

**LION ASIAPAC LIMITED**

(Co. Reg. No. 196800586R)

(Incorporated in the Republic of Singapore)

**RESULTS OF THE 48<sup>TH</sup> ANNUAL GENERAL MEETING HELD ON 31 OCTOBER 2018**

The Board of Directors of Lion Asiapac Limited (the “**Company**”) is pleased to announce, pursuant to Rule 704(16) of the Listing Manual of the Singapore Exchange Securities Trading Limited, that on a poll vote, all of the resolutions set out in the Notice of Annual General Meeting dated 12 October 2018 were duly passed by the Company’s shareholders at the 48<sup>th</sup> Annual General Meeting (“**AGM**”) held this morning.

**1. Results of the Poll**

The results of the poll on each of the resolutions put to the vote at the AGM are set out below for information:

Resolution number and details	Total number of shares represented by votes for and against the relevant resolution	For		Against	
		Number of shares	As a percentage of total number of votes for and against the resolution (%)	Number of shares	As a percentage of total number of votes for and against the resolution (%)
<b>Ordinary Business</b>					
1. Adoption of Directors’ Statement, Audited Financial Statements and Auditors’ Report for the financial year ended 30 June 2018	55,974,555	55,960,555	99.97	14,000	0.03
2. Declaration of a first and final dividend of 0.5 cent per share (tax-exempt one-tier)	56,223,755	56,075,755	99.74	148,000	0.26
3. Re-election of Mr Sam Chong Keen as Director	56,243,555	55,939,555	99.46	304,000	0.54
4. Re-election of Mr Lee Whay Keong as Director	56,244,155	55,900,155	99.39	344,000	0.61
5. Approval of payment of Directors’ fees	56,219,155	55,881,955	99.40	337,200	0.60
6. Re-appointment of Messrs RSM Chio Lim LLP as Auditors	56,197,755	56,181,755	99.97	16,000	0.03

Resolution number and details	Total number of shares represented by votes for and against the relevant resolution	For		Against	
		Number of shares	As a percentage of total number of votes for and against the resolution (%)	Number of shares	As a percentage of total number of votes for and against the resolution (%)
<b>Special Business</b>					
7. General Mandate to Directors to Issue Shares and Convertible Securities	56,201,055	55,895,055	99.46	306,000	0.54
8. Renewal of the General Mandate for Interested Person Transactions	2,137,475	1,953,475	91.39	184,000	8.61

**2. Details of parties who abstained from voting on any resolution(s)**

AMB Venture Sdn Bhd and Omali Corporation Sdn Bhd, holding 29,750,128 and 24,312,552 ordinary shares in the capital of the Company respectively, had abstained from voting on Resolution 8 relating to the Renewal of the General Mandate for Interested Person Transactions.

**3. Name of firm and/or person appointed as scrutineer**

B.A.C.S. Private Limited was appointed as Scrutineer for the AGM.

**4. Re-appointment of Director to the Audit Committee**

Pursuant to Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company wishes to announce that Mr Sam Chong Keen, having been re-elected as a Director at the AGM, remains as a chairman of the Audit Committee, Nominating Committee and Remuneration Committee. The Board considers Mr Sam to be an independent Director of the Company.

BY ORDER OF THE BOARD  
LION ASIAPAC LIMITED

Lah Ling San  
Company Secretary

Singapore, 31 October 2018

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# **Lion Asiapac Limited**

**A warm welcome to the  
48<sup>th</sup> Annual General Meeting**

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## Financial Highlights – Group Turnover

	<u>2018</u>	<u>2017</u>
	\$m	\$m
<b>Lime manufacturing</b>	<b>12.4</b>	<b>8.2</b>

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## Financial Highlights – Group Result

	<u>2018</u>	<u>2017</u>
	\$m	\$m
<b>Lime manufacturing</b>	<b>(0.9)</b>	<b>(5.7)</b>
<b>Steel trading</b>	<b>(0.8)</b>	<b>(0.8)</b>
<b>Investment holding</b>	<b>(0.7)</b>	<b>(0.9)</b>
	<b>(2.4)</b>	<b>(7.4)</b>
<b>Others</b>	<b><u>3.5</u></b>	<b><u>23.0</u></b>
<b>Profit before tax</b>	<b>1.1</b>	<b>15.6</b>
<b>Tax</b>	<b>(0.1)</b>	<b>(0.1)</b>
<b>Profit after tax</b>	<b><u>1.0</u></b>	<b><u>15.5</u></b>

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# Questions from SIAS

## Question 1

Would the Board/Management provide shareholders with a better clarity on the following operational and financial matters ? Specifically :

(i) Lime:

Despite the 51% increase in revenue from the sale of quicklime and hydrated lime, the segment remained unprofitable, with losses amounting to \$903,000 (2017: loss \$5.75m)

What are the key drivers of profitability for the segment? What are management's plans to improve the performance of the segment and turn it profitable?

Increasing sales output, improving margins and containing costs, help to deliver profits. The relocation exercise, announced in October 2017 is expected to achieve these objectives.

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(i) Lime:

Despite the 51% increase in revenue from the sale of quicklime and hydrated lime, the segment remained unprofitable, with losses amounting to \$903,000 (2017: loss \$5.75m)

The largest customer accounts for \$4.3million or more than a third of the group's revenue. Can management clarify if this is a related party? If so, what is the audit committee's role in the review of the interested person transactions?

This relates to an interested party and all transactions undertaken have been reviewed in accordance with the General Mandate for IPTs.

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# Questions from SIAS

## Question 1

Would the Board/Management provide shareholders with a better clarity on the following operational and financial matters ? Specifically :

(ii) Steel consumables:

In the Chairman's message, the group is said to be resuming its steel consumables trading business given the improvement in the Malaysian steel industry.

What is the value proposition of the group in the trading of steel consumables?  
What assurance can management give to shareholders that the steel consumables segment (if restarted) will be profitable and generate sustainable long term value for all shareholders ?

The trading of steel consumables is in accordance with the General Mandate for IPTs, and the Company believes that this is profitable and will continue to undertake it as long as the opportunity exists.



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# Questions from SIAS

## Question 1

Would the Board/Management provide shareholders with a better clarity on the following operational and financial matters ? Specifically :

(iii) Property development:

Following the disposal of the Yangzhou Lion Property Development Co Ltd, is the group still actively evaluating property development projects ? Given the reduced level of activities in recent years, would it be timely to review the group's participation in property development (as one of its core operating segments) ? As an "ad hoc" developer, would the group have retained its expertise and the supporting network to allow it to successfully compete against other specialist developers ?

Currently, the Company has no plan to engage in property development. However, it will make the necessary announcement, should it decide to embark on this development activity.

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## Questions from SIAS

### Question 1

Would the Board/Management provide shareholders with a better clarity on the following operational and financial matters ? Specifically :

(iv) Foreign currency:

What are management's plans to remit its holding of Renminbi (that is held in China) back to Singapore and reduce its currency risk ?

The Company is collaborating with the People's Bank of China on the repatriation of this fund. However there is no certainty on the timing of the repatriation.

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## Questions from SIAS

### Question 2

Despite the operating loss of \$903,000 in the lime segment in the year, the group reported profit attributable to equity holders of the company of \$1.04 million due to receiving other income of \$3.3 million. As seen in Note 5 (page 48 – Other income), the group received interest income of \$987,000 and recognized a reversal of impairment loss on trade receivables of \$2.21 million. Based on Note 16 (page 59 – Trade and other receivables), in 2017 and 2018, the group recognised allowance for impairment of trade receivables due from related parties amounting to \$3.62 million and \$1.49 million respectively (as seen in Note 16)

- (i) Can management help shareholders to understand its credit risk assessment framework? Does the group consistently assess the credit worthiness and credit risk of third parties and of related parties ?

The Group has in place a rigorous and robust credit risk assessment framework. The 3rd party credit risk assessment is managed by operating management. The Audit Committee manages, the transactions with related parties, in accordance with the General Mandate for IPTs.

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## Questions from SIAS

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- (ii) Does management continue trading with a counterparty even after it has recognised allowance for impairment of trade receivables in prior period ?

Yes, only on cash term for all current transactions. And after repayment of all impaired receivables, the Audit Committee may consider a review of credit terms for IPTs.

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## Questions from SIAS

### Question 2

For 2018, profit attributable to equity holders of the company was \$1.04 million following the reversal. Earnings, net asset and dividend per share are shown on page 9 – Financial highlights. The dividend per share has been 0.5 cent per share in the past two years.

(iii) What deliberations did the Board have on the declaration of dividend for the financial year ended 30 June 2018 ?

In determining the proposed dividend, the Board has taken into consideration relevant factors such as the affordability, cash flow situations, and future capital expenditure requirements. Having deliberated on the above, the Board considers the proposed dividend of \$0.005 appropriate.

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## Questions from SIAS

### Question 2

For 2018, profit attributable to equity holders of the company was \$1.04 million following the reversal. Earnings, net assets and dividend per share are shown on page 9 – Financial highlights. The dividend per share has been 0.5 cent per share in the past two years.

(iv) Are there major projected capital expenditure in the core business ?

Other than those announced in October 2017, the Company has no further capital expenditure to disclose, at this point in time.

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## Questions from SIAS

### Question 2

As at 30 June 2018, the group has cash and cash equivalents of \$72.1 million in the statements of financial position and \$30 million in the statement of cash flow (which excludes the \$42 million that is subject to foreign exchange controls).

(v) Did the board deliberate on how it could support a higher dividend pay out to reward shareholders ?

Please refer to the answer to question 2(iii).

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## Questions from SIAS

### Question 3

The group's independent directors are Mr Sam Chong Keen (first appointed to the board on 22 Feb 1997) and Dr Chua Siew Kiat (first appointed to the board on 8 May 2017). In Aug 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance ('2018 Code'). As a consequence of the revised 2018 code, the Singapore Exchange will be making amendments to its Listing Rules. The Listing Rule changes will come into effect on 1 Jan 2019, except for the rules on the 9-year tenure for independent directors and the requirement for independent directors to comprise one-third of the board which come into effect on 1 Jan 2022. Under the revised Listing Rules, the term of an independent director will be limited to 9 years after which the long tenured directors will be subject to a two-tier vote by shareholders.

- (i) Has the company evaluated the impact of the 2018 Code and the amendments to the Listing Rules on the board ?

The Company has evaluated the impact of the 2018 Code and the amendments to the Listing Rules on the board, and considers the impact as minimal to the Group.



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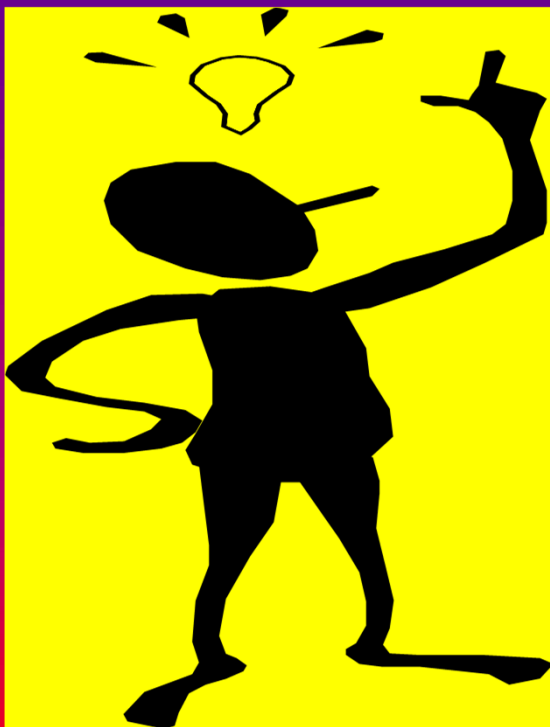
- (ii) Has the nominating committee reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments ?

The Nominating Committee conducts its annual review on the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board. It is of the view that the current Board composition provides an appropriate and diverse mix of skills and experiences to serve the Company competently and efficiently.

Nevertheless, if there is a need to appoint additional directors, the Nominating Committee will evaluate the candidate's suitability by taking into consideration diversity of skills, experience, background, gender, age and other relevant factors and how the candidate fits into the overall desired competency matrix of the Board before making its recommendation to the Board.

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# Lion Asiapac Limited



## Questions & Answers

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## **Lion Asiapac Limited**

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