



LION ASIAPAC LIMITED

(Co. Reg. No. 196800586R)

(Incorporated in the Republic of Singapore)

**Response to queries raised by Singapore Exchange Securities Trading Limited
on Second Quarter and Half Year Results Announcement**

The Board of Directors of Lion Asiapac Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to provide the following information in response to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") dated 20 February 2020 in relation to the Company's announcement dated 12 February 2020 regarding the Group's results for the second quarter and half year ended 31 December 2019.

SGX-ST's Query 1:

The Company issued a profit guidance stating that a loss for half year ended 31 December 2019 is expected primarily owing to the unrealised exchange loss arising from the depreciating Renminbi. However, currency exchange losses only amounted to S\$297,000 whereas Revenue declined by 59% to S\$9.1 million for the period. Please reconcile the statement.

The Company's Response

The Group would like to clarify that the loss for the half year (S\$41,000) has resulted from the currency translation differences arising from consolidation (S\$446,000), instead of the unrealised exchange loss (S\$297,000), from the depreciating Renminbi.

SGX-ST's Query 2:

The Company recovered S\$0.7 million from trade receivables previously impaired for the reported period. Please provide reason why these debtors are able to repay during this period when they previously were unable to do so.

The Company's Response

SFRS(I) 9 prescribes the provision for expected credit losses. Consequently, the impairment to the receivables was considered necessary following unsuccessful settlement from debt restructurings. Subsequent stringent receivables management has successfully yielded full repayment.

SGX-ST's Query 3:

The Company announced that the inactive steel consumables trading segment led to the contraction of the Group's turnover for the half year by 59% to S\$9.1 million. Please elaborate what is the reason that caused the segment to be inactive?

The Company's Response

As a result of stringent credit management policies, the financial position of the Group's sole customer and the economic conditions then, did not warrant the acceptance of any sales orders.

SGX-ST's Query 4:

Paragraph 1.2 of Appendix 7.2 of Listing Manual requires issuer to state reason if no dividend has been declared. Please disclose accordingly.

The Company's Response

There were no dividends declared as the Company considered it necessary to conserve cash for future operations in view of the Group's business strategy.

BY ORDER OF THE BOARD
LION ASIAPAC LIMITED

Lah Ling San
Company Secretary

Singapore, 22 February 2020