announcement, or immediate announcement and shareholders' approval will be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the latest audited consolidated net tangible assets of the listed company and its subsidiaries), are reached or exceeded. In particular, shareholders' approval is required where:

- (a) the value of such transaction when aggregated with the values of all other transactions previously entered into with the same interested person (as defined in Chapter 9 of the Listing Manual) in the same financial year of the listed company is equal to or exceeds 5% of the latest audited consolidated net tangible assets of the listed company and its subsidiaries; or
- (b) the value of such transaction is equal to or exceeds 5% of the latest audited consolidated net tangible assets of the listed company and its subsidiaries.

#### General Mandate

A listed company may seek a general mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

### INTERESTED PERSON TRANSACTIONS

The aggregate value of Interested Person Transactions entered into during the financial year ended 30 June 2020 pursuant to the IPT Mandate obtained under Chapter 9 of the Listing Manual is set out as follows:

| Name of Interested Person  | Aggregate value of all IPTs during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under IPT Mandate pursuant to Rule 920) | Aggregate value of all IPTs conducted under IPT Mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) |
|--|--|--|
|  | S\$'000  | S\$'000  |
| Associate of Tan Sri Cheng Heng Jem, a Director and a Substantial Shareholder of the Company |  |  |
| Amsteel Mills Sdn Bhd  | –  | 2,178  |
| Antara Steel Mills Sdn Bhd   | –  | 100  |

# Shareholding Statistics

As at 16 September 2020

|   |   |                    |
|---|---|--------------------|
| Issued and Fully Paid-up Capital                    | : | \$47,494,085.40    |
| No. of Shares Issued                                | : | 81,104,539         |
| Class of Shares                                     | : | Ordinary Shares    |
| Voting Rights                                       | : | One Vote per share |
| No. of Treasury Shares and Subsidiary Holdings Held | : | Nil                |

| Size of Shareholdings | No. of Shareholders | % of Shareholders | No. of Shares     | % of Shares   |
|-----------------------|---------------------|-------------------|-------------------|---------------|
| 1 – 99                | 5                   | 0.16              | 204               | 0.00          |
| 100 – 1,000           | 1,154               | 38.01             | 861,942           | 1.06          |
| 1,001 – 10,000        | 1,575               | 51.88             | 5,854,505         | 7.22          |
| 10,001 – 1,000,000    | 298                 | 9.82              | 15,643,153        | 19.29         |
| 1,000,001 & above     | 4                   | 0.13              | 58,744,735        | 72.43         |
| <b>Total</b>          | <b>3,036</b>        | <b>100.00</b>     | <b>81,104,539</b> | <b>100.00</b> |

## TWENTY LARGEST SHAREHOLDERS

| Name of Shareholders                | No. of Shares     | % of Shares  |
|-------------------------------------|-------------------|--------------|
| AMB Venture Sdn Bhd                 | 29,750,128        | 36.68        |
| Omali Corporation Sdn Bhd           | 24,312,552        | 29.98        |
| DBS Nominees Pte Ltd                | 2,911,280         | 3.59         |
| Andar Investment Pte Ltd            | 1,770,775         | 2.18         |
| See Beng Lian Janice                | 605,500           | 0.75         |
| Ng Hian Gay                         | 603,200           | 0.74         |
| OCBC Securities Private Ltd         | 533,600           | 0.66         |
| ABN AMRO Clearing Bank N.V.         | 526,200           | 0.65         |
| Gordon Cai Zhen Qiang               | 505,600           | 0.62         |
| Morph Investments Ltd               | 494,000           | 0.61         |
| Allan Chua Tiang Kwang              | 480,000           | 0.59         |
| Phillip Securities Pte Ltd          | 454,000           | 0.56         |
| Maybank Kim Eng Securities Pte Ltd  | 414,200           | 0.51         |
| Tan Kay Yeong                       | 370,000           | 0.46         |
| Cheong Soh Chin @ Julie             | 320,000           | 0.39         |
| Tan Boon Kay                        | 320,000           | 0.39         |
| Hexacon Construction Pte Ltd        | 309,400           | 0.38         |
| Citibank Nominees Singapore Pte Ltd | 273,500           | 0.34         |
| Lim Thiam Hong                      | 269,000           | 0.33         |
| Eng Chiaw Koon                      | 200,000           | 0.25         |
| <b>Total</b>                        | <b>65,422,935</b> | <b>80.66</b> |



# Shareholding Statistics

As at 16 September 2020

## SHAREHOLDING HELD IN THE HANDS OF THE PUBLIC

Based on information available to the Company as at 16 September 2020, approximately 33.34% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

## SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

| Substantial Shareholder  | Number of Shares |                  | Total Percentage Interest (%) |
|--|------------------|------------------|-------------------------------|
|  | Direct Interest  | Deemed Interest* |                               |
| Omali Corporation Sdn Bhd <sup>(1)</sup>                         | 24,312,552       | –                | 29.98                         |
| Bright Steel Sdn Bhd <sup>(2)</sup>                              | –                | 24,312,552       | 29.98                         |
| Total Triumph Investments Limited <sup>(2)</sup>                 | –                | 24,312,552       | 29.98                         |
| Lion Corporation Berhad <sup>(3)</sup>                           | –                | 24,312,552       | 29.98                         |
| Lion Diversified Holdings Berhad (in liquidation) <sup>(4)</sup> | –                | 24,312,552       | 29.98                         |
| AMB Venture Sdn Bhd <sup>(5)</sup>                               | 29,750,128       | –                | 36.68                         |
| Lion AMB Resources Sdn Bhd <sup>(6)</sup>                        | –                | 29,750,128       | 36.68                         |
| Lion Posim Berhad <sup>(6)</sup>                                 | –                | 29,750,128       | 36.68                         |
| Amsteel Mills Sdn Bhd <sup>(6)</sup>                             | –                | 29,750,128       | 36.68                         |
| Steelcorp Sdn Bhd <sup>(6)</sup>                                 | –                | 29,750,128       | 36.68                         |
| LLB Steel Industries Sdn Bhd <sup>(6)</sup>                      | –                | 29,750,128       | 36.68                         |
| Lion Industries Corporation Berhad <sup>(7)</sup>                | –                | 54,062,680       | 66.66                         |
| Tan Sri Cheng Heng Jem <sup>(8)</sup>                            | –                | 54,062,680       | 66.66                         |

### Notes:

\* Deemed interests pursuant to Section 7 of the Companies Act, Chapter 50 of Singapore.

- (1) Omali Corporation Sdn Bhd ("Omali") is the beneficial and registered owner of 24,312,552 shares.
- (2) Bright Steel Sdn Bhd and Total Triumph Investments Limited are deemed interested in the 24,312,552 shares held by Omali.
- (3) Lion Corporation Berhad ("LCB"), as the ultimate holding company of Omali, is deemed interested in the 24,312,552 shares held by Omali.
- (4) Lion Diversified Holdings Berhad (in liquidation) ("LDHB") is deemed interested in the 24,312,552 shares held by Omali by virtue of its interest in LCB.
- (5) AMB Venture Sdn Bhd ("AMBV") is the beneficial and registered owner of 29,750,128 shares.
- (6) Lion AMB Resources Sdn Bhd, Lion Posim Berhad, Amsteel Mills Sdn Bhd, Steelcorp Sdn Bhd and LLB Steel Industries Sdn Bhd are deemed interested in the 29,750,128 shares held by AMBV.
- (7) Lion Industries Corporation Berhad ("LICB") is deemed interested in (a) the 29,750,128 shares held by AMBV as it is the ultimate holding company of AMBV, and (b) the 24,312,552 shares held by Omali by virtue of its interest in LCB.
- (8) Tan Sri Cheng Heng Jem, by virtue of his interest in LICB, is deemed interested in (a) the 29,750,128 shares held by AMBV, and (b) the 24,312,552 shares held by Omali.

# Notice of 50th Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the 50th Annual General Meeting of Lion Asiapac Limited (the “Company”) will be held on Friday, 30 October 2020 at 11.00 a.m. via electronic means to transact the following business:

## **ORDINARY BUSINESS:**

- |    |  |                              |
|----|--|------------------------------|
| 1. | To receive and adopt the Directors’ Statement, Audited Financial Statements and the Independent Auditor’s Report for the financial year ended 30 June 2020.            | <b>Ordinary Resolution 1</b> |
| 2. | To re-elect Mr Cheng Theng How, a Director retiring pursuant to Article 98 of the Constitution of the Company and who, being eligible, offers himself for re-election. | <b>Ordinary Resolution 2</b> |
| 3. | To re-elect Mr Loh Kgai Mun, a Director retiring pursuant to Article 98 of the Constitution of the Company and who, being eligible, offers himself for re-election.    | <b>Ordinary Resolution 3</b> |
| 4. | To approve the payment of S\$114,000 as Directors’ fees for the financial year ended 30 June 2020 (2019: S\$112,500).  | <b>Ordinary Resolution 4</b> |
| 5. | To re-appoint RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.  | <b>Ordinary Resolution 5</b> |

## **SPECIAL BUSINESS:**

To consider and, if thought fit, to pass with or without any amendments, the following resolutions as Ordinary Resolutions:

- |    |  |                              |
|----|--|------------------------------|
| 6. | <b>General Mandate to Directors to Issue Shares and Convertible Securities</b>   | <b>Ordinary Resolution 6</b> |
|    | “That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “ <u>Companies Act</u> ”), authority be and is hereby given to the Directors of the Company to:   |                              |
|    | (a) (i) issue shares in the capital of the Company (“ <u>shares</u> ”) (whether by way of rights, bonus or otherwise); or  |                              |
|    | (ii) make or grant offers, agreements or options (collectively, “ <u>Instruments</u> ”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; |                              |
|    | at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and   |                              |
|    | (b) (notwithstanding that the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution is in force,   |                              |

## Notice of 50th Annual General Meeting

provided that:

- (1) the aggregate number of shares to be issued pursuant to such authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) for the time being (as determined in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) for the time being (as determined in accordance with sub-paragraph (2) below);
- (2) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time that this Ordinary Resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of convertible securities;
  - (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time that this Ordinary Resolution is passed; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the time being in force (unless such compliance is waived by the SGX-ST) and the Constitution of the Company for the time being; and
- (4) (unless previously revoked or varied by the Company in general meeting) the authority conferred by this Ordinary Resolution to issue shares shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which such Annual General Meeting is required by law to be held (whichever is the earlier)."

# Notice of 50th Annual General Meeting

## 7. **Renewal of the General Mandate for Interested Person Transactions**

## **Ordinary Resolution 7**

“That:

- (a) approval be and is hereby given for the renewal of the general mandate for the Company, its subsidiaries and associated companies (collectively, the “Group”) which fall within the definition of “entities at risk” under Chapter 9 of the listing manual of the SGX-ST (the “Listing Manual”) or any of them to enter into the transactions falling within the categories of interested person transactions (“Interested Person Transactions”) set out on page 77 of the Company’s 2020 Annual Report (the “Annual Report”), with any party who is of the class or classes of interested persons described on page 77 of the Annual Report, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders, and are entered into in accordance with the review procedures for Interested Person Transactions as set out on pages 77 to 82 of the Annual Report (such general mandate, hereinafter called the “IPT Mandate”);
- (b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which such Annual General Meeting is required by law to be held, whichever is the earlier;
- (c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and
- (d) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such other acts and things as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the IPT Mandate.”

## 8. **The Proposed Adoption of the Share Buyback Mandate**

## **Ordinary Resolution 8**

“That:

- (a) for the purposes of the Companies Act, the authority conferred on the Directors to exercise all the powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company (the “Shares”) not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
  - (i) market purchase(s) (each a “Market Purchase”) on the SGX-ST; and/or
  - (ii) off-market purchase(s) (each an “Off-Market Purchase”) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

## Notice of 50th Annual General Meeting

and otherwise in accordance with all other laws and regulations, including but not limited to the provisions of the Companies Act and the Listing Manual of the SGX-ST as may for the time being be applicable, be and is hereby approved generally and unconditionally (the "Share Buyback Mandate");

- (b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
- (i) the date on which the next Annual General Meeting is held or required by law to be held; and
  - (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated;

- (c) in this Resolution:

"Maximum Limit" means that number of Shares representing not more than 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as defined below), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury shares and subsidiary holdings from time to time); and

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 105% of the Average Closing Price,

where:

"Relevant Period" means the period commencing from the date on which this Resolution is passed and expiring on the date the next Annual General Meeting is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

# Notice of 50th Annual General Meeting

“Average Closing Price” means the average of the closing market prices of the Shares traded on the SGX-ST over the last five Market Days (a “Market Day” being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five Market Days and the day on which the Market Purchase is made or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase; and

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.”

By Order of the Board

Lah Ling San  
Company Secretary

Singapore  
7 October 2020

# Notice of 50th Annual General Meeting

## Explanatory Notes:

Ordinary Resolution 2 – Subject to his re-election, Mr Cheng Theng How, who is a Non-Executive Director, will continue to serve as a member of the Audit Committee, Nominating Committee and Remuneration Committee.

Ordinary Resolution 3 – Subject to his re-election, Mr Loh Kgai Mun, who is an Executive Director, will continue to serve as a member of the Board.

In relation to Ordinary Resolutions 2 and 3, please refer to the “Additional Information on Directors Standing for Re-election” section in the Annual Report for more information.

Ordinary Resolution 6 – If passed, will empower the Directors of the Company to issue shares and convertible securities in the capital of the Company of up to and not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which the issue of shares and convertible securities other than on a pro rata basis shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings), for such purposes as they consider would be in the interests of the Company. This authority shall, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company or the date by which such Annual General Meeting is required by law to be held, whichever is the earlier.

Ordinary Resolution 7 – If passed, will enable the Group to enter into certain recurring Interested Person Transactions as described on page 77 of the Annual Report and will empower the Directors to do all acts necessary to give effect to the IPT Mandate. This authority shall, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company or the date by which such Annual General Meeting is required by law to be held, whichever is the earlier.

Ordinary Resolution 8 – If passed, will empower the Directors to purchase or otherwise acquire Shares on the terms of the Share Buyback Mandate as set out in the resolution and the Company’s letter to shareholders dated 7 October 2020 (the “Letter”). Please refer to the said Letter for more details. The Company may use internal sources of funds or external borrowings or a combination of both to finance the Company’s purchase or acquisition of Shares pursuant to the Share Buyback Mandate. The amount of financing required and the impact of the Company’s financial position cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchase or acquisition and whether the Shares purchased or acquired are cancelled or held as treasury shares. Illustrative financial effects of the Share Buyback Mandate are set out in paragraph 2.8 of the said Letter.

## Important Notes:

The Annual General Meeting of the Company for financial year ended 30 June 2020 (“AGM”) will be conducted by electronic means in place of a physical meeting and members will NOT be able to attend the AGM in person. Instead, members may participate in the AGM by observing and/or listening to the AGM proceedings contemporaneously via a live webcast and live audio feed of the AGM proceedings (“Live AGM Webcast” and “Live AGM Audio Feed”, respectively).

Printed copies of this notice and the accompanying Annual Report, Letter to Shareholders and Proxy Form will NOT be sent to members. Instead, these documents will be sent to members solely by electronic means via publication on the Company’s website at the URL <http://www.lionasiapac.com/index.php/investors> and will also be made available on the Singapore Exchange’s website at the URL <https://www.sgx.com/securities/company-announcements>.

Shareholders should take note of the following arrangements for the AGM and follow the relevant procedures and/or instructions:

## Live AGM Webcast and Live AGM Audio Feed:

In light of the above developments, the Company is arranging for the Live AGM Webcast and the Live AGM Audio Feed which will take place on Friday, 30 October 2020 at 11.00 a.m. in place of the physical AGM. Members will be able to

# Notice of 50th Annual General Meeting

watch or listen to the AGM proceedings through the Live AGM Webcast or the Live AGM Audio Feed via mobile phone, tablet, computer or any such electronic device. The Company will not accept any physical attendance by members. Any member seeking to attend the AGM physically in person will be turned away.

In order to do so, members must pre-register online at the URL <https://sg.conveneagm.com/lionasiapac> by 11.00 a.m. on 27 October 2020 (the "Registration Deadline"), being not less than 72 hours before the time appointed for holding the AGM, to enable the Company to verify their members' status.

Following the verification and upon the closure of pre-registration, authenticated members will receive email instructions to access the Live AGM Webcast and the Live AGM Audio Feed of the AGM proceedings by 11.00 a.m. on 29 October 2020 (being 24 hours before the time appointed for the holding of the AGM).

Members are reminded that the AGM proceedings are private. Accordingly, members must not forward the abovementioned email instructions to other persons who are not members and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast and the Live AGM Audio Feed.

Members who register by the Registration Deadline but do not receive the abovementioned email instructions by 11.00 a.m. on 29 October 2020 may contact the Share Registrar, B.A.C.S. Private Limited via email at [main@zicoholdings.com](mailto:main@zicoholdings.com) for assistance.

Persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act), including investors who buy Shares using CPF and/or SRS monies ("CPF and SRS Investors"), and who wish to participate in the AGM should, in addition to pre-registering online, contact their respective relevant intermediaries (which would include CPF and SRS Operators) through which they hold such Shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

## **Submission of Questions in Advance:**

Please note that members will not be able to raise questions at the AGM during the Live AGM Webcast or the Live AGM Audio Feed, and therefore it is important for members to pre-register their participation in order to be able to submit their questions in advance of the AGM.

Members may submit questions relating to the Annual Report, Letter to Shareholders and resolutions set out in the Notice of AGM in advance at (i) <https://sg.conveneagm.com/lionasiapac>; or (ii) by post to the registered office of the Company at 10 Arumugam Road #10-00 LTC Building A, Singapore 409957. All questions must be submitted by 11.00 a.m. on 27 October 2020 (being 72 hours before the time appointed for the holding of the AGM).

A member who wishes to submit his/her/its questions by post is required to indicate his/her/its full name (for individuals)/ company name (for corporates), NRIC/passport number/company registration number, contact number, shareholding type and number of Shares held together with his/her/its submission of questions, to the office address provided.

Persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act), including CPF and SRS Investors, can also submit their questions based on the abovementioned instructions.

The Company will endeavour to address the substantial and relevant questions prior to and/or at the AGM. The responses to questions from members will be posted on the Singapore Exchange's website at [www.sgx.com](http://www.sgx.com) and the Company's website at <http://www.lionasiapac.com/index.php/investors> soonest possible before the AGM, or if answered during the AGM, to be included in the minutes of the AGM which will be published on the Singapore Exchange's website and the Company's website within one month after the date of the AGM.

## **Submission of Proxy Forms to Vote:**

Members will not be able to vote online or through the Live AGM Webcast or the Live AGM Audio Feed on the resolutions to be tabled for approval at the AGM. Members who wish to exercise their votes must submit a Proxy Form to appoint the Chairman of the AGM to cast votes on their behalf.



# Notice of 50th Annual General Meeting

Members (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the Proxy Form, failing which the appointment will be treated as invalid.

The Chairman of the AGM, as proxy, need not be a member of the Company.

The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

The Proxy Form, duly executed together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or a notarially certified copy of that power of attorney or other authority (failing previous registration with the Company), must be submitted:

- (a) by post to the registered office of the Company at 10 Arumugam Road, #10-00 LTC Building A, Singapore 409957; or
- (b) by email, [main@zicoholdings.com](mailto:main@zicoholdings.com); or
- (c) by AGM Site, <https://sg.conveneagm.com/lionasiapac>

in each case, not less than 72 hours before the time appointed for holding the AGM, i.e. by 11.00 a.m. on 27 October 2020. A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.**

Persons who hold Shares through relevant intermediaries (as defined in Section 181 of the Companies Act), including CPF and SRS Investors, who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (which would include CPF and SRS Operators) through which they hold such Shares at least 7 working days before the time appointed for holding the AGM (i.e. by 11.00 a.m. on 20 October 2020) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the AGM to vote on their behalf by 11.00 a.m. on 27 October 2020.

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

**Important Notice:** Due to the evolving Covid-19 situation in Singapore, the Company may change the AGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the AGM via the Singapore Exchange. Members are advised to check the Singapore Exchange's website at [www.sgx.com](http://www.sgx.com) regularly for updates on the AGM.

The Company wishes to thank all members for their patience and co-operation in enabling the Company to hold the AGM with the optimum safe distancing measures amidst the current Covid-19 pandemic.

# Notice of 50th Annual General Meeting

## **Personal Data Privacy:**

By (a) submitting a form appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM via the Live AGM Webcast or the Live AGM Audio Feed, or (c) submitting any question prior to the AGM in accordance with this notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to observe the proceedings of the AGM and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.

The member's personal data and its proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

## Additional Information on Directors Standing for Re-election

Pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the additional information on Mr Cheng Theng How and Mr Loh Kgai Mun, each of whom is standing for re-election as a Director at the 50th Annual General Meeting of the Company on 30 October 2020, is provided below for self-explanatory.

The information shall be read in conjunction with their respective biographies set out on pages 5 and 6.

|   | <b>Cheng Theng How</b>  | <b>Loh Kgai Mun</b>   |
|---|---|---|
| Age   | 64  | 59  |
| Country of Principal Residence  | Singapore   | Singapore   |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)   | <p>The re-election of Mr Cheng Theng How as a Non-Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation after taking into consideration a variety of factors including the relevant expertise and experience that are required on the Board and time commitments.</p> <p>Mr Cheng has abstained from the deliberation of the Nominating Committee and that of the Board pertaining to his re-election.</p> | <p>The re-election of Mr Loh as an Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation after taking into consideration a variety of factors including the relevant expertise and experience that are required on the Board and time commitments.</p> <p>Mr Loh has abstained from the deliberation of the Board pertaining to his re-election.</p> |
| Shareholding interest in the Company and its subsidiaries   | None  | None  |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries | Mr Cheng Theng How is a brother of Tan Sri Cheng Heng Jem, a Non-Executive Director of the Company and deemed to be a substantial shareholder of the Company by virtue of his interests in AMB Venture Sdn Bhd and Omali Corporation Sdn Bhd.   | None  |
| Conflict of interest (including any competing business)   | None  | None  |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company   | Yes   | Yes   |

## Additional Information on Directors Standing for Re-election

|   | <b>Cheng Theng How</b>  | <b>Loh Kgai Mun</b>   |
|---|---|---|
| Other Principal Commitments Including Directorships |   |   |
| Past (for the last 5 years)                         | <ul style="list-style-type: none"> <li>• AE Technol Pte Ltd</li> <li>• Angkasa Logistic Pte Ltd</li> <li>• Davolio Investment Pte Ltd</li> <li>• Farrar Investment Pte Ltd</li> <li>• Geldart Investment Pte Ltd</li> <li>• Grand Lancy Investment Pte Ltd</li> <li>• Haber Pte Ltd</li> <li>• Kobayashi Optical (S) Pte Ltd</li> <li>• LAP Development Pte. Ltd.</li> <li>• LAP Exploration Pte. Ltd.</li> <li>• LAP Investment Pte Ltd</li> <li>• LAP Trading &amp; Marketing Pte. Ltd.</li> <li>• LDH Investment Pte Ltd</li> <li>• LDH (S) Pte Ltd</li> <li>• Lion Rubber Industries Pte Ltd</li> <li>• Masoni Investment Pte Ltd</li> <li>• Parkson Pacific Pte Ltd</li> <li>• Willet Investment Pte Ltd</li> <li>• Zhongsin Biotech Pte Ltd</li> <li>• Amsteel Mills Sdn Bhd</li> <li>• Amsteel Mills Marketing Sdn Bhd</li> <li>• Antara Steel Mills Sdn Bhd</li> <li>• Earl Resources Ltd</li> <li>• Shanghai LDH Management Consultant Co., Ltd</li> <li>• Shanghai AMB Management Consulting Co Ltd</li> <li>• Yangzhou Lion Property Development Co., Ltd</li> </ul> | <ul style="list-style-type: none"> <li>• AE Technol Pte Ltd</li> <li>• Yangzhou Lion Property Development Co., Ltd</li> </ul>   |
| Present   | <ul style="list-style-type: none"> <li>• Angkasa Daehan Steel Pte. Ltd.</li> <li>• Angkasa Steel Pte. Ltd.</li> <li>• Angkasa Welded Mesh Pte Ltd</li> <li>• Cornelian Star (S) Pte Ltd</li> <li>• Croydon Investment Pte Ltd</li> <li>• Farringdon Investment Pte Ltd</li> <li>• Holdsworth Investment Pte Ltd</li> <li>• Limerick Investment Pte Ltd</li> <li>• Renor Pte Ltd<sup>^</sup></li> <li>• Rosemount Investment Pte Ltd</li> <li>• Angkasa Amsteel (M) Sdn Bhd</li> </ul>   | <ul style="list-style-type: none"> <li>• LAP Development Pte Ltd<sup>#</sup></li> <li>• LAP Exploration Pte Ltd<sup>#</sup></li> <li>• LAP Investment Pte Ltd<sup>#</sup></li> <li>• LAP Trading &amp; Marketing Pte Ltd<sup>#</sup></li> <li>• Compact Energy Sdn Bhd<sup>#</sup></li> <li>• LAP Energy Sdn Bhd<sup>#</sup></li> <li>• Ternair Jaya Sdn Bhd<sup>#</sup></li> <li>• Lion Asiapac Management Consultancy (Shanghai) Co., Ltd<sup>#</sup></li> <li>• LAP Trading (Shanghai) Co Ltd<sup>#</sup></li> <li>• Mindax Limited<sup>*</sup></li> </ul> |

## Additional Information on Directors Standing for Re-election

|   | <b>Cheng Theng How</b>   | <b>Loh Kgai Mun</b>   |
|---|--|---|
|   | <ul style="list-style-type: none"> <li>• Angkasa Steel Sdn Bhd</li> <li>• Jiangsu Qin Qin Group Co., Ltd.</li> <li>• Lion Asiapac Management Consultancy (Shanghai) Co Ltd<sup>#</sup></li> <li>• Qingdao Croydon Investment Co., Ltd</li> <li>• Qingdao Rosemount Investment Co., Ltd</li> <li>• Shanghai Lion Asia Investment Consulting Co., Ltd</li> <li>• Tianjin Baden Real Estate Development Co., Ltd<sup>*</sup></li> </ul> <p><sup>#</sup> Subsidiary of Singapore public listed company<br/><sup>^</sup> in liquidation<br/><sup>*</sup> in voluntary liquidation</p> | <ul style="list-style-type: none"> <li>• Mindax Energy Pty Ltd</li> <li>• Yilgiron Pty Ltd</li> <li>• Yilgiron Infrastructure Pty Ltd</li> <li>• LAP Marshall Pte Ltd<sup>#</sup></li> </ul> <p><sup>#</sup> Subsidiary of Singapore public listed company<br/><sup>*</sup> Public listed company</p> |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?   | No   | No  |
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | <p style="text-align: center;">Yes</p> <p>A winding-up petition had been filed against Renor Pte Ltd, a company which Mr Cheng Theng How was a Director since 29 October 2014.</p>   | No  |

## Additional Information on Directors Standing for Re-election

|  | <b>Cheng Theng How</b> | <b>Loh Kgai Mun</b> |
|--|------------------------|---------------------|
| (c) Whether there is any unsatisfied judgment against him?   | No                     | No                  |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?   | No                     | No                  |
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?   | No                     | No                  |
| (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No                     | No                  |

## Additional Information on Directors Standing for Re-election

|  | Cheng Theng How | Loh Kgai Mun |
|--|-----------------|--------------|
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?  | No              | No           |
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No              | No           |
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?                          | No              | No           |
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–   |                 |              |
| i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or  | No              | No           |
| ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or   | No              | No           |
| iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or  | No              | No           |

## Additional Information on Directors Standing for Re-election

|  | <b>Cheng Theng How</b> | <b>Loh Kgai Mun</b> |
|--|------------------------|---------------------|
| <p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p> | No                     | No                  |
| <p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>                   | No                     | No                  |



**LION ASIAPAC LIMITED**  
(Co. Reg. No. 196800586R)  
(Incorporated in the Republic of Singapore)

**PROXY FORM  
ANNUAL GENERAL MEETING**

**IMPORTANT**

1. Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its votes, he/she/it must submit a proxy form to appoint the Chairman of the AGM to vote on his/her/its behalf. A member (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment for that resolution will be treated as invalid.
2. Alternative arrangements to, among others, attendance, submission of questions in advance, voting by proxy at the Meeting, are set out in the Notice of Annual General Meeting dated 7 October 2020.
3. Persons, who would have been able to be appointed as proxies by relevant intermediaries under Section 181(1C) of the Companies Act, such as Central Provident Fund Investment Scheme and Supplementary Retirement Scheme (as may be applicable) and wishes to appoint the Chairman of the AGM as their proxy should approach their respective relevant intermediaries (e.g. CPF/SRS Approved Nominees such as CPF Agent Banks or SRS Operators) to submit their votes by 5.00 p.m. on 20 October 2020, being seven (7) working days before the AGM.
4. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We \_\_\_\_\_ (Name), \_\_\_\_\_ (NRIC/Passport/Registration No.)  
of \_\_\_\_\_ (Address),  
being a member(s) of Lion Asiapac Limited (the "Company"), hereby appoint the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the 50th Annual General Meeting of the Company (the "AGM") to be held by way of electronic means on Friday, 30 October 2020 at 11.00 a.m. and at any adjournment thereof.

I/We direct the Chairman of the AGM, being my/our proxy, to vote for or against, or to abstain on the Resolutions to be proposed at the AGM as indicated hereunder. In the absence of specific directions, the Chairman of the AGM will vote or abstain from voting as he may think fit, as he will on any other matter arising at the AGM.

| <b>Ordinary Business</b> |  | <b>For*</b> | <b>Against*</b> |
|--------------------------|--|-------------|-----------------|
| Ordinary Resolution 1    | Adoption of Directors' Statement, Audited Financial Statements and Independent Auditor's Report          |             |                 |
| Ordinary Resolution 2    | Re-election of Mr Cheng Theng How as Director  |             |                 |
| Ordinary Resolution 3    | Re-election of Mr Loh Kgai Mun as Director   |             |                 |
| Ordinary Resolution 4    | Approval of Directors' fees  |             |                 |
| Ordinary Resolution 5    | Re-appointment of RSM Chio Lim LLP as Auditors and authority for the Directors to fix their remuneration |             |                 |
| <b>Special Business</b>  |  |             |                 |
| Ordinary Resolution 6    | General Mandate to Directors to Issue Shares and Convertible Securities                                  |             |                 |
| Ordinary Resolution 7    | Renewal of the General Mandate for Interested Person Transactions  |             |                 |
| Ordinary Resolution 8    | Adoption of the Share Buyback Mandate  |             |                 |

\* If you wish to exercise all your votes "For" or "Against" or to abstain from voting on the Ordinary Resolutions, please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes that the Chairman of the AGM as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Dated this \_\_\_\_\_ day of October 2020.

| <b>Shares in:</b>       | <b>Total Number of Shares</b> |
|-------------------------|-------------------------------|
| (1) Depository Register |                               |
| (2) Register of Members |                               |

\_\_\_\_\_  
Signature(s) or Common Seal of Member(s)

**IMPORTANT: Please read notes overleaf.**



**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the AGM as a proxy shall be deemed to relate to all the Shares held by you.
2. **Due to the current Covid-19 situation and the related safe distancing measures in Singapore, a member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must submit an instrument of proxy to appoint the Chairman of the AGM as proxy to attend and vote on his/her/its behalf at the AGM.** A member of the Company (including a Relevant Intermediary\*) entitled to participate and vote at the AGM of the Company must appoint the Chairman of the AGM to act as proxy and direct the vote at the AGM. A member (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as his/her/its manner of voting, or abstentions from voting, in the instrument of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
3. The Chairman of the AGM, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the AGM as proxy, together with the letter or power of attorney or other authority under which it is signed (if applicable) or a duly certified company thereof must:
  - (a) if sent personally or by post be lodge at the registered office of the Company at 10 Arumugam Road, #10-00 LTC Building A, Singapore 409957; or
  - (b) if by email, [main@zicoholdings.com](mailto:main@zicoholdings.com); or
  - (c) If by AGM site, <https://sg.conveneagm.com/lionasiapac>in either case, by 11.00 a.m. on 27 October 2020 (being 72 hours before the time fixed for the AGM), in default the instrument of proxy shall not be treated as valid.
5. The instrument appointing the Chairman of the AGM as the proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as a proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the AGM as the proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
7. Persons, who would have been able to be appointed as proxies by Relevant Intermediaries\* under Section 181(1C) of the Companies Act, such as Central Provident Fund Investment Scheme ("CPF Investors") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable), and wishes to appoint the Chairman of the AGM as their proxy should approach their respective Relevant Intermediaries\*, (e.g. CPF/SRS Approved Nominees such as CPF Agent Banks or SRS Operators), to submit their votes at least seven (7) working days before the AGM (i.e. by 11.00 a.m. on 20 October 2020).
8. Relevant Intermediaries other than CPF/SRS Approved Nominees instructed to appoint the Chairman of the AGM to act as proxy and direct the vote at the AGM together with the instrument appointing a proxy, shall provide to the Company an official cover letter and a list of attendees in excel format who would like to attend the AGM by way of a "live" webcast and/or "live" audio feed with each attendee's full name, NRIC/Passport No./Company Registration No., address, email address and no. of Shares for verification purposes. Upon successful registration, authenticated attendees will receive an email confirmation by 11.00 a.m. on 29 October 2020 with their user log-in details, access password and the link to access the "live" webcast and/or telephone number for "live" audio feed of the AGM proceedings.

\* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

**General:**

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as a proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as the proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as the proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Protection:**

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing the Chairman of the AGM as a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 7 October 2020.

AGM  
Proxy Form

**AFFIX  
POSTAGE  
STAMP**

The Company Secretary  
**LION ASIAPAC LIMITED**  
10 Arumugam Road  
#10-00 LTC Building A  
Singapore 409957





**LION ASIAPAC LIMITED**

(Co. Reg. No. 196800586R)

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