LION ASIAPAC LIMITED

(Co. Reg. No. 196800586R)

2018 ANNUAL REPORT

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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
Dr Chua Siew Kiat
Cheng Theng How

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

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

COMPANY SECRETARIES
Lah Ling San, ACIS
Silvester Bernard Grant, ACIS

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8 Wilkie Road
#03-08 Wilkie Edge
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Fax: (65) 6594 7811

Partner-in-charge of audit:
Lock Chee Wee
(Appointed from the financial year ended 30 June 2015)

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Singapore 049513

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Singapore 049907

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Marina Bay Financial Centre Tower 3
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Tel: (65) 6416 8000
Fax: (65) 6532 5711

Chairman's Message

Despite the challenges in the business environment, our priority remains at securing sustainable growth for the Group.

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements for the financial year ended 30 June 2018 ("FY 2018").

The Group reported mixed performance this year, as it saw an improvement in turnover but lacklustre earnings. Despite the increase in lime sales, high operating costs continued to exert pressure on margins. Besides containing the cost structure, we are working arduously to expand revenue base.

FINANCIAL PERFORMANCE

During FY 2018, the Group's revenue went up by 51% to S$12.4 million, on the back of higher demand for our lime products.

The increased demand has boosted sales volume, but profit margin was diminished by high operating cost, giving rise to a loss of S$0.9 million for lime sales. In the previous year, S$4.1 million impairment on the lime production plant resulted in a loss of S$5.7 million.

Total expenses of the Group reduced by 5% to S$14.9 million, mainly attributable to a reduction in depreciation and impairment to S$0.9 million, given the absence of impairment this year.

Our continued efforts in recovering impaired receivables have led to full settlement. S$2.2 million was reversed from impairment this year, against last year's reversal of S$1.3 million.

Chairman's Message

Consequently, the Group reported net earnings of S$1.0 million for FY 2018. Previous year's net earnings of S$15.5 million was primarily contributed by S$19.6 million in gain on disposal of a subsidiary in Yangzhou.

FINANCIAL POSITION

The Group's balance sheet remained healthy, with net assets increasing to S$82.4 million as at 30 June 2018, up from last year's S$80.5 million.

The relocation of a lime production plant is underway, and S$0.9 million in relocation expenditure was added to the Group's plant and equipment this year. Also, S$1.9 million generated from operating activities has contributed to the Group's cash balance.

DIVIDEND

The Board is pleased to propose a first and final dividend of 0.5 cent per ordinary share (tax-exempt one-tier) for FY 2018, subject to shareholders' approval at the upcoming annual general meeting.

LOOKING AHEAD

There is an improvement in market demand, but rising costs and intense competition persist. Our cost containment exercises will continue, in order to improve margins. We are also striving to cater to different industries so as to diversify our customer base which will in turn enhance revenue.

At the same time, we are also working hard to take advantage of the improvement in the Malaysian steel industry, with the resumption in the trading of steel consumables.

Despite the challenges in the business environment, our priority remains at securing sustainable growth for the Group.

ACKNOWLEGEMENT

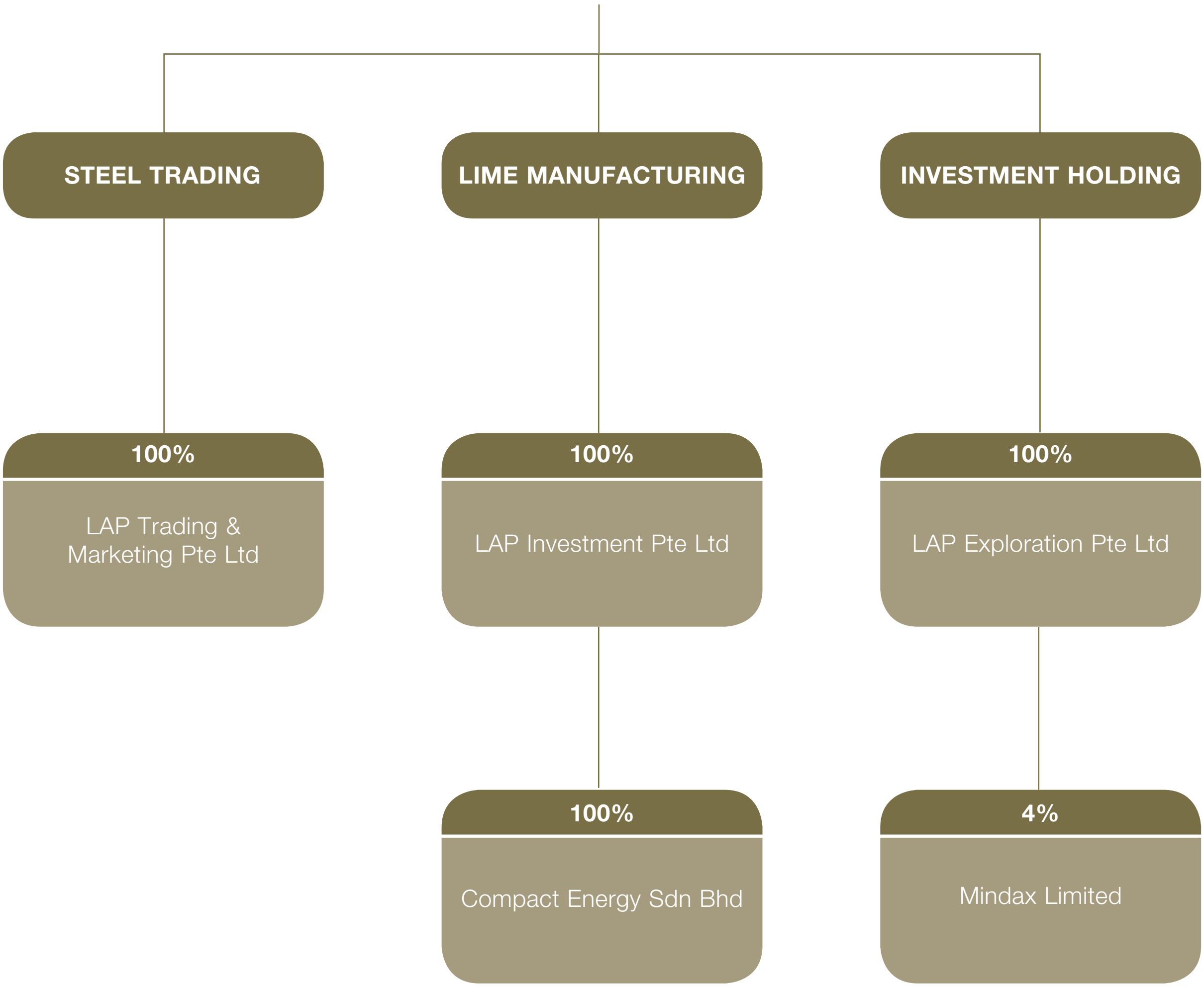
On behalf of the Board, I would like to express our utmost appreciation to the management and staff for their perseverance and hard work, as well as to our customers, suppliers, business associates and shareholders for their continued support and partnership.

I would also like to extend my sincere gratitude to my fellow Directors for their advice and strategic guidance to the Group.

SAM CHONG KEEN
Chairman

Business Structure

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. He was last re-elected on 27 October 2015 pursuant to Article 91 of the Company's Constitution, and will be seeking re-election at the forthcoming 48th Annual General Meeting to be held 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"), 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 on 31 October 2017 pursuant to Article 91 of the Company's Constitution.

Mr Loh 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.

In 1998, Mr Loh joined The Lion Group as the Financial Controller of its telecommunications business unit. Concurrently, he also headed the Group Internal Audit and Group MIS Divisions in Singapore.

Mr Loh currently sits on the board of Mindax Limited, a company listed on the Australian Securities Exchange.

Mr Loh holds a Masters Degree in Business Administration from the Edinburgh University Management 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-appointed on 31 October 2016.

Tan Sri Cheng has more than 45 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 Life Honorary 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 Forest Industries Berhad, both of which are public listed companies in Malaysia. He is also the Chairman and Managing Director of Lion Diversified Holdings Berhad and 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, 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 on 31 October 2017 pursuant to Article 91 of the Company's Constitution.

Mr Cheng is currently the General Manager and Director of Angkasa Amsteel Pte Ltd, which distributes steel and iron products and is a subsidiary of SGX-listed LTC Corporation Limited, since 1994.

Concurrently, Mr Cheng is also the Executive Director of Antara Steel Mills Sdn Bhd ("Antara"), a subsidiary of Lion Industries Corporation Berhad which is a public listed company in Malaysia, since 2006. Antara manufactures steel products such as steel reinforcement bars and angle bars, for supply to the local construction industry and export markets.

Prior to 1994, Mr Cheng has served as the Assistant General Manager (Production) of Amalgamated Steel Mills Berhad.

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. He was last re-elected on 31 October 2017 pursuant to Article 97 of the Company's Constitution.

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 (MSc), 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 on 31 October 2016 pursuant to Article 91 of the Company's Constitution, and will be seeking re-election at the forthcoming 48th Annual General Meeting to be held 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 Assistant General Manager at Megasteel Sdn Bhd, overseeing its limekiln project. Prior to that, he was the Plant Manager at Natsteel Chemicals (M) Sdn Bhd, where he oversaw 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

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 served as Group Accounts Manager at Kinergy Ltd since 2011. He started his career as an Audit Associate at Moore Stephens LLP in 2007, and left as its Assistant Audit Manager in 2011.

Mr Fan holds a Master 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

Ms Lah Ling San joined the Group in October 2018 as Company Secretary, and is responsible for corporate secretarial matters of the Group. She assists the Group in its 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 Corporate Secretarial Manager at Tuan Sing Holdings Limited and SP Corporation Limited. Prior to that, she was with Yeo Hiap Seng Limited ("YHS"), and left as its Corporate Secretarial Manager. Before she joined YHS in 2011, Ms Lah was the Legal & Secretarial Executive at Orchard Parade Holdings Limited (now known as 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 2018 S$'000	30 June 2017 S$'000
Continuing Operations		
Revenue		
– Lime manufacturing	**12,428**	8,225
Profit before income tax	**1,135**	15,684
Total Profit	**1,044**	15,548
Segmental result		
– Lime manufacturing	**(903)**	(5,747)
– Steel trading	**(820)**	(753)
– Property development	**–**	(65)
– Investment holding/others	**(711)**	(857)
	(2,434)	(7,422)

Statement of Financial Position	30 June 2018 S$'000	30 June 2017 S$'000
Current assets	**82,289**	79,373
Current liabilities	**(3,314)**	(2,093)
Net current assets	**78,975**	77,280
Property, plant and equipment	**3,345**	3,254
Available-for-sale financial assets	**258**	203
Non-current liabilities	**(224)**	(254)
Net assets	**82,354**	80,483
Represented by:		
Shareholders' equity	**82,354**	80,483
Non-controlling interests	**–**	–
Shareholders' funds	**82,354**	80,483

	30 June 2018 (cents)	30 June 2017 (cents)
Earnings per share (basic and diluted)	**1.29**	19.17
Net asset value per ordinary share	**101.54**	99.23
First and final dividend per ordinary share	**0.50**	0.50

Corporate Governance Report

Lion Asiapac Limited (the "Company") believes in maintaining a high standard of corporate governance, and is committed to making sure that effective self-regulatory corporate practices exist to protect the interests of its shareholders.

This report describes the Company's corporate governance processes and activities which are in line with the principles and guidelines of the Code of Corporate Governance 2012 (the "Code").

BOARD MATTERS

The Board's Conduct of Affairs

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.

During the financial year, the Board met six times. The Board reviews and approves strategic plans, key operational and financial matters, major acquisition and divestment plans, major expenditure projects and funding decisions.

Board Composition and Guidance

The Board comprises six Directors, two (ie. one-third) of whom are independent, and one of whom holds executive position.

The members of the Board are as follows:

Executive	Non-Executive	
Mr Loh Kgai Mun	Mr Sam Chong Keen	*(Chairman, Independent Director)*
	Dr Chua Siew Kiat	*(Independent Director)*
	Tan Sri Cheng Heng Jem	
	Mr Cheng Theng How	
	Mr Lee Whay Keong	

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.

Corporate Governance Report

BOARD MATTERS (CONT'D)

Director nominees are identified based on, regardless of gender, the key attributes as described below. No alternate director has been appointed to the Board.

Taking into account 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.

The Executive Director oversees the day-to-day operations of the Group, and is responsible for the successful leadership and management of the Group according to the strategic direction set by the Board. He updates the Board on pertinent developments in the Group's business, as well as identifies, assesses, and informs the Board of any material internal and external issues that may affect the Group.

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 sessions, without the presence of management.

To facilitate effective management, the Board delegates certain functions to the Audit Committee, Nominating Committee and Remuneration Committee, each of which has its own terms of reference.

Chairman of the Board

The Chairman of the Board is an independent Director, having no relationship with the Executive Director or any substantial shareholder of the Company. 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 ensures that Board meetings are held 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, in order to promote high standards of corporate governance of the Company.

Board Membership and Board Performance

Nominating Committee

The Nominating Committee ("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)*

Corporate Governance Report

BOARD MATTERS (CONT'D)

The NC carries out the functions stipulated in its terms of reference which clearly set out its authority and duties as described below.

The NC is charged with the responsibilities of 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.

A director is appraised, on an annual basis, by his contributions made, degree of preparedness, business knowledge and experience, level and quality of involvement during the course of the year, attendance record at meetings of the Board and Board committees, intensity of participation at meetings, the quality of interventions and any special skills. The Chairman will review the appraisals and where necessary, proposes appropriate actions in consultation with the NC.

Board performance is evaluated based on board size, board composition, board processes, board information and board 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 that is carried out by means of a questionnaire, which contains questions relating to the abovementioned board matters, 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 has not determined 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 shall personally determine the demand of their obligations and assess the number of directorships they could hold, in order to ensure that they could dedicate sufficient time and attention to the Company to serve effectively. Each Director will update the Company of any changes in his external directorships and these changes will be noted at Board meetings. The NC will review and determine whether or not each Director is able to and has been adequately carrying out his duties as Director of the Company, taking into consideration his other listed company board representations and principal commitments.

Appointment and Re-appointment of Directors

The NC is responsible for making recommendations to the Board on appointment and re-appointment of directors, taking into account the composition and progressive renewal of the Board, as well as the individual director's calibre, stature, competencies, commitment, contribution and performance.

The NC will review a new director's background, qualifications, experience, skill sets and ability to contribute effectively, and make recommendation to the Board. The NC will use its best efforts to ensure that directors appointed to the Board, regardless of gender, possess the relevant background, experience and knowledge, as well as business, finance and management skills critical to the Company's business. New directors could be sourced through a network of contacts or recommendations, or via recruitment consultants.

Corporate Governance Report

BOARD MATTERS (CONT'D)

Pursuant to Article 91 of the Constitution of the Company, every Director shall retire from office at least once every three years, and at each annual general meeting ("AGM") of the Company, one-third of the Directors shall retire from office by rotation and the retiring Directors shall be eligible for re-election. In addition, Directors who are appointed during the year shall hold office only until the next AGM pursuant to Article 97 and shall be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Accordingly, Messrs Sam Chong Keen and Lee Whay Keong will retire by rotation pursuant to Article 91 at the forthcoming 48th AGM and will be seeking re-election.

Board Orientation and Training

A formal letter of appointment will be provided to a new director upon his appointment, setting out the duties and obligations of a director. As part of induction, materials containing information on the Group's structure, business, operations and governance policies and practices are provided. New directors will have the opportunity to visit the Group's manufacturing plants, with the presence of key management, for a better understanding of the Group's operations. Arrangement will be made for a new director to meet the other Board members on an informal basis, for them to interact and acquaint with each other.

The Directors are kept informed of any relevant changes to legislation and regulatory requirements by the Company. They are also encouraged to attend, at the Company's expense, courses or seminars conducted by external professionals to keep abreast of changes in law and governance matters that may affect the Group.

Independence of Directors

The NC determines annually whether or not a Director is independent, taking into account the relationship a Director may have with the Company and its related corporations. Each Director is required to complete a Director's Independence Checklist drawn up based on the guidelines in the Code, and shall 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. The continued independence of Directors who have served more than nine years will be subjected to particularly rigorous review. Such measures shall enable the Board to have an independent and objective perspective so as to allow balanced and well-considered decisions to be made.

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 also of the opinion that Mr Sam has over time developed significant insights in the Group's business, and could continue to provide valuable contribution and exercise independent judgement in the best interests of the Company.

Corporate Governance Report

BOARD MATTERS (CONT'D)

Directors' Attendance

The number of meetings of the Company attended by the Directors during the financial year ended 30 June 2018 ("FY 2018") is set out as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held:	**6**	**6**	**1**	**1**
Number of meetings attended:				
Sam Chong Keen	6	6	1	1
Loh Kgai Mun	6	n.a.	n.a.	n.a.
Tan Sri Cheng Heng Jem	5	n.a.	n.a.	n.a.
Cheng Theng How	6	6	1	1
Dr Chua Siew Kiat	6	6	1	1
Lee Whay Keong	6	n.a.	n.a.	n.a.

Access to Information

The Directors are provided with complete and adequate information in a timely manner by the 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 a reasonable time period prior to Board meetings for their perusal. If necessary, arrangement will be made for the Directors to obtain independent professional advice at the Company's expense.

All Directors have independent access to the senior Management of the Company and also the Company Secretary. The Company Secretary attends all Board meetings and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is responsible for assisting the Group in its compliance with the requirements of the Companies Act, rules of the SGX-ST Listing Manual and other applicable regulations. The Company Secretary shall ensure good information flows within the Board and its committees, as well as between senior Management and non-executive Directors, and where necessary, shall facilitate orientation and assist in professional development. The appointment and removal of the Company Secretary are subject to the approval of the Board.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

The Remuneration Committee ("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)*

Corporate Governance Report

REMUNERATION MATTERS (CONT'D)

The RC carries out the functions stipulated in its terms of reference which clearly set out its authority and duties as described below.

The RC is responsible for reviewing and recommending to the Board a framework of remuneration for the Directors and key management personnel. It covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits-in-kind. The recommendations by RC are submitted to the Board for endorsement.

A Director shall abstain from the voting, recommendation or approval of his own remuneration.

Level and Mix of Remuneration

The RC ensures that the level of remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management to successfully manage the Company. In structuring the remuneration framework, the RC ensures that it 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 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. There is also no scheme in place to encourage non-executive Directors to hold shares in the Company. The service contracts of executive director and key management of the Group do not contain any onerous termination clauses. There are no contractual provisions that allow the Group to reclaim incentive components of remuneration from executive director and key management in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group, and the RC will seek expert advice where necessary.

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 for endorsement, the RC reviews and ensures that the remuneration is appropriate and not excessive, taking into account the Directors' effort, time spent and responsibilities. The aggregate amount of Directors' Fees for each financial year is subject to the approval of shareholders at the AGM of the Company.

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.

The RC has access to, at the Company's expense, external consultants for expert advice on Board remuneration and executive compensation, where necessary. No external advice has been sought by the RC during the financial year.

Corporate Governance Report

REMUNERATION MATTERS (CONT'D)

Disclosure of Remuneration

Remuneration paid to the Directors of the Company for FY 2018 is set out in bands of S$250,000 and up to S$500,000 as illustrated below. For competitive and sensitivity reasons, remuneration paid to the Executive Director and members of the Board are not disclosed in details.

Remuneration Band	Name of Director	Salary	Bonus	Directors' Fees	Total
S$250,000 to below S$500,000	Loh Kgai Mun	73%	27%	–	100%
Below S$250,000	Sam Chong Keen	–	–	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%

The aggregate remuneration paid to the top five key executives of the Group (who are not directors or the CEO) for FY 2018 amounted to S$428,778. For competitive and sensitivity reasons, remuneration paid to the key executives and their names are not disclosed in details.

No termination, retirement and post-employment benefits were granted to the Directors, the CEO and the top five key executives during FY 2018.

No employee of the Group was an immediate family member of a Director or CEO during FY 2018.

ACCOUNTABILITY AND AUDIT

Accountability

The Board aims to provide a balanced and understandable 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 basis.

Members of the Board are provided with management accounts and such explanation and information on a regular basis and from time to time as they may require. 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 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 shareholders' investments and the Group's assets.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT (CONT'D)

The Board determines the Company's levels of risk tolerance and risk policies, and oversees the Management in the design, implementation and monitoring of the risk management and internal control systems.

The Group has in place a risk management framework where key risks, namely financial, operational, compliance and information technology risks are identified and addressed.

A review of the Group's risk management framework and processes is conducted on an annual basis to ensure adequacy and effectiveness of the Group's internal controls, addressing financial, operational, compliance and information technology risks. The identification and management of risks are delegated to Management of the Group who assumes ownership and management of these risks. Management is responsible for the effective implementation of risk management strategy, policies and processes. Key risks are identified, addressed and reviewed by the Management. Any significant risks including mitigating measures are reported to and reviewed by the Board.

The Board notes that such system established by the Group is designed to manage, rather than eliminate, the risk of failure in achieving the Company's strategic objectives. As such, the Board recognises that such system is designed to provide reasonable assurance, but not an absolute guarantee, against material misstatement or loss.

In respect of FY 2018, the Executive Director and Finance Manager have provided a written assurance to the Board confirming, 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.

Based on the risk management and internal control systems established and maintained by the Group, work performed by the internal auditors, and reviews performed by the Management, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective as at 30 June 2018.

Audit Committee

The Audit Committee ("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)*

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.

The AC carries out the functions set out in the Code and the Companies Act, and according to its terms of reference which clearly set out its authority and duties as described below. It assists the Board to raise and maintain the standard of corporate governance, and fosters the transparency of corporate governance practices by ensuring that the Company's corporate governance processes and activities comply with the Code.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT (CONT'D)

Under the terms of reference, the AC has explicit authority to investigate any matter, full access to and co-operation by Management and full discretion to invite any Director, executive officer 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 the external auditors. They are also encouraged to attend, at the Company's expense, courses or seminars conducted by external professionals to keep abreast of such changes.

During the financial year, the AC met twice with the presence of internal and external auditors and appropriate members of the Management, and another four times with the internal auditors and the Management. The AC also met once with the external auditors without the presence of Management. It reviews the consolidated financial statements of the Group and the report of the external auditors thereon for submission to the Board. It also reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements, as well as formal announcements relating to the Group's financial performance.

The AC reviews the audit plan with the external auditors, and the scope and results of the internal audit procedures with the internal auditors. It reviews interested person transactions and conducts periodic reviews of the review procedures for interested person transactions to ensure that such transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The AC reviews and reports to the Board annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls. It reviews with the internal auditors their evaluation of internal controls. It also reviews with the external auditors on any internal control findings noted in the course of their statutory audit.

The AC is responsible for nominating external auditors, as well as reviewing the remuneration and terms of engagement of the external auditors for recommendation to the Board. It reviews the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors.

A breakdown of the fees paid or payables to external auditors and its member firms is illustrated in the table below:

	FY 2018		FY 2017	
Fees paid to External Auditors	**S$'000**	**% of Total Fees**	**S$'000**	**% of Total Fees**
Total Audit Fees	116	100	125	100
Total Non-Audit Fees	–	–	–	–
Total Fees Paid	116	100	125	100

The nature and extent of any non-audit services performed by external auditors will be reviewed by the AC. There were no non-audit services provided by the external auditors during FY 2018.

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 auditors.

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.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT (CONT'D)

Internal Audit

An internal audit team is in place to 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. Any material non-compliance or lapses in internal controls together with remedial measures recommended by internal auditors are reported to the AC. The AC also reviews the adequacy and timeliness of the actions taken by Management in response to the recommendations made by the internal auditors.

The internal audit team's line of functional reporting is to the Chairman of the AC. Administratively, the internal audit team reports to the Executive Director. The hiring, removal, evaluation and compensation of the head of the internal audit function are subject to the approval of the AC. The internal audit team is independent of the activities it audits, and it abstains from the audit of certain activities where conflict of interests might arise.

The internal audit team is staffed with persons with suitable qualifications and experience, who are members of a globally recognised professional accountancy body. It carries out its functions according to the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. It has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

The AC reviews, on an annual basis, the adequacy and effectiveness of the internal audit function. The AC has ensured that the internal audit function is adequately resourced to carry out its duties effectively and has appropriate standing within the Company.

Key Audit Matter

The AC has discussed with Management the critical judgements made in the process of applying key accounting policies on the amounts recognised in the financial statements for FY 2018 and the key assumptions and sources of estimation uncertainty at the end of the reporting year. The following significant matter was discussed with Management and the external auditors and reviewed by the AC:

Key audit matter ("KAM")

Assessment of impairment of property, plant and equipment.

How the AC reviewed this matter and what decisions made

The AC considered the approach and methodology applied by the independent valuer and Management to the discounted cash flow model in assessing the recoverable amount of the plant and machinery of the lime manufacturing subsidiary.

The AC reviewed the reasonableness of cash flow forecasts, long term growth rate and discount rate and other key assumptions used in the valuation model.

The AC is satisfied with the valuation process and methodologies used for the valuation of plant and equipment as adopted and disclosed in the financial statements.

The impairment of property, plant and equipment was also an area of focus for the external auditors. The external auditors had included this item as the KAM in its audit report. Please refer to pages 25 to 26 of this Annual Report.

Corporate Governance Report

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

The Company treats all shareholders fairly and equitably, and endeavours to engage in regular, effective and fair communication with shareholders.

Shareholders are informed of all general meetings through the Company's annual reports or circulars sent to them, which are also posted on the Company's internet website. The notices of general meetings are announced via SGXNET and published in the newspapers within the mandatory periods, as well as posted on the Company's internet website.

The Company's Constitution allows a member of the Company to appoint not more than two (2) proxies to attend and vote instead of the member at general meetings. Nevertheless, any member who is a Relevant Intermediary (as defined under Section 181(6) of the Companies Act) may appoint more than two (2) proxies to attend and vote at general meetings of the Company.

The Constitution of the Company currently does not permit voting in absentia by mail, facsimile or email. Such voting method involves security, integrity and legality issues which need to be adequately addressed and resolved.

Communication with Shareholders

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, and 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 internet website.

The Company's website is updated from time to time when necessary, and contains various investor-related information on the Group which serves as a resource for investors.

The Company does not have a definitive dividend policy in place. Nonetheless, in deciding dividend payout, various factors including the Group's financial performance, cash flows position, retained earnings, projected capital expenditure requirement and other investment plans are considered by the Board.

Conduct of Shareholder Meetings

The Company encourages greater shareholder participation at general meetings, which serve as a platform for them to communicate to the Board their views on various matters affecting the Group, and also for the Board to solicit and understand the views of shareholders.

The Company regards the general meetings as an opportunity to communicate directly with shareholders and encourages participative dialogue. Shareholders are given the opportunity to air their views and ask questions regarding the Group. The members of the Board and chairman of the Board Committees will attend the general meetings and are available to answer questions from shareholders present. External auditors will also be present at the AGM to address shareholders' queries about the audit and the preparation and content of the auditors' report.

Corporate Governance Report

SHAREHOLDER RIGHTS AND RESPONSIBILITIES (CONT'D)

At general meetings, all issues or matters requiring shareholder approval are set out in separate and distinct resolutions. All shareholders are entitled to vote in accordance with established voting rules and procedures, which are explained to shareholders present at the general meetings.

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

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders and responses from the Board. The minutes will be made available to shareholders upon their request.

SECURITIES TRANSACTIONS

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. A Director or an officer should not deal in the Company's shares on short-term considerations.

Directors' Statement

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2018 and the statement of financial position, and statement of changes in equity of the Company as at 30 June 2018.

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 of the Group and of the Company as at 30 June 2018 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; 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:

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

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Number of shares of no par value Shareholdings in which a director is deemed to have an interest	
	As at 1.7.2017	**As at 30.6.2018**
The Company:		
Tan Sri Cheng Heng Jem	54,062,680	**54,062,680**

By virtue of section 7 of the Singapore Companies 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 2018 were the same as those at the end of the reporting year.

Directors' Statement

4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate.

5. OPTIONS

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

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

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

6. INDEPENDENT AUDITOR

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

7. AUDIT COMMITTEE

The members of the Audit Committee ("AC") at the end of financial year were as follows:

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

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those 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 Listing Manual of the Singapore Exchange Securities Trading Limited).

Directors' Statement

7. AUDIT COMMITTEE (CONT'D)

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 provides non-audit services.

The AC has recommended to the board that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

8. DIRECTORS' OPINION ON THE ADEQUACY OF INTERNAL CONTROLS

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

9. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the financial year ended 30 June 2018 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

CHENG THENG HOW
Director

25 September 2018

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 2018, 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 Financial Reporting Standards in Singapore ("FRSs") 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 2018 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.

Assessment of impairment of 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 has a lime production plant with a net book value of S$2.16 million as at 30 June 2018.

Independent Auditor's Report

To the Members of LION ASIAPAC LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (Cont'd)

Assessment of impairment of property, plant and equipment (Cont'd)

For each reporting year, an assessment for impairment is made on the carrying value of the plant and equipment. The impairment test is performed by management using the discounted cash flow method. The measurement is based on present values of the future cash flows based on a 23-year plan at the date of the impairment test. The discounting is performed using the weighted average cost of capital. The impairment loss, if any, is the excess of the carrying value over the recoverable amount and is recognised in profit or loss.

Management engaged an independent external valuer to support its assessment. The assessment of the recoverable amount requires management's significant judgements and is impacted by a number of key assumptions including long-term growth rate, completion date of relocation to Perak, Malaysia, lime selling price forecast, lime production cost forecast, plant utilisation rate and discount rates. 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, includes procedures around identification of observable impairment indicators, selection of the external valuer and the review of the discounted cash flow projections.

- Involved our own specialists 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 specialists, assessed the independence, competency and experience of the external valuer. We discussed with management and challenged the valuation process and key assumptions by benchmarking to external market data and understand the reasons for significant movement of the key assumptions noted above. We also checked the accuracy and relevance of the input data provided by management to the external valuer, such as revenue and related costs, to supporting documentation. We also considered the adequacy of the disclosures on the degree of critical judgement and estimation made.

- Reviewed the disclosures included in the financial statements against the requirements of the accounting standards.

Other information

Management is responsible for the other information. The other information comprises the information included in directors' statement 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.

Independent Auditor's Report

To the Members of LION ASIAPAC LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Other information (Cont'd)

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 consolidated financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, 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.

Independent Auditor's Report

To the Members of LION ASIAPAC LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

(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.

(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.

Independent Auditor's Report

To the Members of LION ASIAPAC LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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 Lock Chee Wee.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

25 September 2018

Engagement partner – effective from year ended 30 June 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2018

	Note	2018 S$'000	2017 S$'000
Revenue	4	**12,428**	8,225
Other income	5	**3,294**	2,166
Other gains – net	6	**275**	20,940
Expenses			
Purchases of inventories		**(7,820)**	(5,034)
Depreciation and impairment of property, plant and equipment	11	**(948)**	(5,456)
Employee compensation	7	**(1,892)**	(1,701)
Finance costs		**–**	(5)
Other expenses	8	**(4,138)**	(3,432)
Changes in inventories of finished goods		**(64)**	(19)
Total expenses		**(14,862)**	(15,647)
Profit before income tax		**1,135**	15,684
Income tax expense	9	**(91)**	(136)
Total profit		**1,044**	15,548
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets	13	**61**	57
Exchange differences on translating/disposing of foreign operations		**1,172**	(2,101)
Other comprehensive income/(loss), net of tax:		**1,233**	(2,044)
Total comprehensive income		**2,277**	13,504
Profit attributable to:			
Equity holders of the Company		**1,044**	15,548
Total profit		**1,044**	15,548
Total comprehensive income attributable to:			
Equity holders of the Company		**2,277**	13,504
Total comprehensive income		**2,277**	13,504
Earnings per share attributable to equity holders of the Company (expressed in cents per share)			
Basic and diluted earnings per share (cents)	10	**1.29**	19.17

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

Statements of Financial Position

As at 30 June 2018

	Note	Group 2018 S$'000	Group 2017 S$'000	Company 2018 S$'000	Company 2017 S$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**3,345**	3,254	**63**	189
Investments in subsidiaries	12	**–**	–	**337**	337
Available-for-sale financial assets	13	**258**	203	**–**	–
Total non-current assets		**3,603**	3,457	**400**	526
Current assets					
Inventories	15	**5,539**	5,942	**–**	–
Trade and other receivables	16	**4,500**	3,431	**78,045**	68,803
Other current assets	17	**143**	135	**–**	–
Income tax receivable		**47**	139	**9**	74
Cash and cash equivalents	18	**72,060**	69,726	**474**	371
Total current assets		**82,289**	79,373	**78,528**	69,248
Total assets		**85,892**	82,830	**78,928**	69,774
EQUITY AND LIABILITIES					
Equity					
Share capital	19	**47,494**	47,494	**47,494**	47,494
Retained earnings		**40,995**	40,357	**29,933**	20,646
Other reserves	20	**(6,135)**	(7,368)	**–**	–
Capital and reserve attributable to equity holders of the Company		**82,354**	80,483	**77,427**	68,140
Total equity		**82,354**	80,483	**77,427**	68,140
Non-current liabilities					
Deferred tax liabilities	9	**224**	224	**224**	224
Other financial liabilities	21	**–**	30	**–**	30
Total non-current liabilities		**224**	254	**224**	254
Current liabilities					
Trade and other payables	22	**2,854**	2,033	**1,247**	1,320
Other financial liabilities	21	**30**	60	**30**	60
Provision	23	**430**	–	**–**	–
Total current liabilities		**3,314**	2,093	**1,277**	1,380
Total liabilities		**3,538**	2,347	**1,501**	1,634
Total equity and liabilities		**85,892**	82,830	**78,928**	69,774

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

Statements of Changes in Equity

For the Financial Year Ended 30 June 2018

	Attributable to owners of the Company									
	Share capital S$'000	Statutory reserve S$'000	Capital redemption reserve S$'000	Currency translation reserve S$'000	Capital reserve S$'000	Fair value reserve S$'000	Retained earnings S$'000	Total S$'000	Non-controlling interest S$'000	Total equity S$'000
Group										
2018										
Beginning of financial year	**47,494**	**180**	**105**	**(9,822)**	**2,112**	**57**	**40,357**	**80,483**	**–**	**80,483**
Profit for the year	–	–	–	–	–	–	1,044	1,044	–	1,044
Other comprehensive income	–	–	–	1,172	–	61	–	1,233	–	1,233
Total comprehensive income	–	–	–	1,172	–	61	1,044	2,277	–	2,277
Dividends paid (Note 24)	–	–	–	–	–	–	(406)	(406)	–	(406)
Total transaction with owners	–	–	–	–	–	–	(406)	(406)	–	(406)
End of financial year	**47,494**	**180**	**105**	**(8,650)**	**2,112**	**118**	**40,995**	**82,354**	**–**	**82,354**

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

Statements of Changes in Equity

For the Financial Year Ended 30 June 2018

	Attributable to owners of the Company									
	Share capital S$'000	Statutory reserve S$'000	Capital redemption reserve S$'000	Currency translation reserve S$'000	Capital reserve S$'000	Fair value reserve S$'000	Retained earnings S$'000	Total S$'000	Non-controlling interest S$'000	Total equity S$'000
Group										
2017										
Beginning of financial year	**47,494**	**180**	**105**	**(7,721)**	**2,112**	**–**	**25,215**	**67,385**	**134**	**67,519**
Profit for the year	–	–	–	–	–	–	15,548	15,548	–	15,548
Other comprehensive (loss)/income	–	–	–	(2,101)	–	57	–	(2,044)	–	(2,044)
Total comprehensive (loss)/income	–	–	–	(2,101)	–	57	15,548	13,504	–	13,504
Distribution from capital reduction of a subsidiary	–	–	–	–	–	–	–	–	(134)	(134)
Dividends paid (Note 24)	–	–	–	–	–	–	(406)	(406)	–	(406)
Total transaction with owners	–	–	–	–	–	–	(406)	(406)	(134)	(540)
End of financial year	**47,494**	**180**	**105**	**(9,822)**	**2,112**	**57**	**40,357**	**80,483**	**–**	**80,483**

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

Statements of Changes in Equity

For the Financial Year Ended 30 June 2018

	Share capital S$'000	Retained earnings S$'000	Total equity S$'000
Company			
2018			
Beginning of financial year	**47,494**	**20,646**	**68,140**
Total comprehensive income for the year	–	9,693	9,693
Dividends paid (Note 24)	–	(406)	(406)
End of financial year	**47,494**	**29,933**	**77,427**
2017			
Beginning of financial year	**47,494**	**20,632**	**68,126**
Total comprehensive income for the year	–	420	420
Dividends paid (Note 24)	–	(406)	(406)
End of financial year	**47,494**	**20,646**	**68,140**

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

Consolidated Statement of Cash Flows

For the Financial Year Ended 30 June 2018

	2018 S$'000	2017 S$'000
Cash flows from operating activities		
Total profit	**1,044**	15,548
Adjustments for:		
Income tax expense	**91**	136
Depreciation and impairment of property, plant and equipment	**948**	5,456
Gain on disposal of a subsidiary	**–**	(19,647)
(Gain)/loss on disposal on property, plant and equipment	**(16)**	2
Property, plant and equipment written-off	**37**	71
Impairment loss on available-for-sale financial assets	**–**	77
Reversal of impairment loss on trade receivables	**(2,208)**	(1,302)
Interest income	**(987)**	(765)
Unrealised currency translation gains	**(156)**	(949)
	(1,247)	(1,373)
Changes in working capital		
Inventories	**694**	(248)
Trade and other receivables	**1,278**	1,614
Other current assets	**157**	163
Development property for sale	**–**	(42)
Trade and other payables	**707**	204
Provision	**430**	–
Cash generated from operations	**2,019**	318
Income tax paid	**(70)**	(165)
Net cash from operating activities	**1,949**	153
Cash flows from investing activities		
Additions to property, plant and equipment	**(919)**	(120)
Proceeds from disposal of property, plant and equipment	**70**	–
Disposal of a subsidiary, net of costs of disposal (Note 12A)	**–**	20,025
Interest received	**893**	605
Cash subjected to foreign exchange controls	**4,017**	(20,025)
Net cash from investing activities	**4,061**	485
Cash flows from financing activities		
Payment for capital reduction to non-controlling interest	**–**	(134)
Repayment of lease payables	**(60)**	(60)
Dividends paid to equity holders of the Company	**(406)**	(406)
Net cash used in financing activities	**(466)**	(600)
Net increase in cash and cash equivalents	**5,544**	38
Cash and cash equivalent		
Beginning of financial year	**23,692**	23,790
Effects of currency translation on cash and cash equivalents	**807**	(136)
End of financial year (Note 18)	**30,043**	23,692

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

Notes to the Financial Statements

For the financial year ended 30 June 2018

1. GENERAL

Lion Asiapac Limited (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 below.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is not material. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, as required or permitted by FRSs.

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 in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are 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, including income, expenses and cash flows are eliminated on consolidation.

Notes to the Financial Statements

For the financial year ended 30 June 2018

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. Control exists when the Group has the power to govern the financial and operating policies so as to gain benefits from its activities.

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 available-for-sale financial assets in accordance with FRS 39.

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

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the financial year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Interest is recognised using the effective interest method.

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.

Notes to the Financial Statements

For the financial year ended 30 June 2018

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

2A. Significant accounting policies (Cont'd)

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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 recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

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 financial 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.

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.

Notes to the Financial Statements

For the financial year ended 30 June 2018

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

2A. Significant accounting policies (Cont'd)

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, branches and associates, and joint arrangements 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 2018

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 and the asset is 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.

The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and 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

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

Notes to the Financial Statements

For the financial year ended 30 June 2018

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.

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. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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 2018

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

2A. Significant accounting policies (Cont'd)

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price.

The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

Notes to the Financial Statements

For the financial year ended 30 June 2018

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

2A. Significant accounting policies (Cont'd)

Financial assets (Cont'd)

Subsequent measurement: (Cont'd)

3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.

4. Available-for-sale financial assets: These are non-derivative financial assets that are designated as available-for-sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available-for-sale financial assets (other than those relating to foreign exchange translation differences on monetary investments) are recognised in other comprehensive income and accumulated in a separate component of equity under the heading revaluation reserves. Such reserves are reclassified to profit or loss when realised through disposal. When there is objective evidence that the asset is impaired, the cumulative loss is reclassified from equity to profit or loss as a reclassification adjustment. A significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment. If, in a subsequent period, the fair value of an equity instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss, it is reversed against revaluation reserves and is not subsequently reversed through profit or loss. However for debt instruments classified as available-for-sale impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. For non-equity instruments classified as available-for-sale the reversal of impairment is recognised in profit or loss. The weighted average method is used when determining the cost basis of publicly listed equities being disposed of. Usually non-current investments in equity shares and debt securities are classified in this category but it does not include subsidiaries, joint ventures, or associates. Unquoted investments are stated at cost less allowance for impairment in value where there are no market prices, and management is unable to establish fair value by using valuation techniques except that where management can establish fair value by using valuation techniques the relevant unquoted investments are stated at fair value. For unquoted equity instruments impairment losses are not reversed.

   Changes in the fair value of non-functional currency denominated investments classified as available-for-sale are analysed between translation differences and other changes in the carrying amount of the investments. The translation differences on monetary investments are recognised in profit or loss measured based on the amortised cost of the monetary investments; translation differences on non-monetary investments are recognised in other comprehensive income. Interest income calculated using the effective interest method and dividends are recognised in profit or loss. Other changes in the carrying amount of the investments classified as available-for-sale are recognised in other comprehensive income.

Notes to the Financial Statements

For the financial year ended 30 June 2018

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

2A. Significant accounting policies (Cont'd)

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt 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.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: As at the end of the reporting year date, there were no financial liabilities classified in this category.

2. Liabilities at amortised cost: These liabilities are carried at amortised cost using the effective interest method.

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. 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. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, 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; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

Notes to the Financial Statements

For the financial year ended 30 June 2018

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

2A. Significant accounting policies (Cont'd)

Fair value measurement (Cont'd)

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

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.

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.

Notes to the Financial Statements

For the financial year ended 30 June 2018

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

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.

<u>Assessment of impairment of property, plant and equipment:</u>

For each reporting year an assessment for impairment is made on the carrying value of the plant and equipment. The impairment test is performed by management using the discounted cash flow method.

The assessment of the recoverable amount requires management's significant judgements and is impacted by a number of key assumptions including long-term growth rate, completion date of relocation to Perak, Malaysia, lime selling price forecast, lime production cost forecast and plant utilisation rate and discount rates as shown in Note 11A. The recoverable amount is estimated based on a value-in-use basis and compared against the carrying amount of the plant for impairment assessment. 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$2,164,000 (2017: S$2,811,000) in Note 11.

<u>Allowance for doubtful trade accounts:</u>

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and 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 Note 16.

Notes to the Financial Statements

For the financial year ended 30 June 2018

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 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.

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	
	2018	2017
	S$'000	S$'000
Related parties		
Revenue received/receivable	**4,812**	4,169
Purchases of goods	**(385)**	(22)
Interest income received/receivables	**47**	73
Rental recharged	**97**	97
Discount received on rental expense	**14**	14
Penalties received for shortfall on minimum purchases (Note 6)	**46**	43

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

Notes to the Financial Statements

For the financial year ended 30 June 2018

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

3B. Key management compensation:

	Group	
	2018	2017
	S$'000	S$'000
Salaries and other short-term employee benefits	**393**	450
Contribution to defined contribution plans	**24**	24
	417	474

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.

4. REVENUE

	Group	
	2018	2017
	S$'000	S$'000
Sale of goods	**12,428**	8,225

5. OTHER INCOME

	Group	
	2018	2017
	S$'000	S$'000
Interest income	**987**	765
Management fee income	**12**	12
Reversal of impairment loss on trade receivables (Note 16)	**2,208**	1,302
Other	**87**	87
	3,294	2,166

Notes to the Financial Statements

For the financial year ended 30 June 2018

6. OTHER GAINS – NET

	Group	
	2018	2017
	S$'000	S$'000
Currency exchange gains	213	1,252
Gain/(loss) on disposal on property, plant and equipment	16	(2)
Penalties received for shortfall on minimum purchases (Note 3)	46	43
Gain on disposal of a subsidiary (Note 12A)	–	19,647
	275	20,940

7. EMPLOYEE COMPENSATION

	Group	
	2018	2017
	S$'000	S$'000
Wages and salaries	1,646	1,484
Employer's contribution to defined contribution plans	205	183
Other benefits	41	34
	1,892	1,701

8. OTHER EXPENSES

The major and other selected components include the following:

	Group	
	2018	2017
	S$'000	S$'000
Audit fees paid/payable to independent auditors of the Company – current year	69	66
Underprovision for prior year	–	11
Audit fees paid/payable to independent auditors of subsidiaries	47	59
Impairment loss on available-for-sale financial assets	–	77
Reimbursable costs (Note 23)	430	–
Reimbursable cost recoverable (Note 23)	(193)	–
Material handling	277	227
Rental of office	155	153
Rental of equipment	60	54
Transport	1,287	760
Utilities	1,182	1,066

Notes to the Financial Statements

For the financial year ended 30 June 2018

9. INCOME TAX

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

	Group	
	2018	2017
	S$'000	S$'000
Current tax expense:		
Current tax expense	**132**	100
Over adjustments in respect of prior periods	**(41)**	(22)
Subtotal	**91**	78
Deferred tax expense:		
Deferred tax expense	**–**	372
Over adjustments in respect of prior periods	**–**	(314)
Subtotal	**–**	58
Total income tax expense	**91**	136

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% (2017: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2018	2017
	S$'000	S$'000
Profit before tax	**1,135**	15,684
Income tax expense at the above rate	**193**	2,666
Tax effects of:		
Effect of different tax rates in different countries	**(28)**	(546)
Income not subject to tax	**(481)**	(4,011)
Expenses not deductible for tax purposes	**179**	96
Deferred tax assets not recognised	**269**	2,267
Over adjustments in respect of tax in prior periods	**(41)**	(336)
Total income tax expense	**91**	136

9B. Deferred tax expense recognised in profit or loss includes:

The amount of each type of the deferred tax income or expense recognised in profit or loss for the current year is not presented in a table because it is apparent from the changes in the amounts recognised in the statement of financial position.

Notes to the Financial Statements

For the financial year ended 30 June 2018

9. INCOME TAX (CONT'D)

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

	Group	
	2018	2017
	S$'000	S$'000
From deferred tax liabilities recognised in profit or loss:		
Foreign income not remitted	**(224)**	(224)
Presented in statement of financial position as:		
Deferred tax liabilities	**(224)**	(224)

Group			**Unrecognised deferred**	
Unrecognised deferred tax assets:	**Tax losses**		**tax assets**	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Unused tax losses available	**14,357**	13,272	**3,203**	3,026
Unabsorbed capital allowances	**6,868**	6,482	**1,648**	1,556
Unrecognised deferred tax assets	**21,225**	19,754	**4,851**	4,582

The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

10. EARNINGS PER SHARE

The basic earnings amount per share is calculated by dividing the Group's results (net earnings attributable to equity holders 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	
	2018	2017
Net profit attributable to equity holders of the Company (S$'000)	**1,044**	15,548
Weighted average number of ordinary shares ('000) (Note 19)	**81,105**	81,105
Earnings per share (cents)	**1.29**	19.17

The diluted earnings per share is the same as the basic earnings per share as there were no share options outstanding (2017: Nil).

Notes to the Financial Statements

For the financial year ended 30 June 2018

11. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold buildings and infrastructure S$'000	Plant and machinery S$'000	Office equipment and motor vehicle S$'000	Furniture and fittings S$'000	Construction in progress S$'000	Total S$'000
Cost:						
At 1 July 2016	398	28,319	831	57	–	29,605
Currency translation differences	(17)	(1,221)	(7)	(2)	(1)	(1,248)
Additions	–	23	2	4	91	120
Disposals	–	–	(3)	(1)	–	(4)
Written-off	–	(107)	–	(1)	–	(108)
Reclassification	–	90	–	–	(90)	–
At 30 June 2017	381	27,104	823	57	–	28,365
Currency translation differences	21	1,484	9	3	21	1,538
Additions	–	45	12	3	859	919
Disposals	–	(107)	–	–	–	(107)
Written-off	–	(41)	(6)	(3)	–	(50)
At 30 June 2018	402	28,485	838	60	880	30,665
Accumulated depreciation and impairment:						
At 1 July 2016	170	19,919	469	31	–	20,589
Currency translation differences	(7)	(881)	(6)	(1)	–	(895)
Depreciation	19	1,167	141	5	–	1,332
Disposals	–	–	(2)	–	–	(2)
Written-off	–	(36)	–	(1)	–	(37)
Impairment loss	–	4,124	–	–	–	4,124
At 30 June 2017	182	24,293	602	34	–	25,111
Currency translation differences	10	1,306	9	2	–	1,327
Depreciation	20	784	140	4	–	948
Disposals	–	(53)	–	–	–	(53)
Written-off	–	(9)	(2)	(2)	–	(13)
At 30 June 2018	212	26,321	749	38	–	27,320
Carrying value:						
At 1 July 2016	228	8,400	362	26	–	9,016
At 30 June 2017	199	2,811	221	23	–	3,254
At 30 June 2018	190	2,164	89	22	880	3,345

Notes to the Financial Statements

For the financial year ended 30 June 2018

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

Company	**Office equipment and motor vehicle S$'000**
Cost:	
At 1 July 2016, 30 June 2017 and 30 June 2018	630
Accumulated depreciation:	
At 1 July 2016	315
Depreciation	126
At 30 June 2017	441
Depreciation	126
At 30 June 2018	567
Carrying value:	
At 1 July 2016	315
At 30 June 2017	189
At 30 June 2018	63

Included in the property, plant and equipment, there is an amount of S$63,000 (2017: S$189,000) under finance lease agreement (see Note 21A).

11A. Assessment of impairment of property, plant and equipment

At end of the year, the Company engaged an independent professional valuer, Roma Appraisals Limited, to support management's assessment of the enterprise value of Compact Energy Sdn. Bhd. ("Compact"), a cash-generating unit ("CGU") of the Group that operates the lime production plant.

During the year, Compact entered into an agreement to acquire a land parcel in Gopeng, Perak, West Malaysia for the relocation of one of its lime production plants. The relocation is expected to take between 10 and 28 months subject to the successful obtaining of all approvals from the Malaysian authorities.

The enterprise value was measured based on a value-in-use approach. Management has assessed this method to be the most appropriate valuation method based on the view that Compact is a CGU in the lime manufacturing segment.

A discounted cash flow model is used, covering the period from 2019 to 2041. Management estimates a discount rate of 13.96% (2017: 14.27%) using pre-tax rates that reflect current market assessment of the time value of money and risks specific to the CGU.

The projected annual growth from 2019 to 2021 ranges from 6.9% to 28.3% (2017: 0% to 53.6%).

As the recoverable amount was higher than the carrying value of CGU, no impairment (2017: impairment of S$4,124,000) was made for the lime production plant.

Notes to the Financial Statements

For the financial year ended 30 June 2018

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

11A. Assessment of impairment of property, plant and equipment (Cont'd)

Key assumptions and inputs used to determine the reasonable amount:

The fair value measurement of the lime production plant is categorised within Level 3 (non-recurring) of the fair value hierarchy, and the significant unobservable inputs used in the fair value measurement are as follows:

1. Plant utilisation rate that is based on forecasted production volume by management, of sales revenue, divided by plant capacity.

2. Estimated discount rates – Discount rates represent the current market assessment of time value of money and risk specific to the CGU.

3. Revenue growth rate.

Sensitivity to changes in assumptions:

(a) A hypothetical increase or decrease in post-tax discount rates applied to the discounted cash flows would have a lower or higher effect on profit or loss before income tax respectively.

(b) A hypothetical increase or decrease in plant utilisation rate applied to the discounted cash flows would have a higher or lower effect on profit or loss before income tax respectively.

(c) A hypothetical increase or decrease in revenue growth rate applied to the discounted cash flows would have a higher or lower effect on profit or loss before income tax respectively.

12. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018	2017
	S$'000	S$'000
Movements during the year. At cost:		
Beginning of financial year	**337**	502
Capital reduction	**–**	(165)
End of financial year	**337**	337
Carrying value in the books of the Company comprising:		
Unquoted equity shares at cost	**5,087**	5,087
Loan receivables	**–**	37,857
Allowance for impairment	**(4,750)**	(42,607)
Total at cost	**337**	337

Notes to the Financial Statements

For the financial year ended 30 June 2018

12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

	Company	
	2018	2017
	S$'000	S$'000
Movements in allowance for impairment:		
Beginning of financial year	**42,607**	42,607
Reclassified to trade and other receivables (Note 16)	**(37,857)**	–
End of financial year	**4,750**	42,607

The reclassification is due to the disposal of related investment in 2017 (Note 12A).

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

Name of subsidiaries, country of incorporation, place of operations and principal activities	**Carrying value of investments 2018 S$'000**	2017 S$'000
LAP Trading & Marketing Pte. Ltd.[1] Singapore Steel trading	*****	*
LAP Investment Pte. Ltd.[1] Singapore Investment holding	*****	*
LAP Exploration Pte. Ltd.[1] Singapore Investment holding	*****	*
LAP Development Pte. Ltd.[1] Singapore Investment holding	*****	*
Ternair Jaya Sdn. Bhd.[2] Malaysia Investment holding	*****	*
Lion Asiapac Management Consultancy (Shanghai) Co., Ltd[3] The People's Republic of China Management consultancy	**337**	337

Notes to the Financial Statements

For the financial year ended 30 June 2018

12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries, country of incorporation, place of operations and principal activities	Carrying value of investments		Effective percentage of equity held by Group	
	2018	2017	**2018**	2017
	S$'000	S$'000	**%**	%
Held by Subsidiaries:				
LAP Energy Sdn. Bhd.[(2)]				
Malaysia				
Manufacture and sale of dry cargo containers				
(Ceased operations in financial year ended 2000)	*****	*	**100**	100
Compact Energy Sdn. Bhd.[(2)]				
Malaysia				
Lime manufacturing	**1,887**	1,887	**100**	100

#B. The subsidiary that have non-controlling interest are listed below:

Name of subsidiary, country of incorporation, place of operations and principal activities	Carrying value of investments		Effective percentage of equity held by Group	
	2018	2017	**2018**	2017
	S$'000	S$'000	**%**	%
AE Technol Pte. Ltd.[(#a)]				
Singapore				
Distribution of semiconductors and related				
components (Deregistered on 7 August 2017)	**–**	–	**–**	55

Notes:

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

(2) Audited by RSM Malaysia, member 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.

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

(#a) In 2017, the share capital of AE Technol Pte. Ltd., a dormant subsidiary of the Company, was reduced. The capital reduction of the subsidiary did not have any material impact on the earnings per share and net asset value of the Company and the Group. The subsidiary was deregistered from the Register of Companies during the year.

Notes to the Financial Statements

For the financial year ended 30 June 2018

12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

12A. Disposal of a subsidiary

In 2017, the Company completed the disposal of its entire equity interest in Yangzhou Lion Property Development Co., Ltd ("YLPD") held by LAP Development Pte. Ltd. Consequently, YLPD ceased to be a subsidiary of the Company. The effects of the disposal on the cash flows of the Company were as follows:

Carrying amounts of assets and liabilities of YLPD at the date of disposal:

	Year ended 30 June 2017 S$'000
Assets:	
Development property for sale	**36,480**
Other current assets	**2**
Total assets	**36,482**
Liabilities:	
Provision	**36,104**
Total liabilities	**36,104**
Net assets disposed of	**378**

The aggregate cash inflows arising from the disposal of YLPD were as follows:

	Year ended 30 June 2017 S$'000
Net assets disposed of	**378**
Gain on disposal (Note 6)	**19,647**
Cash proceeds from disposal, net of costs of disposal	**20,025**

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2018 S$'000	2017 S$'000
Movements during the year:		
Beginning of financial year	**203**	208
Currency translation differences	**(6)**	15
Fair value gains	**61**	57
Impairment loss recognised in profit or loss	**–**	(77)
End of financial year	**258**	203

Notes to the Financial Statements

For the financial year ended 30 June 2018

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONT'D)

13A. Disclosures relating to investments

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

#A. Investments available-for-sale at fair value through other comprehensive income ("FVTOCI"):

Group	Level	2018 S$'000	2017 S$'000	Percentage held 2018 %	Percentage held 2017 %
Quoted equity shares:					
Australia (a)	1	**258**	203	**4.3**	5.1
Malaysia (b)	3	**–**	–	*****	*
Total investments		**258**	203		

(a) The quoted investment is in Mindax Limited. During the year, there were issuance of ordinary shares that resulted in the dilution of interest.

(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 2017, as such the investment was written down to nil.

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 is as follows:

	Group 2018 S$'000	Group 2017 S$'000
A hypothetical 10% (2017: 10%) increase in the share price of quoted equity shares in Australia would have an effect on other comprehensive income after tax	**21**	17

For similar price decreases in the fair value of the above financial assets, there would have comparable impacts on profit or loss in the opposite direction.

This figure does not reflect the currency risk, which has been considered in the foreign currency risks section (Note 26G).

Notes to the Financial Statements

For the financial year ended 30 June 2018

14. DEVELOPMENT PROPERTY FOR SALE

	Group	
	2018	2017
	S$'000	S$'000
Cost:		
Beginning of financial year	**–**	36,438
Currency translation differences	**–**	359
Additions	**–**	42
Disposal	**–**	(36,839)
End of financial year	**–**	–

Please see Note 12A on disposal of a subsidiary.

15. INVENTORIES

	Group	
	2018	2017
	S$'000	S$'000
Raw materials and consumables	**5,304**	5,656
Finished goods	**235**	286
	5,539	5,942

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Trade receivables:				
Related parties	**3,023**	5,356	**–**	–
Non-related parties	**2,443**	1,492	**–**	–
	5,466	6,848	**–**	–
Less: Allowance for impairment of receivables – related parties	**(1,491)**	(3,615)	**–**	–
Net trade receivables	**3,975**	3,233	**–**	–
Movements in above allowance:				
Beginning of financial year	**3,615**	5,002	**–**	–
Reversal of impairment loss	**(2,208)**	(1,302)	**–**	–
Currency translation differences	**84**	(85)	**–**	–
End of financial year	**1,491**	3,615	**–**	–

Notes to the Financial Statements

For the financial year ended 30 June 2018

16. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Other receivables:				
Subsidiaries	**–**	–	**24,619**	24,311
Related parties	**213**	14	**1**	2
Non-related parties	**105**	24	**–**	–
Interest receivables	**207**	160	**–**	–
Net other receivables	**525**	198	**24,620**	24,313
Loans to subsidiaries	**–**	–	**99,803**	63,517
Less: Allowance for impairment	**–**	–	**(46,378)**	(19,027)
Net loan to subsidiaries	**–**	–	**53,425**	44,490
Total trade and other receivables	**4,500**	3,431	**78,045**	68,803
Movements in above allowance:				
Beginning of financial year	**–**	–	**19,027**	19,043
Reclassified from investment in subsidiary	**–**	–	**37,857**	–
Reversal of impairment loss	**–**	–	**(10,506)**	(16)
End of financial year	**–**	–	**46,378**	19,027

Other receivables and loans to subsidiaries are unsecured, interest-free and repayable on demand.

The loan is carried at amortised cost. The fair value is not determinable as the timing of the future cash flows arising from the loan cannot be estimated reliably.

In 2018, the loan receivables of S$37,857,000 were reclassified to other receivables from investments in subsidiaries due to the disposal of related investment in 2017 (Note 12).

Included in other receivables from related parties is an amount of S$193,000 for the indemnification of a subsidiary for the reimbursable cost payable to Gas Malaysia Berhad (Note 23).

17. OTHER CURRENT ASSETS

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Deposits to secure services	**40**	40	**–**	–
Prepayments	**103**	95	**–**	–
	143	135	**–**	–

Notes to the Financial Statements

For the financial year ended 30 June 2018

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Cash at bank and in hand[a]	**15,986**	24,145	**474**	371
Time deposits[a]	**56,074**	45,581	**–**	–
Cash and cash equivalents in the statements of financial position	**72,060**	69,726	**474**	371
Cash subjected to foreign exchange controls[b]	**(42,017)**	(46,034)	**–**	–
Cash and cash equivalents in the statement of cash flows	**30,043**	23,692	**474**	371

(a) Cash and cash equivalents bear interest rates from 0.4% to 2.1% (2017: 0.4% to 2.1%) per annum.

(b) The cash balances of S$42,017,000 (2017: S$46,034,000) is subjected to the foreign exchange controls in the People's Republic of China.

19. SHARE CAPITAL

	Number of shares issued '000	Share capital S$'000
Group and Company		
Beginning and end of financial years 30 June 2017 and 30 June 2018	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 light of changes in conditions and the risk characteristics of the underlying assets. 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).

There are insignificant external borrowings. The debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk of borrowings.

Notes to the Financial Statements

For the financial year ended 30 June 2018

19. SHARE CAPITAL (CONT'D)

Capital management (Cont'd):

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.

20. OTHER RESERVES

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Statutory reserve (Note 20A)	**180**	180	**–**	–
Capital redemption reserve (Note 20B)	**105**	105	**–**	–
Currency translation reserve (Note 20C)	**(8,650)**	(9,822)	**–**	–
Capital reserve (Note 20D)	**2,112**	2,112	**–**	–
Fair value reserve (Note 20E)	**118**	57	**–**	–
	(6,135)	(7,368)	**–**	–

20A. Statutory reserve

	Group	
	2018	2017
	S$'000	S$'000
Beginning and end of financial year [Note (a)]	**180**	180

20B. Capital redemption reserve

	Group	
	2018	2017
	S$'000	S$'000
Beginning and end of financial year [Note (b)]	**105**	105

Notes to the Financial Statements

For the financial year ended 30 June 2018

20. OTHER RESERVES (CONT'D)

20C. Currency translation reserve

	Group	
	2018	2017
	S$'000	S$'000
Beginning of financial year	**(9,822)**	(7,721)
Reclassification on disposal of a subsidiary	**–**	(1,258)
Net currency translation differences from consolidation of financial statements	**1,172**	(843)
End of financial year [Note (c)]	**(8,650)**	(9,822)

20D. Capital reserve

	Group	
	2018	2017
	S$'000	S$'000
Beginning and end of financial year [Note (d)]	**2,112**	2,112

20E. Fair value reserve

	Group	
	2018	2017
	S$'000	S$'000
Beginning of financial year	**57**	–
Available-for-sale financial assets		
– Fair value gains	**61**	57
End of financial year [Note (e)]	**118**	57

(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) The capital redemption reserve pertains to the redemption of redeemable preference shares by an overseas subsidiary and is not available for payment of dividends.

Notes to the Financial Statements

For the financial year ended 30 June 2018

20. OTHER RESERVES (CONT'D)

20E. Fair value reserve (Cont'd)

(c) 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.

(d) The capital reserve arose from bonus share issue through retained profits by a subsidiary.

(e) Fair value reserve comprises the aggregate cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

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

21. OTHER FINANCIAL LIABILITIES

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Non-current:				
Finance lease payables (Note 21A)	**–**	30	**–**	30
Current:				
Finance lease payables (Note 21A)	**30**	60	**30**	60

21A. Finance lease

	Group and Company		
	Minimum payments	**Finance charges**	**Present value**
	S$'000	**S$'000**	**S$'000**
2018			
Minimum lease payments payables:			
Due within one year	**34**	**(4)**	**30**
Net book value of motor vehicle under finance leases			**63**
2017			
Minimum lease payments payables:			
Due within one year	68	(8)	60
Due within 2 to 5 years	34	(4)	30
	102	(12)	90
Net book value of motor vehicle under finance leases			189

The finance lease payables bears interest rate of 2.68% (2017: 2.68%) per annum, with average lease term of 5 years. The obligations under finance lease payables are secured by the lessor's charge over the leased assets.

Notes to the Financial Statements

For the financial year ended 30 June 2018

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Trade payables:				
Non-related parties	**891**	593	**–**	–
Other payables:				
Non-related parties	**804**	665	**214**	213
Related parties (Note 3)	**120**	3	**–**	–
Subsidiaries (Note 3)	**–**	–	**838**	843
Accruals	**1,039**	772	**195**	264
Other payables – subtotal	**1,963**	1,440	**1,247**	1,320
Total trade and other payables	**2,854**	2,033	**1,247**	1,320

23. PROVISIONS

	Group	
	2018	2017
	S$'000	S$'000
Provision for contractual obligations	**430**	–
Movement in above provisions:		
Beginning of financial year	**–**	36,104
Addition	**430**	–
Currency translation differences	**–**	356
Provision written-back	**–**	(36,460)
End of financial year	**430**	–

In 2017, the above provision for property development contract was written back after the Company disposed of its entire equity interest in Yangzhou Lion Property Development Co., Ltd. The effects of the disposal are disclosed in Note 12A.

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

The Company had earlier entered into an agreement with its related parties to indemnify the subsidiary for the shortfall claim, late payment charges, penalty or other costs payable to GMB. The reimbursable cost payable to GMB will be recovered from its related parties (Note 16).

Notes to the Financial Statements

For the financial year ended 30 June 2018

24. DIVIDENDS

	Group and Company	
	2018	2017
	S$'000	S$'000
Final tax exempt (one-tier) dividends paid in respect of the previous reporting year of 0.5 cent (2017: 0.5 cent) per share	**406**	406

The directors propose that a final dividend of 0.5 cent (2017: 0.5 cent) per share with a total of S$406,000 be paid to shareholders after the annual general meeting to be held on 31 October 2018. This dividend is subject to approval by shareholders at such annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including any new qualifying shares issued up to the date the dividend becomes payable. There are no income tax consequences in respect of the dividends to shareholders.

25. OPERATING LEASE PAYMENT COMMITMENTS – AS LESSEE

At the end of the reporting year, the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Not later than one year	**136**	262	**–**	–
Later than one year and not later than five years	**495**	482	**–**	–
Later than five years	**1,959**	1,978	**–**	–
Rental expenses for the year paid/ payable to related parties	**155**	153	**–**	–

During the year, rental expenses of S$97,000 (2017: S$97,000) was recovered from related and non-related parties.

Notes to the Financial Statements

For the financial year ended 30 June 2018

26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

26A. Categories of financial assets and liabilities

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

	Group		Company	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Financial assets:				
Cash and cash equivalents	**72,060**	69,726	**474**	371
Loan and receivables	**4,500**	3,431	**78,045**	68,803
Available-for-sale financial assets	**258**	203	**–**	–
End of financial year	**76,818**	73,360	**78,519**	69,174
Financial liabilities:				
Trade and other payables measured at amortised cost	**2,854**	2,033	**1,247**	1,320
Other financial liabilities measured at amortised cost	**30**	90	**30**	90
Provision	**430**	–	**–**	–
End of financial year	**3,314**	2,123	**1,277**	1,410

Further quantitative disclosures are included throughout these financial statements.

26B. 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.

Notes to the Financial Statements

For the financial year ended 30 June 2018

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

26C. Fair values of financial instruments

The analyses 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.

26D. 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 consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counterparties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is significant concentration of credit risk on receivables, as the exposure is spread over a small number of counterparties and debtors.

Note 18 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 90 days (2017: 90 days). But some customers take a longer period to settle the amounts.

(a) Ageing analysis of the age of trade receivable amounts that are past due but not impaired as at the end of financial year:

	2018	2017
	S$'000	S$'000
Trade receivables:		
1 to 180 days past due	**1,555**	1,023
Over 180 days past due	**65**	180
Total	**1,620**	1,203

Notes to the Financial Statements

For the financial year ended 30 June 2018

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

26D. Credit risk on financial assets (Cont'd)

(b) Ageing analysis of trade receivable amounts that are impaired as at the end of financial year:

	2018 S$'000	2017 S$'000
Trade receivables:		
Over 180 days past due	**1,491**	3,615
	1,491	3,615

Other receivables are normally with no fixed terms and therefore there is no maturity.

As at 30 June 2018, 62% (2017: 61%) of total trade receivables of the Group was from 3 (2017: 3) main customers.

26E. Liquidity risk – financial liabilities maturity analysis

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

	Less than 1 year S$'000	1 – 5 years S$'000	Total S$'000
Group			
Non-derivative financial liabilities:			
2018:			
Gross finance lease obligations	**34**	**–**	**34**
Trade and other payables	**2,854**	**–**	**2,854**
Provision at amortised cost	**430**	**–**	**430**
At end of financial year	**3,318**	**–**	**3,318**
2017:			
Gross finance lease obligations	68	34	102
Trade and other payables	2,033	–	2,033
At end of financial year	2,101	34	2,135

Notes to the Financial Statements

For the financial year ended 30 June 2018

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

26E. Liquidity risk – financial liabilities maturity analysis (Cont'd)

	Less than 1 year S$'000	1 – 5 years S$'000	Total S$'000
Company			
Non-derivative financial liabilities:			
2018:			
Gross finance lease obligations	**34**	**–**	**34**
Trade and other payables	**1,247**	**–**	**1,247**
At end of financial year	**1,281**	**–**	**1,281**
2017:			
Gross finance lease obligations	68	34	102
Trade and other payables	1,320	–	1,320
At end of financial year	1,388	34	1,422

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.

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 (2017: 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.

26F. Interest rate risk

The interest rate risk exposure is from changes in fixed interest rate and floating interest rates and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant.

The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group 2018 S$'000	Group 2017 S$'000
Financial assets with interest:		
Fixed rates	**56,074**	45,581

Notes to the Financial Statements

For the financial year ended 30 June 2018

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

26F. Interest rate risk (Cont'd)

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.

26G. Foreign currency risks

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

Group	US Dollar S$'000	China Renminbi S$'000	Singapore Dollar S$'000	Australian Dollar S$'000	Total S$'000
2018:					
Financial assets:					
Cash and cash equivalents	**23**	**14,995**	**–**	**–**	**15,018**
Trade and other receivables	**–**	**–**	**405**	**–**	**405**
Available-for-sale financial assets	**–**	**–**	**–**	**258**	**258**
Total financial assets	**23**	**14,995**	**405**	**258**	**15,681**
2017:					
Financial assets:					
Cash and cash equivalents	23	19,696	–	–	19,719
Trade and other receivables	–	–	222	–	222
Available-for-sale financial assets	–	–	–	203	203
Total financial assets	23	19,696	222	203	20,144

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

Sensitivity analysis:

Group	2018 S$'000	2017 S$'000
A hypothetical 1% (2017: 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 post-tax profit of	**124**	164

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

Notes to the Financial Statements

For the financial year ended 30 June 2018

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

26G. Foreign currency risks (Cont'd)

Company	US Dollar S$'000	China Renminbi S$'000	Australian Dollar S$'000	Total S$'000
2018:				
Financial assets:				
Cash and cash equivalents	**21**	**–**	**–**	**21**
Trade and other receivables	**–**	**24,619**	**183**	**24,802**
Total financial assets	**21**	**24,619**	**183**	**24,823**
2017:				
Financial assets:				
Cash and cash equivalents	21	–	–	21
Trade and other receivables	–	24,289	–	24,289
Total financial assets	21	24,289	–	24,310

Sensitivity analysis:

Company	2018 S$'000	2017 S$'000
A hypothetical 1% (2017: 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 post-tax profit of	**204**	202

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 2018

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

26H. Equity price risk

There are investments in equity shares or similar instruments. As a result, such investments are exposed to both currency risk and market price risk arising from uncertainties about future values of the investment securities. The fair values of these assets and sensitivity analysis are disclosed in Note 13.

27. FINANCIAL INFORMATION BY OPERATING SEGMENTS

27A. 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 FRS 108 Operating Segments. This disclosure standard has no impact on the reported results of 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) lime manufacturing, (2) steel trading, (3) property development and (4) 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:

(a) Lime manufacturing – manufacturing of quicklime and hydrated lime.

(b) Steel trading – trading of consumables required for steel product manufacturing.

(c) Property development – building residential and commercial properties for sale.

(d) Investment holding/others – managing investments.

Notes to the Financial Statements

For the financial year ended 30 June 2018

27. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

27B. Profit or loss from continuing operations and reconciliations

	Lime manufacturing S$'000	Steel trading S$'000	Property development S$'000	Investment holding/ others S$'000	Total S$'000
Year ended 30 June 2018					
Revenue	12,428	–	–	–	12,428
Segment results	(903)	(820)	–	(711)	(2,434)
Other income	475	2,124	–	695	3,294
Other (losses)/gains – net	(7)	–	–	282	275
Profit before income tax					1,135
Income tax expense					(91)
Net profit					1,044
Non-cash expenses					
Depreciation	817	5	–	126	948
Reportable segment assets and consolidated total assets	17,147	25,749	–	42,996	85,892
Reportable segmental liabilities	2,577	168	–	539	3,284
Unallocated					
Deferred tax liabilities					224
Other financial liabilities					30
Consolidated total liabilities					3,538
Other segment information					
Capital expenditure	916	3	–	–	919

Notes to the Financial Statements

For the financial year ended 30 June 2018

27. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

27B. Profit or loss from continuing operations and reconciliations (cont'd)

	Lime manufacturing S$'000	Steel trading S$'000	Property development S$'000	Investment holding/ others S$'000	Total S$'000
Year ended 30 June 2017					
Revenue	8,225	–	–	–	8,225
Segment results	(5,747)	(753)	(65)	(857)	(7,422)
Other income	381	1,307	–	478	2,166
Other gains – net	31	–	–	20,909	20,940
Profit before income tax					15,684
Income tax expense					(136)
Net profit					15,548
Non-cash expenses					
Depreciation and impairment	5,326	4	–	126	5,456
Impairment loss on available-for-sale financial assets	77	–	–	–	77
Reportable segment assets and consolidated total assets	15,555	20,260	–	47,015	82,830
Reportable segmental liabilities	1,288	144	–	601	2,033
Unallocated					
Deferred tax liabilities					224
Other financial liabilities					90
Consolidated total liabilities					2,347
Other segment information					
Capital expenditure	119	1	–	–	120

The Group's products are sold to Malaysia, Indonesia, Singapore and other overseas markets, and the management of the Group regularly 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.

Notes to the Financial Statements

For the financial year ended 30 June 2018

27. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

27C. Geographical information

As at 30 June 2018, the Group's three business segments operated in two main geographical areas:

Malaysia – the main activity is lime manufacturing; and

Singapore – the main activity is investment holding.

	Revenue		Non-current assets	
	2018	2017	**2018**	2017
	S$'000	S$'000	**S$'000**	S$'000
Malaysia	**12,428**	8,225	**3,269**	3,050
Singapore	**–**	–	**334**	407
	12,428	8,225	**3,603**	3,457

Revenue is attributed to countries on the basis of operating segment location and non-current assets are shown by the geographical area where the assets are located.

Revenues of approximately S$4,707,000 (2017: S$4,107,000) are derived from related parties. These revenues are attributable to the lime manufacturing segment whose customers are in Malaysia.

27D. Information about major customers

	2018	2017
	S$'000	S$'000
Top 1 customer in lime manufacturing	**4,284**	4,107
Top 2 customers in lime manufacturing	**5,885**	4,483
Top 3 customers in lime manufacturing	**6,958**	4,845

28. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	**Title**
FRS 7	Amendments to FRS 7: Disclosure Initiative
FRS 12	Amendments to FRS 12: Recognition Of Deferred Tax Assets For Unrealised Losses
FRS 112	Amendments to FRS 112: Disclosure of Interests in Other Entities

Notes to the Financial Statements

For the financial year ended 30 June 2018

29. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years, new or revised Singapore Financial Reporting Standards (International) and the related Interpretations to SFRS(I)s ("SFRS(I) INT") 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.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)	1 Jan 2018
SFRS(I) 9	Financial Instruments	1 Jan 2018
SFRS(I) 15	Revenue from Contracts with Customers. Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers	1 Jan 2018
SFRS(I) 16	Leases and Leases – Illustrative Examples & Amendments to Guidance on Other Standards	1 Jan 2019
SFRS(I) INT 22	Foreign Currency Transaction and Advance Consideration	1 Jan 2018
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 Jan 2019

For the future reporting years, new or revised standards (effective for future reporting years) that are expected to have a material impact are as follows:

SFRS(I) 16 Leases is effective for annual periods beginning on or after 1 January 2019 and it replaces SFRS(I) 1-17 and the related interpretations. For the lessee, the biggest change introduced is that almost all leases will be brought onto the statements 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. For the lessor, the accounting remains largely unchanged and the distinction between operating and finance leases is retained. SFRS(I) 16 will be adopted in the financial statements when it becomes mandatory, with the following effects: For the entity's non-cancellable operating lease commitments of S$2,590,000 as at 30 June 2018 (Note 25), a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under SFRS(I) 16. Thus, the entity will have to recognise 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 upon the application of SFRS(I) 16) which might have a material impact on the amounts recognised in the financial statements. However, it is not practicable to provide a reasonable financial estimate of that effect until the detailed review by management is completed.

Companies listed on the Singapore Exchange ("SGX") currently reporting under SFRSs are required to comply with new Singapore Financial Reporting Standards (International) (SFRS(I)s) (issued by the Singapore Accounting Standards Council) that would be equivalent to the International Financial Reporting Standards ("IFRS") (issued by the International Accounting Standards Board (IASB)) for reporting years beginning on after 1 January 2018. The new framework is referred to as SFRS(I)s. Non-listed companies may elect to voluntarily apply SFRS(I)s.

Notes to the Financial Statements

For the financial year ended 30 June 2018

29. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE (CONT'D)

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) will be adopted in the financial statements when it becomes mandatory. Based on the current accounting treatment of the account balances, management does not anticipate that the application of SFRS(I) 1 will have a material impact on the financial position and/or financial performance of the entity.

Annexure
General Mandate for Interested Person Transactions

RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

At the 47th annual general meeting ("AGM") of the Company held on 31 October 2017, 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 48th 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 48th AGM of the Company to be held at The Conference Room, 10 Arumugam Road #10-00 LTC Building A, Singapore 409957 on 31 October 2018 at 11:00 a.m.

General information relating to Chapter 9 of the Listing Manual is set out in in pages 88 to 89 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.

Annexure
General Mandate for Interested Person Transactions

2. **Benefits of the IPT Mandate (Cont'd)**

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.

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.

Annexure
General Mandate for Interested Person 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.

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;

Annexure
General Mandate for Interested Person Transactions

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

5.1 (Cont'd)

(a) Sale of Lime Products (Cont'd)

(iii) (Cont'd)

(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.

(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

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 (Cont'd)

(iii) (Cont'd)

(C) contracts and transactions amounting to or exceeding S$5,000,000 in value to be reviewed and approved by the Audit Committee.

(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;

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 (Cont'd)

(iv) (Cont'd)

(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.

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.

Annexure
General Mandate for Interested Person Transactions

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

5.3 Additional Controls (Cont'd)

(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.

(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 48th 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 48th 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.

Annexure
General Mandate for Interested Person Transactions

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 2018 and 20 September 2018 respectively, can be found in pages 22 and 91 of this Annual Report respectively.

9. **Abstentions**

Tan Sri Cheng Heng Jem, a Non-Executive Director and Controlling Shareholder of the Company, is also a director of LCB, LDHB and ACB, all of which 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 Cheng Theng How, a Non-Executive Director, is also a director of Antara Steel Mills Sdn Bhd, a subsidiary of LICB which is an Interested Person. By virtue of his directorship in the aforementioned company, Mr 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, Mr Cheng Theng How and Mr Lee Whay Keong will decline to accept appointment as proxies to vote and attend at the 48^{th} 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 91 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 48^{th} AGM.

Further, each of the Substantial Shareholders will decline to accept appointment as proxies to vote and attend at the 48^{th} 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.

Annexure
General Mandate for Interested Person Transactions

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 48th 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 47th AGM held on 31 October 2017;

(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.

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.

Annexure
General Mandate for Interested Person Transactions

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**" includes an immediate family member (that is, the spouse, child, adopted child, stepchild, sibling or parent) of such director, chief executive officer, substantial shareholder or controlling shareholder, the trustees of any trust of which such director, chief executive officer, substantial shareholder or controlling shareholder or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which such director, chief executive officer, substantial shareholder or controlling shareholder and his immediate family together (directly or indirectly) have an interest of 30% or more, and, where a substantial shareholder or controlling shareholder is a corporation, "**associate**" 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.

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 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 2018 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 year 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
Amsteel Mills Sdn Bhd	–	4,353
Antara Steel Mills Sdn Bhd	–	423

Shareholding Statistics

As at 20 September 2018

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 (1) 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	266	0.00
100 – 1,000	1,206	37.44	902,902	1.11
1,001 – 10,000	1,706	52.97	6,395,005	7.89
10,001 – 1,000,000	300	9.31	15,469,731	19.07
1,000,001 & above	4	0.12	58,336,635	71.93
Total	3,221	100.00	81,104,539	100.00

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	2,503,180	3.09
Andar Investment Pte Ltd	1,770,775	2.18
Phillip Securities Pte Ltd	902,500	1.11
See Beng Lian Janice	605,500	0.75
Ng Hian Gay	603,200	0.74
OCBC Securities Private Ltd	540,800	0.67
Allan Chua Tiang Kwang	480,000	0.59
Maybank Kim Eng Securities Pte Ltd	408,000	0.50
ABN AMRO Clearing Bank N.V.	404,300	0.50
Tan Kay Yeong	347,100	0.43
Cheong Soh Chin @ Julie	320,000	0.39
Tan Boon Kay	320,000	0.39
Hexacon Construction Pte Ltd	309,400	0.38
Low Chin Yee	297,200	0.37
Citibank Nominees S'pore Pte Ltd	270,000	0.33
Lim Thiam Hong	269,000	0.33
Morph Investments Ltd	260,900	0.32
Gordon Cai Zhen Qiang	228,600	0.28
Total	64,903,135	80.01

Shareholding Statistics

As at 20 September 2018

SHAREHOLDING IN THE HANDS OF PUBLIC

The percentage of shareholding in the hands of public was approximately 33.34% and hence the Company has complied with Rule 723 of the SGX-ST Listing Manual which states that an issuer must ensure that at least 10% of its listed securities is at all time held by the public.

SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

	Number of Shares		Total Percentage
Substantial Shareholder	**Direct Interest**	**Deemed Interest***	**Interest (%)**
Omali Corporation Sdn Bhd[(1)]	24,312,552	–	29.98
Bright Steel Sdn Bhd[(2)]	–	24,312,552	29.98
Total Triumph Investments Limited[(2)]	–	24,312,552	29.98
Lion Corporation Berhad[(3)]	–	24,312,552	29.98
Lion Diversified Holdings Berhad[(4)]	–	24,312,552	29.98
AMB Venture Sdn Bhd[(5)]	29,750,128	–	36.68
Lion AMB Resources Berhad[(6)]	–	29,750,128	36.68
Lion Forest Industries Berhad[(6)]	–	29,750,128	36.68
Amsteel Mills Sdn Bhd[(6)]	–	29,750,128	36.68
Steelcorp Sdn Bhd[(6)]	–	29,750,128	36.68
LLB Steel Industries Sdn Bhd[(6)]	–	29,750,128	36.68
Lion Industries Corporation Berhad[(7)]	–	54,062,680	66.66
Tan Sri Cheng Heng Jem[(8)]	–	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 ("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 Berhad, Lion Forest Industries 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 48th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 48th Annual General Meeting of Lion Asiapac Limited (the "Company") will be held at The Conference Room, 10 Arumugam Road, #10-00 LTC Building A, Singapore 409957 on Wednesday, 31 October 2018 at 11:00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 June 2018 together with the Auditors' Report thereon.

2. To declare a first and final dividend of 0.5 cent per ordinary share (tax-exempt one-tier) for the financial year ended 30 June 2018.

3. To re-elect Mr Sam Chong Keen, a Director retiring pursuant to Article 91 of the Constitution of the Company and who, being eligible, offers himself for re-election.

   (Please see Explanatory Note A)

4. To re-elect Mr Lee Whay Keong, a Director retiring pursuant to Article 91 of the Constitution of the Company and who, being eligible, offers himself for re-election.

   (Please see Explanatory Note A)

5. To approve the payment of S$113,500 as Directors' fees for the financial year ended 30 June 2018 (2017: S$126,084).

6. To re-appoint Messrs RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

7. **General Mandate to Directors to Issue Shares and Convertible Securities**

   To consider and, if thought fit, to pass, with or without amendments, the following resolution as Ordinary Resolution:

   "That pursuant to Section 161 of the Companies Act (Chapter 50 of Singapore), authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); or

Notice of 48th Annual General Meeting

(ii) make or grant offers, agreements or options (collectively, "Instruments") 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,

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 in the capital of the Company 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 in the capital of the Company 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 shall be based on the total number of issued shares excluding treasury shares in the capital of the Company 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 ("SGX-ST") for the time being in force (unless such compliance is waived by the SGX-ST) and the Constitution for the time being of the Company; 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)."

(Please see Explanatory Note B)

Notice of 48th Annual General Meeting

8. **Renewal of the General Mandate for Interested Person Transactions**

To consider and, if thought fit, to pass, with or without amendments, the following resolution as Ordinary Resolution:

"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 in page 80 of this Annual Report, with any party who is of the class or classes of interested persons described in page 80 of this 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 in pages 81 to 85 of this 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."

(Please see Explanatory Note C)

9. To transact such other ordinary business as can be transacted at an Annual General Meeting of the Company.

Notice of 48th Annual General Meeting

NOTICE OF BOOKS CLOSURE DATE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 12 November 2018, for the purpose of determining shareholders' entitlements to the proposed first and final dividend of 0.5 cent per ordinary share (tax-exempt one-tier) for the financial year ended 30 June 2018.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building Singapore 048544 up to 5:00 p.m. on 9 November 2018 will be registered before entitlements to the proposed dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5:00 p.m. on 9 November 2018 will be entitled to the proposed dividend.

The proposed dividend, if approved by shareholders at the 48th Annual General Meeting of the Company to be held on 31 October 2018, will be paid on 21 November 2018.

By Order of the Board

Lah Ling San
Company Secretary

Singapore, 12 October 2018

Explanatory Notes:

A. Messrs Sam Chong Keen and Lee Whay Keong shall retire by rotation pursuant to Article 91 of the Constitution of the Company.

Mr Sam, the Chairman and Independent Director of the Company, will remain as a chairman of the Audit Committee, Nominating Committee and Remuneration Committee upon re-election.

Mr Lee, a Non-Executive Director of the Company, will be considered non-independent upon re-election.

B. The Ordinary Resolution proposed in item 7 above, if passed, will empower the Directors of the Company to issue shares and convertible securities in the capital of the Company up to and not exceeding in aggregate 50% of the total number of issued shares excluding treasury shares, 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, 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.

Notice of 48th Annual General Meeting

C. The Ordinary Resolution proposed in item 8 above, if passed, will enable the Group to enter into certain recurring Interested Person Transactions as described in page 80 of this 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.

Notes:

(a) A member, who is entitled to attend, speak and vote at the Annual General Meeting and is not a relevant intermediary (which has the meaning ascribed to it in Section 181(6) of the Companies Act, Chapter 50 of Singapore), is entitled to appoint up to two proxies to attend, speak and vote in his/her stead at the Annual General Meeting.

(b) A member which is entitled to attend, speak and vote at the Annual General Meeting and is a relevant intermediary may appoint more than two proxies to exercise all or any of his rights to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member (which number and class of shares shall be specified).

(c) A proxy need not be a member of the Company.

(d) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Arumugam Road, #10-00 LTC Building A, Singapore 409957, not less than 48 hours before the time appointed for holding the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and at any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxy(ies) and/or representative(s) appointed for the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with the applicable laws, listing rules, regulations and/or guidelines (collectively the "Purposes"); and

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

IMPORTANT:
1. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
2. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

PROXY FORM

I/We, ______________________________ (Name)

______________________________ (NRIC/Passport No./Co. Registration No.)

of ______________________________ (Address)

being a member(s) of LION ASIAPAC LIMITED (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Number of Ordinary Shares
and/or (delete as appropriate)			

For a relevant intermediary (which has the meaning ascribed to it in Section 181(6) of the Companies Act, Chapter 50 of Singapore), please annex, to this proxy form, the list(s) of additional proxies (as required) setting out the complete information as set out in the immediately preceding boxes above in respect of each proxy. Please see the Notes to the Proxy Form on the reverse page for more information.

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and to vote for *me/us on *my/our behalf at the 48th Annual General Meeting of the Company to be held at The Conference Room, 10 Arumugam Road, #10-00 LTC Building A, Singapore 409957, on Wednesday, 31 October 2018 at 11:00 a.m. and at any adjournment thereof in the following manner.

*I/We direct *my/our proxy/proxies to vote for or against the Resolutions as set out in the Notice of Annual General Meeting. If no specific directions as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the Annual General Meeting and at any adjournment thereof.

* delete accordingly

No.	Resolutions	No. of Votes For	No. of Votes Against
	Ordinary Business		
1.	Adoption of Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 30 June 2018		
2.	Declaration of a first and final dividend of 0.5 cent per share (tax-exempt one-tier)		
3.	Re-election of Mr Sam Chong Keen as Director		
4.	Re-election of Mr Lee Whay Keong as Director		
5.	Approval of payment of Directors' fees		
6.	Re-appointment of Messrs RSM Chio Lim LLP as Auditors		
	Special Business		
7.	General Mandate to Directors to Issue Shares and Convertible Securities		
8.	Renewal of the General Mandate for Interested Person Transactions		

If you wish to exercise all your votes "For" or "Against" the Resolution, please insert a tick (√) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the Resolutions, please insert the relevant number of ordinary shares in the boxes provided.

Dated this ________ day of October 2018.

Total No. of Shares in:	No. of Shares
(1) CDP Register	
(2) Register of Members	

____
Signature(s) or Common Seal of Member(s)

IMPORTANT: Please read notes overleaf.

NOTES:

1. 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 a proxy/proxies shall be deemed to relate to the entire number of shares entered against your name in the Depository Register and registered in your name in the Register of Members.

2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. A proxy need not be a member of the Company. Where such member's form of proxy appoints two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. If no such number of shares is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named proxy.

3. A member which is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such relevant intermediary's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. In relation to a relevant intermediary which wishes to appoint more than two proxies, please annex, to the form of proxy, the list(s) of proxies, setting out, in respect of each proxy, the name, address, NRIC/passport number, class of shares and number of shares in relation to which the proxy has been appointed.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 10 Arumugam Road #10-00, LTC Building A, Singapore 409957, not less than 48 hours before the time appointed for the Annual General Meeting.

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

6. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 a proxy or proxies. In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member of the Company, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal date privacy terms set out in the Notice of Annual General Meeting dated 12 October 2018.

AGM
Proxy Form

AFFIX
POSTAGE
STAMP

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

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