



LION ASIAPAC LIMITED



2019
ANNUAL
REPORT

CONTENTS

1	Corporate Information	37	Consolidated Statement of Profit or Loss and Other Comprehensive Income
2	Chairman's Message	38	Statements of Financial Position
4	Corporate Structure	40	Statements of Changes in Equity
5	Board of Directors	41	Consolidated Statement of Cash Flows
8	Management Team	42	Notes to the Financial Statements
9	Financial Highlights	80	Annexure – General Mandate for Interested Person Transactions
10	Corporate Governance Report	90	Shareholding Statistics
28	Summary of Sustainability Report 2019	92	Notice of 49th Annual General Meeting
29	Statement by Directors	97	Additional Information on Directors Standing for Re-election
32	Independent Auditor's Report		Proxy Form



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 Why Keong

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARIES

Lah Ling San
Silvester Bernard Grant

REGISTERED OFFICE

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#10-00 LTC Building A
Singapore 409957
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Fax: +65 6747 9493
Website: www.lionasiapac.com

SHARE REGISTRAR

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8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel: +65 6593 4848
Fax: +65 6593 4847

INDEPENDENT AUDITOR

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

Partner-in-charge:
Lock Chee Wee
(since financial year 2015)

PRINCIPAL BANKER

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

LAWYER

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

CHAIRMAN'S MESSAGE



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 2019 ("**FY 2019**").

FY 2019 was another challenging year for the Group. Intense competition in the lime segment has continued to depress profit margins. Consequently, despite the surge in revenue, losses in the lime segment persist. For steel consumables trading, the recommencement of activities during the year has helped to ease losses in the segment.

FINANCIAL PERFORMANCE

For the year under review, the Group's revenue stood at S\$32.5 million, representing an increase of 162% over last year's income of S\$12.4 million. This was caused by the resumption of steel consumables

trading of S\$13.5 million and increased demand for lime products of S\$19.0 million.

Although production and sales volume went up, profit margin was diminished by high operating costs. In particular, S\$0.2 million was incurred for the restart of a limekiln and transportation costs doubled from last year to S\$2.6 million.

Whilst interest income hovered around S\$1.0 million, other income and gains dropped from S\$3.6 million to S\$1.5 million, largely owing to an impairment reversal of S\$2.2 million in the previous year. An impairment allowance of S\$0.7 million was made to related party balances, and the depreciation of the Renminbi resulted in a currency exchange loss of S\$0.7 million, against a currency exchange gain of S\$0.2 million last year.

Total expenses of the Group rose up 128% to S\$33.7 million compared to S\$14.8 million last year, mainly owing to a 220% increase in purchases of inventories in line with the growth in sales volume.

As a result, the Group reported a net loss of S\$1.1 million for this year. Whereas, for last year, a net earnings of S\$1.0 million was contributed from the full recovery of trade receivables of S\$2.2 million, previously impaired.

FINANCIAL POSITION

The Group's balance sheet continues to remain healthy, with net assets of \$76.5 million as at 30 June 2019, although it has dipped from last year's S\$82.4 million.

The Group's working capital decreased from S\$78.8 million to S\$73.6 million this year. Cash

CHAIRMAN'S MESSAGE

balances went down by S\$5.0 million mostly due to the dividend declaration of S\$2.8 million and S\$0.7 million used in operating activities. Whilst bank interest of S\$0.8 million was received, S\$0.2 million was incurred in capital expenditure and S\$2.1 million loss in unrealised currency translation.

DIVIDEND

The Board is pleased to propose a final dividend of 0.5 cent per ordinary share (tax-exempt one-tier) for FY 2019, subject to shareholders' approval at the upcoming annual general meeting.

LOOKING AHEAD

The Group continues to focus on developing its core businesses, whilst containing costs, with the view to improving margins in the coming year. Headwinds are expected to persist under current market uncertainties, however the Group will tread cautiously and take advantage of any business opportunities.

Against the backdrop of a softening economic outlook and lingering trade tensions, our priority remains at securing sustainable growth for the Group.

ACKNOWLEDGEMENT

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

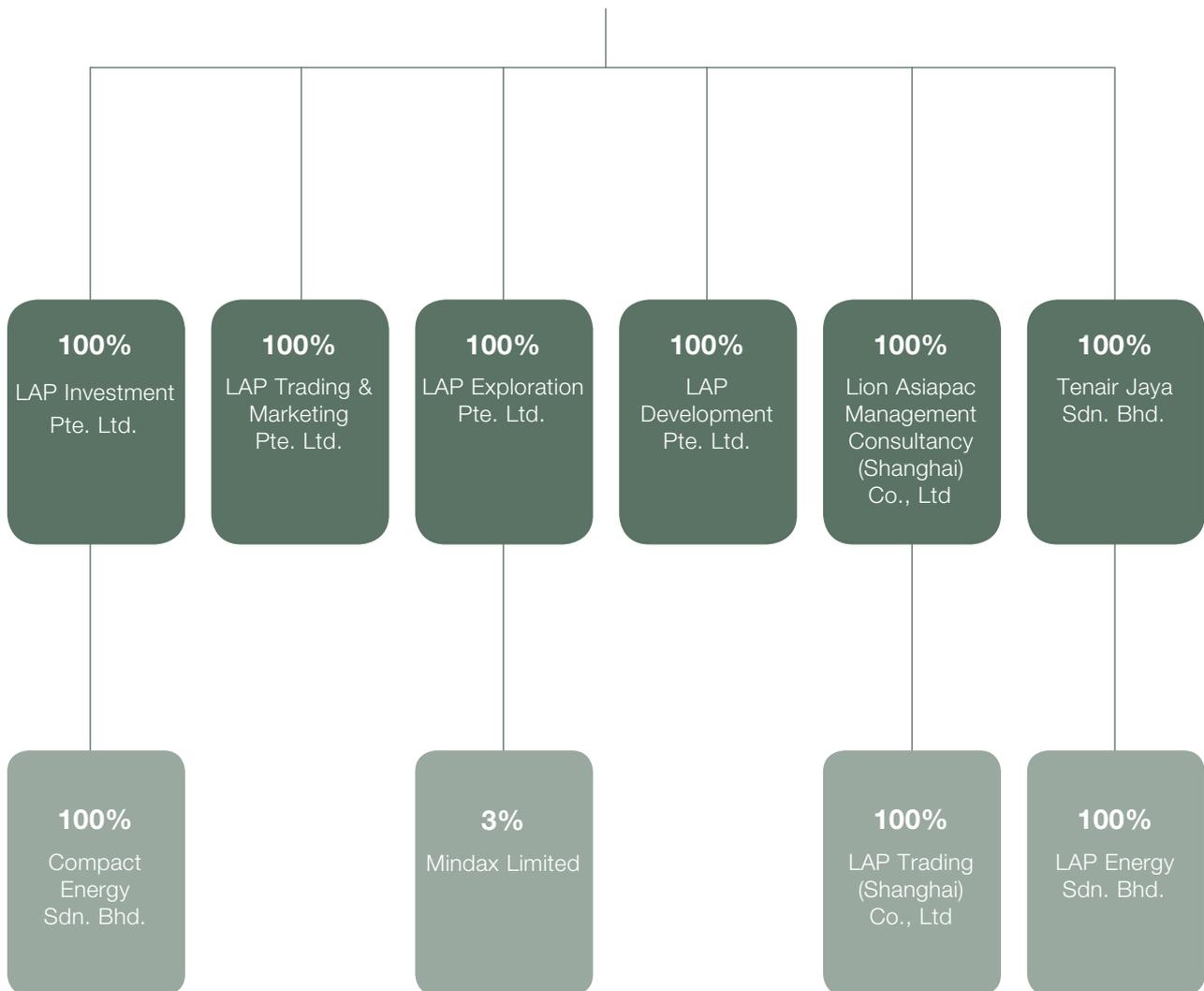


CORPORATE STRUCTURE

As at 25 September 2019



LION ASIAPAC LIMITED



BOARD OF DIRECTORS



SAM CHONG KEEN

Chairman & Independent Director

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

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

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

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

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

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



LOH KGAI MUN

Executive Director

Mr Loh Kgai Mun joined the Board as an Executive Director on 8 August 2008. He was last re-elected as a Director of the Company on 31 October 2017.

He has a wealth of management experience in multi-national organisations as well as listed companies. Prior to 2008, he was the Group General Manager of the Company and oversaw financial, operational and compliance matters of the Group.

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

He currently sits on the board of Mindax Limited ("Mindax"), a company listed on the Australian Securities Exchange. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee of Mindax.

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

BOARD OF DIRECTORS



TAN SRI CHENG HENG JEM

Non-Executive Director

Tan Sri Cheng Heng Jem joined the Board as a Non-Executive Director on 7 September 2010. He was last re-appointed as a Director of the Company on 31 October 2016, and will be seeking for re-election at the forthcoming 49th Annual General Meeting to be held on 31 October 2019.

Tan Sri Cheng has more than 46 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 ACB Resources Berhad, and a Founding Trustee and Chairman of The Community Chest in Malaysia, a company limited by guarantee incorporated for charity purposes.

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



CHENG THENG HOW

Non-Executive Director

Mr Cheng Theng How joined the Board as a Non-Executive Director on 22 February 1997. He also serves as a member of the Audit Committee, Nominating Committee and Remuneration Committee. He was last re-elected as a Director of the Company on 31 October 2017.

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

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

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

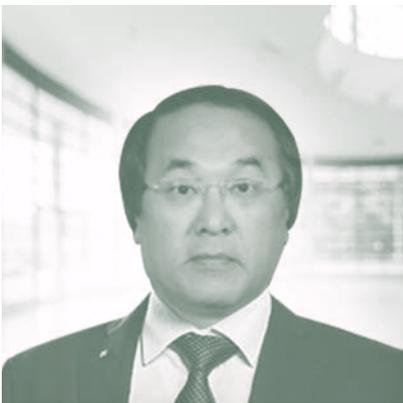
BOARD OF DIRECTORS

**DR CHUA SIEW KIAT***Independent Director*

Dr Chua Siew Kiat joined the Board as an Independent Director on 8 May 2017. He also serves as a member of the Audit Committee, Nominating Committee and Remuneration Committee. Dr Chua was last re-elected as a Director of the Company on 31 October 2017, and will be seeking for re-election at the forthcoming 49th Annual General Meeting to be held on 31 October 2019.

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

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

**LEE WHAY KEONG***Non-Executive Director*

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

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

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

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

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

MANAGEMENT TEAM

WONG MIN SEONG

*Assistant General Manager,
Lime Manufacturing Division*

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

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

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

FAN HONGBO

*Finance Manager
Corporate Division*

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

Prior to joining the Group, he was the Group Accounts Manager at 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.

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

LAH LING SAN

*Company Secretary
Corporate Division*

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

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

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



FINANCIAL HIGHLIGHTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income	30 June 2019 S\$'000	30 June 2018 S\$'000
Continuing Operations		
Revenue		
– Sales of lime	19,042	12,428
– Trading of steel consumables	13,491	–
	32,533	12,428
(Loss)/profit before income tax	(964)	1,135
Total (loss)/profit	(1,106)	1,044
Segmental result		
– Sales of lime	(91)	(903)
– Trading of steel consumables	(455)	(820)
– Investment holding/others	(618)	(711)
	(1,164)	(2,434)
Statement of Financial Position		
	30 June 2019 S\$'000	30 June 2018 S\$'000
Current assets	76,684	82,289
Current liabilities	(2,708)	(3,314)
Net current assets	73,976	78,975
Property, plant and equipment	2,707	3,345
Other financial assets	–	258
Non-current liabilities	(224)	(224)
Net assets	76,459	82,354
Represented by:		
Shareholders' equity	76,459	82,354
Shareholders' funds	76,459	82,354
	30 June 2019 (cents)	30 June 2018 (cents)
(Losses)/earnings per share (basic and diluted)	(1.36)	1.29
Net asset value per ordinary share	94.27	101.54
Interim dividend per ordinary share	3.00	–
Final dividend per ordinary share	0.50	0.50

CORPORATE GOVERNANCE REPORT

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

This report describes the Company’s corporate governance processes and activities which conform to the principles and guidelines of the Code of Corporate Governance 2012 (the “Code”) and an explanation is provided where there is deviation from any guideline of the Code.

BOARD MATTERS

The Conduct of Board’s Affairs

Principal Duties of the Board

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

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

The Board reviews and approves strategic plans, key operational and financial matters, major acquisition and divestment plans, major expenditure projects and funding decisions.

Delegation by the Board

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

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

The Board and its committees met regularly based on schedules planned one year ahead so as to ensure maximum attendance by all participants and as warranted by particular circumstances. On occasions when Directors were unable to attend meetings in person, telephonic participation at the meetings is allowed under the Constitution of the Company. To enable members of the Board and its committees to prepare for the meetings, agendas and materials were circulated at least one week before the meetings.

CORPORATE GOVERNANCE REPORT

BOARD MATTERS (CONT'D)**Board and Board Committees Meetings and Attendance Records of the Board Members (Cont'd)**

The number of meetings of the Company attended by the Directors during the financial year ended 30 June 2019 is set out as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee	General Meeting
Number of meetings held:	5	7	1	1	1
Number of meetings attended:					
Sam Chong Keen	5	7	1	1	1
Loh Kgai Mun	5	n.a.	n.a.	n.a.	1
Tan Sri Cheng Heng Jem	4	n.a.	n.a.	n.a.	1
Cheng Theng How	5	7	1	1	1
Dr Chua Siew Kiat	5	7	1	1	1
Lee Whay Keong	5	n.a.	n.a.	n.a.	1

Board Orientation and Training

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

Appointment Letter to new Director

A formal letter of appointment will be provided to all new directors upon his or her 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 existing operations. Arrangement will be made for all new directors to meet the other Board members on an informal basis, for them to interact and acquaint with each other.

Board Composition and Guidance**Independent Element of the Board**

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

The members of the Board are as follows:

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

CORPORATE GOVERNANCE REPORT

BOARD MATTERS (CONT'D)

Independent Element of the Board (Cont'd)

The NC conducted its annual review of the Directors' independence and was satisfied that the Company complies with the guideline of the Code which provides that at least one-third of the Board is made up of Independent Directors.

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, its related corporations, its 10% shareholders^{Note 1} or its officers that can interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgement to the best interests of the Company. 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 committees 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.

Board Composition and Size

The NC conducted its annual review on the size and composition of the Board which comprises members from different backgrounds and whose core competencies, qualifications, skills and experiences are extensive. 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.

^{Note 1} A "10% shareholder" is a person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share or those shares is not less than 10% of the total votes attached to all the voting shares in the Company. "Voting shares" exclude treasury shares. The Company did not have any treasury shares as at 30 June 2019.

CORPORATE GOVERNANCE REPORT

BOARD MATTERS (CONT'D)

Board Composition and Size (Cont'd)

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

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

Legend:

C: Chairman
M: Member

ED: Executive Director
NED: Non-Executive Director

ID: Independent Director
NID: Non-Independent Director

Board Diversity and Competency of the Board

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

Board performance is evaluated based on 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 was satisfied with the results of the assessment for the financial year ended 30 June 2019 ("FY 2019").

In identifying suitable candidates for new appointment to the Board, the NC will ensure that female candidates are included for consideration. Having said that, gender is but one aspect of diversity and new directors will continue to be selected based on merit, taking into account the contributions the candidates can bring to the Board, as part of the process for new Board appointment and Board succession planning.

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

CORPORATE GOVERNANCE REPORT

BOARD MATTERS (CONT'D)

Role of Non-Executive Directors

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

Chairman and Executive Director

Separation of the Role of Chairman and Executive Director

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

The Executive Director oversees the day-to-day operations of the Group, and is responsible for the execution and management of the Group's strategy as set by the Board. He updates the Board on pertinent developments in the Group's business, as well as identifies, assesses, and advises the Board of any material internal and external issues that may affect the Group. Other than the meetings at the Board and shareholders, during FY 2019, the Executive Director also attended all the meetings convened by Board Committees.

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

Roles and Responsibilities of Chairman

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

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

CORPORATE **GOVERNANCE REPORT****BOARD MATTERS (CONT'D)****Board Membership and Board Performance****NC Membership and Responsibilities**

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

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

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.

The NC also ensures compliance with the provisions of the Constitution of the Company which stipulates that at each annual general meeting ("AGM"), one-third of the Directors (or, if their number is not a multiple of three, the number nearest to one-third), shall retire from office by rotation at least once every three years in accordance with the Constitution, and may stand for re-election.

The NC having reviewed, has recommended to the Board which has agreed for the following Directors to retire by rotation and seek re-election at the Company's forthcoming AGM:

- (a) Tan Sri Cheng Heng Jem; and
- (b) Dr Chua Siew Kiat.

Subject to his re-election, Dr Chua Siew Kiat shall continue to serve as a member of the AC, the NC and the RC.

Additional information on Directors standing for re-election at the Company's forthcoming AGM is set out on pages 97 to 105 of this Annual Report.

Continuous Review of Directors' Independence

Each Director of the Company will annually confirm his independence (or otherwise) based on a checklist. The checklist is drawn up based on the guidelines provided in the Code. The NC has reviewed the independence of the Directors as mentioned above, based on, *inter alia*, their declarations as aforesaid. The NC is also committed to reassess the independence of each individual Director as and when warranted.

CORPORATE GOVERNANCE REPORT

BOARD MATTERS (CONT'D)

Commitments of Directors Sitting On Multiple Boards

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 of Alternate Directors

During FY 2019, the Company had no alternate director on its Board.

Nomination and Selection of Directors

The NC is responsible for making recommendations to the Board on 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, age, 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.

During the financial year, no new Director was appointed to the Board.

Individual Director Evaluation

Each director is appraised by his fellow colleague of the Board, 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 results of the performance evaluation exercise are used as a reference by the Chairman to review, where appropriate, the composition of the Board and its committees, and in consultation with the NC, the effectiveness of the Board's oversight of the Company. The finding of the evaluation is made known to each member of the Board.

CORPORATE GOVERNANCE REPORT

BOARD MATTERS (CONT'D)**Access to Information**

The Directors are provided with complete and adequate information in a timely manner by management. To facilitate an informed decision making, explanatory notes or reports on major operational, financial and corporate issues, together with copies of disclosure documents and/or financial statements are circulated to the Directors at least a week 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 "Secretary"). The Secretary ensures that Board procedures are followed and that applicable rules and regulations are complied with. She also manages the Group's compliance with the requirements of the Companies Act, rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and other applicable regulations. Additionally, the Secretary facilitates information flows between the Board and its committees, as well as between senior management and the Board, and where necessary, manages orientations and assist in professional development. During FY 2019, the Secretary attended all the meetings of the Board and Board committees, with all the associated minutes circulated thereafter. The appointment and removal of the Secretary are subject to the approval of the Board.

REMUNERATION MATTERS**Procedures for Developing Remuneration Policies****RC Composition**

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

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

The authority and duties of the RC, as prescribed in its terms of reference, include the review and recommendation to the Board, a framework of remuneration for the Directors and key management. It covers all aspects of remuneration, including directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits-in-kind.

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

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS (CONT'D)

RC's access to advice on remuneration matters

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

Service Contract

The service contracts of Executive Director and key management staff of the Group do not contain any onerous termination clauses.

Level and Mix of Remuneration

Remuneration of Executive Director and Key Management

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

For FY 2019, the RC is satisfied that the performance-related bonus granted to the Executive Director was reflective of his performance and contribution made by him taking into account the extent to which his performance conditions were met.

Long-term Incentive Scheme

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.

Remuneration of Non-Executive Directors

The Non-Executive Directors are remunerated with Directors' Fees, which are set on an annual basis and in accordance with a remuneration framework comprising basic fees, committee fees and attendance fees. Before recommending to the Board 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.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS (CONT'D)**Contractual provisions to reclaim incentive components of remuneration**

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

Disclosure of Remuneration**Remuneration Report**

Details on the remuneration of Directors and key management for FY 2019 are presented below. During FY 2019, there was no termination, retirement or post-employment benefits, granted to the Directors, the Executive Director or key management staff.

Remuneration of Directors

Remuneration paid to the Directors of the Company for FY 2019 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.

Name of Director	Remuneration	Salary	Bonus	Directors'	Total
	Band			Fees	
Loh Kgai Mun	S\$250,000 to below S\$500,000	73%	27%	–	100%
Sam Chong Keen	Below \$250,000	–	–	100%	100%
Tan Sri Cheng Heng Jem		–	–	100%	100%
Cheng Theng How		–	–	100%	100%
Dr Chua Siew Kiat		–	–	100%	100%
Lee Whay Keong		–	–	100%	100%

Remuneration of Top Five Key Management

The aggregate remuneration paid to the top five key management of the Group (who are not Directors or the Executive Director) for FY 2019 amounted to S\$417,938. For competitive and sensitivity reasons, remuneration paid to key management staff and their names are not disclosed in details.

Employee related to Directors or the Executive Director

There was no employee of the Group who is an immediate family member of any of the Directors or the Executive Director, whose remuneration exceeds S\$50,000 in the financial year under review.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Accountability

Accountability for Accurate Information

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 manner.

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

Risk Management and Internal Control Systems

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.

The Board determines the Company's levels of risk tolerance and risk policies, and oversees 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 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 2019, 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.

CORPORATE **GOVERNANCE REPORT****ACCOUNTABILITY AND AUDIT (CONT'D)****Risk Management and Internal Control Systems (Cont'd)**

Based on the risk management and internal control systems established and maintained by the Group, work performed by the internal auditor, statutory audit undertaken by the external auditor, and reviews performed by management, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal control systems were effective and adequate as at 30 June 2019 to address the financial, operational, compliance and information technology risks of the Group.

Audit Committee**AC Composition**

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

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

Expertise of AC Members

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

Roles, Responsibilities and Authority of AC

The AC carries out the functions 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.

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 auditor on their evaluation of internal controls. It also reviews with the external auditor on any internal control findings noted in the course of their statutory audit.

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

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT (CONT'D)

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

During the financial year, the AC met twice, in the presence of the internal and external auditors, with senior management staff; and five times with the internal auditor and senior management staff. The AC also met once with the internal auditor, and once with the external auditor, without the presence of management staff. It reviewed the consolidated financial statements of the Group and the report of the external auditor before submission to the Board. It also reviewed management's estimates and judgements, adopted in the preparation of the financial statements.

Key Audit Matters ("KAM")

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

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

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

Consequently, the AC is satisfied with the valuation process and methodologies used for the valuation of PPE. The related impairment was an area of concern, hence, has been included as KAM. Please refer to pages 32 to 34 of this Annual Report for more details.

(b) Impairment assessment on the Company's cost of investments in subsidiaries and long-term receivables from subsidiaries

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

The impairment of the Company's cost of investments in subsidiaries and long-term receivables from subsidiaries were areas of concern, hence, has been included as KAM. Please refer to pages 32 to 34 of this Annual Report for more details.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT (CONT'D)**Roles, Responsibilities and Authority of AC (Cont'd)**

The financial statements, including KAM, were recommended to the Board, which approval was obtained on 25 September 2019.

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

Independence of External Auditor

The AC is responsible for nominating external auditor, as well as reviewing the remuneration and terms of engagement of the external auditor 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 auditor.

During FY 2019, RSM Chio Lim LLP, the external auditor, presented the audit plan to the AC. After the review of audit plan, the AC is satisfied with the independence and objectivity of the external auditor, their approach of the audit work and their proposed audit fees.

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

Fees paid to External Auditor	FY2019		FY2018	
	S\$'000	% of Total Fees	S\$'000	% of Total Fees
Total Audit Fees	120	100	116	100
Total Non-Audit Fees	-	-	-	-
Total Fees Paid	120	100	116	100

The nature and extent of any non-audit services performed by external auditor will be reviewed by the AC. There were no non-audit services provided by the external auditor during FY 2019.

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

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT (CONT'D)

Whistle-blowing Policy

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

Internal Auditor and Internal Audit Function

The internal audit team (“IA”) reviews, 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 findings of material policy non-compliance or lapses in internal controls together with remedial measures are reported to the AC. The AC also reviews the adequacy and timeliness of the actions taken by management to rectify the said findings.

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

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

Adequacy and Effectiveness of Internal Audit Function

On an annual basis, the AC reviews the adequacy and effectiveness of the internal audit function. For FY 2019, the AC is satisfied that the IA is adequately resourced to carry out its duties independently and effectively.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Sufficient Information to Shareholders

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

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND RESPONSIBILITIES (CONT'D)

Providing Opportunity for Shareholders to Participate and Vote at General Meetings

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 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 website. Resolutions tabled at general meetings are passed through a process of voting by poll which procedures are clearly explained by the Company Secretary at the beginning of the voting in such general meetings.

Proxies for Nominee Companies

The Company's Constitution allows a shareholder of the Company to appoint not more than two proxies to attend, speak and vote instead of the shareholder at general meetings. Any shareholder who is a Relevant Intermediary (as defined under Section 181(6) of the Companies Act) may appoint more than two proxies to attend, speak and vote at general meetings of the Company. This is to facilitate indirect shareholder including CPF investors to participate in general meetings. Such indirect shareholders where so appointed as proxy, will have the same rights as direct shareholders to attend, speak and vote at general meetings.

In order to have a valid registration of proxy, an instrument appointing a proxy must be deposited at such place or places specified in the notice convening the general meetings at least 48 hours before the time appointed for the general meetings.

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

Disclosure of Information on a Timely Manner

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

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

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND RESPONSIBILITIES (CONT'D)

Dividend Policy

The Company does not have a definitive dividend policy in place. Nonetheless, the Company has been declaring dividends since 2012. In declaring a dividend, the Board takes into consideration numerous factors including the Group's financial performance, cash flows position, retained earnings, projected capital expenditure requirement and other investment plans.

Conduct of Shareholder Meetings

Effective Shareholders' Participation

The Company encourages greater shareholder participation at general meetings, where their views could be communicated to the Board, and for the latter to solicit feedbacks from the 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 be present at general meetings and will made themselves available to address any query. For questions on the audit, the external auditor will also be present at general meetings to provide clarifications.

Separate Resolutions at General Meetings

At general meetings, matters requiring shareholders' approval are set out in separate resolutions. All shareholders are entitled to vote in accordance with established voting rules and procedures, which are explained at general meetings.

Minutes of General Meetings

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.

Voting By Poll at 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 will also be released to SGX-ST after the conclusion of the general meeting.

CORPORATE **GOVERNANCE REPORT****DEALINGS IN SECURITIES**

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

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

SUMMARY OF SUSTAINABILITY REPORT 2019

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

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

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

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

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

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

The full Sustainability Report for 2019 is available at the Company's website:
<http://www.lionasiapac.com/index.php/circulars-and-other-reports>

LOH KGAI MUN
Executive Director

STATEMENT BY DIRECTORS

The directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 30 June 2019.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

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

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

2. DIRECTORS

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

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

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Number of shares of no par value Shareholdings in which a director is deemed to have an interest	
	As at 1.7.2018	As at 30.6.2019
<u>The Company:</u>		
Tan Sri Cheng Heng Jem	54,062,680	54,062,680

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

The director's interest as at 21 July 2019 were the same as those at the end of the reporting year.

STATEMENT BY DIRECTORS

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

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

5. OPTIONS

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

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

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

6. INDEPENDENT AUDITOR

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

7. REPORT OF AUDIT COMMITTEE

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

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

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

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

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

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

STATEMENT BY **DIRECTORS**

8. DIRECTORS' OPINION ON THE ADEQUACY OF INTERNAL CONTROLS

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

9. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 23 August 2019, 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

25 September 2019

.....
LEE WHAY KEONG

Director

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 2019, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Basis for opinion

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

Key audit matters

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

(a) Impairment assessment 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\$1.54 million as at 30 June 2019.

As required by SFRS(I) 1-36: Impairment of Assets, an impairment review is performed when there are indications of impairment. In carrying out the impairment assessment of property, plant and equipment, management determined the recoverable amount based on the higher of fair value less costs of disposal and value-in-use of the cash-generating unit. An impairment loss is the excess of the carrying value over the recoverable amount, if any, and is recognised in profit or loss.

INDEPENDENT AUDITOR'S REPORT

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

Key audit matters (Cont'd)

(a) Impairment assessment of property, plant and equipment (Cont'd)

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

As part of our audit procedures, we have:

- Evaluated management's impairment assessment which, among others, includes procedures around identification of observable impairment indicators, selection of the external valuer, review of the valuation report in determining the fair value less costs of disposal of property, plant and equipment.
- 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. Our specialists also checked the accuracy and relevance of inputs used by external valuer. We also considered the adequacy of the disclosures on the degree of critical judgement and estimation made.
- Considered the necessity to reverse accumulated impairment recognised in previous reporting years.
- Reviewed the disclosures included in the financial statements against the requirements of the financial reporting standards.

(b) Impairment assessment of Company's cost of investments in subsidiaries and long-term receivables from subsidiaries

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

As at 30 June 2019, the Company's cost of investments and long-term receivables from subsidiaries amounted to a total of S\$65,305,000. Collectively, these are considered as the net investments in subsidiaries of the Company and it represents 86% of the total assets in the statement of financial position of the Company.

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

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)

(b) Impairment assessment of Company's cost of investments in subsidiaries and long-term receivables from subsidiaries (Cont'd)

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

As part of our audit procedures, we have:

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

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

INDEPENDENT AUDITOR'S REPORT

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

Responsibilities of management and directors for the financial statements (Cont'd)

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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)

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Lock Chee Wee.

RSM Chio Lim LLP

Public Accountants and
Chartered Accountants
Singapore

25 September 2019

Engagement partner – effective from year ended 30 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 30 June 2019

	Notes	2019 S\$'000	2018 S\$'000
			(Restated)
Revenue	5	32,533	12,428
Other income and gains	6	1,539	3,569
Purchases of inventories		(25,034)	(7,820)
Depreciation of property, plant and equipment	11	(752)	(948)
Employee benefits expense	7	(2,105)	(1,892)
Other expenses	8	(5,958)	(4,138)
Changes in inventories of finished goods		152	(64)
Other losses	6	(1,339)	–
(Loss)/profit before tax		(964)	1,135
Income tax expense	9	(142)	(91)
(Loss)/profit, net of tax		(1,106)	1,044
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss:			
Fair value changes on equity instruments at fair value through other comprehensive income	13A	(237)	61
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(1,713)	1,172
Other comprehensive (loss)/income, net of tax		(1,950)	1,233
Total comprehensive (loss)/income		(3,056)	2,277
(Loss)/profit attributable to:			
Owners of the Company		(1,106)	1,044
(Loss)/profit, net of tax		(1,106)	1,044
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(3,056)	2,277
Total comprehensive (loss)/income		(3,056)	2,277
(Losses)/earnings per share			
Basic and diluted (losses)/earnings per share (cents)	10	(1.36)	1.29

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

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2019

	Notes	30.6.2019 S\$'000	Group 30.6.2018 S\$'000	1.7.2017 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	11	2,707	3,345	3,254
Other financial assets	13	–	258	203
Total non-current assets		2,707	3,603	3,457
Current assets				
Inventories	14	4,310	5,539	5,942
Trade and other receivables	15	4,925	4,500	3,431
Other assets	16	341	143	135
Income tax receivable		70	47	139
Cash and cash equivalents	17	67,038	72,060	69,726
Total current assets		76,684	82,289	79,373
Total assets		79,391	85,892	82,830
EQUITY AND LIABILITIES				
Equity				
Share capital	18	47,494	47,494	47,494
Retained earnings		37,155	40,995	40,357
Other reserves	19	(8,190)	(6,135)	(7,368)
Capital and reserve attributable to owners of the Company		76,459	82,354	80,483
Total equity		76,459	82,354	80,483
Non-current liabilities				
Deferred tax liabilities	9	224	224	224
Other financial liabilities	20	–	–	30
Total non-current liabilities		224	224	254
Current liabilities				
Trade and other payables	21	2,241	2,854	2,033
Income tax payable		51	–	–
Other financial liabilities	20	–	30	60
Provisions	22	416	430	–
Total current liabilities		2,708	3,314	2,093
Total liabilities		2,932	3,538	2,347
Total equity and liabilities		79,391	85,892	82,830

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

STATEMENTS OF FINANCIAL POSITION

	Notes	30.6.2019 S\$'000	Company 30.6.2018 S\$'000 (Restated)	1.7.2017 S\$'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	11	–	63	189
Investments in subsidiaries	12	65,305	78,381	69,138
Total non-current assets		65,305	78,444	69,327
Current assets				
Trade and other receivables	15	82	1	2
Other assets	16	2	–	–
Income tax receivable		–	9	74
Cash and cash equivalents	17	10,351	474	371
Total current assets		10,435	484	447
Total assets		75,740	78,928	69,774
EQUITY AND LIABILITIES				
Equity				
Share capital	18	47,494	47,494	47,494
Retained earnings		26,779	29,933	20,646
Capital and reserve attributable to owners of the Company		74,273	77,427	68,140
Total equity		74,273	77,427	68,140
Non-current liabilities				
Deferred tax liabilities	9	224	224	224
Other financial liabilities	20	–	–	30
Total non-current liabilities		224	224	254
Current liabilities				
Trade and other payables	21	1,243	1,247	1,320
Other financial liabilities	20	–	30	60
Total current liabilities		1,243	1,277	1,380
Total liabilities		1,467	1,501	1,634
Total equity and liabilities		75,740	78,928	69,774

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

STATEMENTS OF CHANGES IN EQUITY

Year Ended 30 June 2019

	Share capital S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total S\$'000
Group				
Current year:				
Opening balance as at 1 July 2018	47,494	(6,135)	40,995	82,354
Loss for the year	–	–	(1,106)	(1,106)
Other comprehensive loss	–	(1,950)	–	(1,950)
Total comprehensive loss for the year	–	(1,950)	(1,106)	(3,056)
Transfer to retained earnings	–	(105)	105	–
Dividends paid (Note 23)	–	–	(2,839)	(2,839)
Closing balance as at 30 June 2019	47,494	(8,190)	37,155	76,459
Previous year:				
Opening balance as at 1 July 2017	47,494	(7,368)	40,357	80,483
Profit for the year	–	–	1,044	1,044
Other comprehensive income	–	1,233	–	1,233
Total comprehensive income for the year	–	1,233	1,044	2,277
Dividends paid (Note 23)	–	–	(406)	(406)
Closing balance as at 30 June 2018	47,494	(6,135)	40,995	82,354
		Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Company				
Current year:				
Opening balance as at 1 July 2018		47,494	29,933	77,427
Total comprehensive loss for the year		–	(315)	(315)
Dividends paid (Note 23)		–	(2,839)	(2,839)
Closing balance as at 30 June 2019		47,494	26,779	74,273
Previous year:				
Opening balance as at 1 July 2017		47,494	20,646	68,140
Total comprehensive income for the year		–	9,693	9,693
Dividends paid (Note 23)		–	(406)	(406)
Closing balance as at 30 June 2018		47,494	29,933	77,427

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 30 June 2019

	2019 S\$'000	2018 S\$'000
Cash flows from operating activities		
(Loss)/profit before tax	(964)	1,135
Adjustments for:		
Depreciation of property, plant and equipment	752	948
Gain on disposal on property, plant and equipment	-	(16)
Property, plant and equipment written-off	7	37
Allowance/(reversal) of impairment loss on trade receivables	678	(2,208)
Interest income	(1,080)	(987)
Unrealised currency translation losses/(gains)	688	(156)
Operating cash flows before changes in working capital	81	(1,247)
Inventories	1,084	694
Trade and other receivables	(943)	1,278
Other current assets	(208)	157
Trade and other payables	(558)	707
Provisions	-	430
Net cash flows (used in)/from operations	(544)	2,019
Income tax paid	(114)	(70)
Net cash flows (used in)/from operating activities	(658)	1,949
Cash flows from investing activities		
Additions to property, plant and equipment	(254)	(919)
Proceeds from disposal of property, plant and equipment	-	70
Interest received	792	893
Cash subjected to foreign exchange control	5,068	4,697
Net cash flows from investing activities	5,606	4,741
Cash flows from financing activities		
Repayment of lease payables	(30)	(60)
Dividends paid to owners of the Company	(2,839)	(406)
Net cash flows used in financing activities	(2,869)	(466)
Net increase in cash and cash equivalents	2,079	6,224
Cash and cash equivalents, statement of cash flows, beginning balance	30,043	23,692
Effects of currency translation on cash and cash equivalents	(197)	127
Cash and cash equivalents, statement of cash flows, ending balance (Note 17)	31,925	30,043

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

1. GENERAL

The Company is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) and incorporated and domiciled in Singapore with limited liabilities. The address of its registered office is 10 Arumugam Road, #10-00 LTC Building A, Singapore 409957.

The financial statements are presented in Singapore dollars and they cover the Company (referred to as “parent”) and the subsidiaries.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are described in Note 12.

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

Statement of compliance with financial reporting standards

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

Accounting convention

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

Basis of preparation of the financial statements

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

Basis of presentation

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL (CONT'D)**Basis of presentation (Cont'd)**

Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION**2A. Significant accounting policies****Revenue recognition**

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sale of goods – Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Other income

Interest income 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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

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

2A. Significant accounting policies (Cont'd)

Employee benefits (Cont'd)

For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Foreign currency transactions

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

Translation of financial statements of other entities

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

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised.

NOTES TO THE **FINANCIAL STATEMENTS****2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)****2A. Significant accounting policies (Cont'd)****Income tax (Cont'd)**

A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

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

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

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

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

2A. Significant accounting policies (Cont'd)

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.

Subsidiaries

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

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

Business combinations

There were no business combinations during the reporting year.

Inventories

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

NOTES TO THE **FINANCIAL STATEMENTS****2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)****2A. Significant accounting policies (Cont'd)****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.

Financial Instruments

Recognition and derecognition of financial instruments:

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

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

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

2A. Significant accounting policies (Cont'd)

Financial Instruments (Cont'd)

Classification and measurement of financial assets: (Cont'd)

2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income ("FVTOCI"): There were no financial assets classified in this category at reporting year end date.
3. Financial asset that is an equity investment measured at FVTOCI. On initial recognition of an equity investment that is not held for trading, an irrevocably election may be made to present subsequent changes in fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis. Fair value changes are recognised in OCI but dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. The gain or loss that is presented in OCI includes any related foreign exchange component arising on non-monetary investments (eg, equity instruments). On disposal, the cumulative fair value changes are not recycled to profit or loss but remain in reserves within equity. The weighted average or specific identification method is used when determining the cost basis of equities being disposed of.
4. Financial asset classified as measured at fair value through profit or loss ("FVTPL"): There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities:

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

Cash and cash equivalents

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

Fair value measurement

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)**2A. Significant accounting policies (Cont'd)****Fair value measurement (Cont'd)**

Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

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

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

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

2B. Other explanatory information**Provisions**

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

Segment reporting

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

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.

Assessment of impairment of property, plant and equipment

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on the fair value less costs of disposal calculations. 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\$1,541,000 (2018: S\$2,164,000).

Allowance for trade receivables

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

Measurement of impairment of subsidiaries

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment loss. This measurement requires significant judgement. The carrying amount of subsidiaries as the end of the reporting year is S\$65,305,000 (2018: S\$78,381,000).

NOTES TO THE FINANCIAL STATEMENTS

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

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

3A. Related party transactions:

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

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

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	
	2019	2018
	S\$'000	S\$'000
Related parties		
Revenue received/receivable	16,790	4,812
Purchases of goods	(1,508)	(385)
Interest income received/receivables	200	47
Rental paid/payable	(112)	(155)
Rental recharged	48	97
Penalties received for shortfall on minimum purchases (Note 6)	358	46

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

3B. Key management compensation:

	Group	
	2019	2018
	S\$'000	S\$'000
Salaries and other short-term employee benefits	396	393
Contribution to defined contribution plans	24	24
	420	417

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

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

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

Group	Related parties	
	30.6.2019 S\$'000	30.6.2018 S\$'000
<u>Other receivables/(other payables):</u>		
Balance at beginning of the year	93	11
Amounts paid out to related parties	634	405
Amounts paid in by related parties	(499)	(512)
Reclassified to outside parties	-	(1)
Reimbursable cost (Note 15)	-	193
Foreign exchange adjustments	(3)	(3)
Balance at end of the year	225	93

Presented in the statement of financial position as follows:

Other receivables (Note 15)	253	213
Other payables (Note 21)	(28)	(120)
Balance at end of the year	225	93

Company	Related parties	
	30.6.2019 S\$'000	30.6.2018 S\$'000
<u>Other receivables:</u>		
Balance at beginning of the year	1	2
Shared office expenses paid on behalf of related parties	11	12
Repayment by related parties	(11)	(12)
Reclassified to outside parties	-	(1)
Balance at end of the year (Note 15)	1	1

Company	Subsidiaries	
	30.6.2019 S\$'000	30.6.2018 S\$'000
<u>Other payables:</u>		
Balance at beginning of the year	(838)	(843)
Amounts paid out to subsidiaries	6	6
Foreign exchange adjustments	3	(1)
Balance at end of the year (Note 21)	(829)	(838)

NOTES TO THE FINANCIAL STATEMENTS

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS**4A. Information about reportable segment profit or loss, assets and liabilities**

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

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

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

- a) Sales of lime – manufacturing and sales of quicklime and hydrated lime.
- b) Trading of steel consumables – trading of consumables required for steel product manufacturing.
- c) Investment holding/others – managing investments.

4B. Profit or loss from continuing operations and reconciliations

	Sales of lime S\$'000	Trading of steel consumables S\$'000	Investment holding/ others S\$'000	Total S\$'000
2019				
Revenue	19,042	13,491	–	32,533
Segment results	(91)	(455)	(618)	(1,164)
Other income and gains	528	241	770	1,539
Other losses	(7)	(679)	(653)	(1,339)
Loss before tax				(964)
Income tax expense				(142)
Loss for the year				(1,106)
Non-cash expenses				
Depreciation	685	4	63	752
2018				
Revenue	12,428	–	–	12,428
Segment results	(903)	(820)	(711)	(2,434)
Other income and gains	468	2,124	977	3,569
Profit before tax				1,135
Income tax expense				(91)
Profit for the year				1,044
Non-cash expenses				
Depreciation	817	5	126	948

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

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

4C. Assets and reconciliations

	Sales of lime S\$'000	Trading of steel consumables S\$'000	Investment holding/ others S\$'000	Total S\$'000
2019				
Reportable segment assets and consolidated total assets	16,433	11,870	51,088	79,391
2018				
Reportable segment assets and consolidated total assets	17,147	25,749	42,996	85,892

4D. Liabilities and reconciliations

	Sales of lime S\$'000	Trading of steel consumables S\$'000	Investment holding/ others S\$'000	Total S\$'000
2019				
Reportable segment liabilities	1,966	152	590	2,708
Unallocated:				
Deferred tax liabilities	-	-	-	224
Consolidated total liabilities				2,932
2018				
Reportable segment liabilities	2,577	168	539	3,284
Unallocated:				
Deferred tax liabilities	-	-	-	224
Other financial liabilities	-	-	-	30
Consolidated total liabilities				3,538

4E. Other material items and reconciliations

	Sales of lime S\$'000	Trading of steel consumables S\$'000	Investment holding/ others S\$'000	Total S\$'000
2019				
Capital expenditure	251	3	-	254
2018				
Capital expenditure	916	3	-	919

NOTES TO THE FINANCIAL STATEMENTS

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)**4E. Other material items and reconciliations (Cont'd)**

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

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

4F. Geographical information

As at 30 June 2019, the Group's three business segments operated in two main geographical areas:

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

Singapore – the main activity is investment holding.

	Revenue		Non-current assets	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Malaysia	31,166	10,827	2,695	3,269
Singapore	1,367	1,601	12	76
	32,533	12,428	2,707	3,345

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

Revenues of approximately S\$16,790,000 (2018: S\$4,707,000) are derived from related parties. These revenues are attributable to the sales of lime and trading of steel consumables segments whose customers are in Malaysia.

4G. Information about major customers

	2019 S\$'000	2018 S\$'000
Top 1 customer in sales of lime and trading of steel consumables	16,422	4,284
Top 2 customers in sales of lime and trading of steel consumables	22,190	5,885
Top 3 customers in sales of lime and trading of steel consumables	24,429	6,958

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

5. REVENUE

Revenue from contracts with customers

	Group	
	2019 S\$'000	2018 S\$'000
Sale of goods	32,533	12,428

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

6. OTHER INCOME AND GAINS AND (OTHER LOSSES)

	Group	
	2019 S\$'000	2018 S\$'000
Allowance for impairment on trade receivables – (loss)/reversal (Note 15)	(678)	2,208
Foreign exchange (losses)/gains	(661)	213
Gain on disposal on property, plant and equipment	–	16
Interest income	1,080	987
Management fee income	12	12
Penalties received for shortfall on minimum purchase (Note 3)	358	46
Other	89	87
Net	200	3,569
Presented in profit or loss as:		
Other income and gains	1,539	3,569
Other losses	(1,339)	–
Net	200	3,569

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2019 S\$'000	2018 S\$'000
Short term employee benefits expense	1,861	1,646
Employer's contribution to defined contribution plans	198	205
Other benefits	46	41
Total employee benefits expense	2,105	1,892

NOTES TO THE FINANCIAL STATEMENTS

8. OTHER EXPENSES

The major and other selected components include the following:

	Group	
	2019 S\$'000	2018 S\$'000
Audit fees paid/payable to independent auditors of the Company – current year	70	69
Underprovision for prior year	4	–
Audit fees paid/payable to independent auditors of subsidiaries	46	47
Maintenance expense	293	177
Material handling	409	277
Property, plant and equipment written-off	7	37
Reimbursable costs	–	430
Reimbursable cost recoverable	–	(193)
Rental of office	161	155
Rental of equipment	73	60
Transport	2,639	1,287
Utilities	1,177	1,182

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

	Group	
	2019 S\$'000	2018 S\$'000
Current tax expense:		
Current tax expense	143	132
Over adjustments in respect of prior periods	(1)	(41)
Total income tax expense	142	91

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% (2018: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2019 S\$'000	2018 S\$'000
(Loss)/profit before tax	(964)	1,135
Income tax (benefit)/expense at the above rate	(164)	193
Expenses not deductible for tax purposes	449	179
Income not subject to tax	–	(481)
Effect of different tax rates in different countries	109	(28)
Over adjustments in respect of tax in prior periods	(1)	(41)
Utilisation of deferred tax assets not recognised	(393)	–
Deferred tax assets not recognised	142	269
Total income tax expense	142	91

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

9. INCOME TAX (CONT'D)

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.

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

	Group and Company		
	30.6.2019 S\$'000	30.6.2018 S\$'000	1.7.2017 S\$'000
<u>Deferred tax liabilities:</u>			
Foreign income not remitted	(224)	(224)	(224)
Total deferred tax liabilities	(224)	(224)	(224)

	Group			
	Gross		Unrecognised deferred tax assets	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
<u>Unrecognised deferred tax assets:</u>				
Unused tax losses available	16,249	15,850	3,648	3,610
Unabsorbed capital allowances	11,956	13,160	2,869	3,158
Unrecognised deferred tax assets	28,205	29,010	6,517	6,768

Included in unrecognised deferred tax assets are tax losses of S\$3,036,000 (2018: S\$3,138,000) and unabsorbed capital allowance of S\$2,869,000 (2018: S\$3,158,000) that will expire between 2025 and 2026. The other unrecognised deferred tax assets for tax losses is available for unlimited future periods.

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

10. (LOSSES)/EARNINGS PER SHARE

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

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

	Group	
	2019	2018
(Loss)/profit, net of tax attributable to owners of the Company (S\$'000)	(1,106)	1,044
Weighted average number of ordinary shares ('000) (Note 18)	81,105	81,105
(Losses)/earnings per share (cents)	(1.36)	1.29

The diluted (losses)/earnings per share is the same as the basic (losses)/earnings per share as there were no share options outstanding (2018: Nil).

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land S\$'000	Leasehold buildings and infrastructure S\$'000	Plant and machinery S\$'000	Office equipment and motor vehicles S\$'000	Furniture and fittings S\$'000	Construction- in-progress S\$'000	Total S\$'000
<u>Cost:</u>							
At 1 July 2017	–	381	27,104	823	57	–	28,365
Additions	–	–	45	12	3	859	919
Disposals	–	–	(107)	–	–	–	(107)
Written-off	–	–	(41)	(6)	(3)	–	(50)
Foreign exchange adjustments	–	21	1,484	9	3	21	1,538
At 30 June 2018	–	402	28,485	838	60	880	30,665
Additions	–	–	45	42	4	163	254
Written-off	–	–	(13)	–	–	–	(13)
Reclassification	713	–	89	–	–	(802)	–
Foreign exchange adjustments	–	(13)	(963)	(1)	(1)	(30)	(1,008)
At 30 June 2019	713	389	27,643	879	63	211	29,898
<u>Accumulated depreciation and impairment:</u>							
At 1 July 2017	–	182	24,293	602	34	–	25,111
Depreciation for the year	–	20	784	140	4	–	948
Disposals	–	–	(53)	–	–	–	(53)
Written-off	–	–	(9)	(2)	(2)	–	(13)
Foreign exchange adjustments	–	10	1,306	9	2	–	1,327
At 30 June 2018	–	212	26,321	749	38	–	27,320
Depreciation for the year	–	19	648	81	4	–	752
Written-off	–	–	(6)	–	–	–	(6)
Foreign exchange adjustments	–	(7)	(861)	(6)	(1)	–	(875)
At 30 June 2019	–	224	26,102	824	41	–	27,191
<u>Carrying value:</u>							
At 1 July 2017	–	199	2,811	221	23	–	3,254
At 30 June 2018	–	190	2,164	89	22	880	3,345
At 30 June 2019	713	165	1,541	55	22	211	2,707

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

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

<u>Company</u>	<u>Office equipment and motor vehicles S\$'000</u>
<u>Cost:</u>	
At 1 July 2017, 30 June 2018 and 30 June 2019	630
<u>Accumulated depreciation:</u>	
At 1 July 2017	441
Depreciation for the year	126
At 30 June 2018	567
Depreciation for the year	63
At 30 June 2019	630
<u>Carrying value:</u>	
At 1 July 2017	189
At 30 June 2018	63
At 30 June 2019	–

There is no amount (2018: S\$63,000) under finance lease agreement (see Note 20A) included in the property, plant and equipment.

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

The Group engaged an independent professional valuer, Roma Appraisals Limited (“ROMA”), to support management’s assessment of the valuation for property, plant and equipment (“PPE”) held by Compact Energy Sdn. Bhd. (“Compact”) for the reporting year ended 30 June 2019.

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

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

In the previous reporting year, the recoverable amount was determined using the value-in-use method. A discounted cash flow model was used to determine the value-in-use, covering the period from 2019 to 2041. Management estimated a discount rate of 13.96% using pre-tax rates that reflected current market assessment of the time value of money and risks specific to the cash-generating unit. The projected annual growth from 2019 to 2041 ranged from 0.0% to 28.3%.

As recoverable amount is based on the higher of fair value less costs of disposal and value-in-use, management adopted the fair value less costs of disposal as the valuation technique for the PPE in 2019. The recoverable amount was higher than the carrying value of the lime production plant and no impairment (2018: Nil) was made. As there is no favourable improvement of the market condition nor improvement in the economic performance of the plant and the related technology, accumulated impairment was not reversed.

NOTES TO THE FINANCIAL STATEMENTS

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 recoverable amount based on FVLCOB:

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

12. INVESTMENTS IN SUBSIDIARIES

	Company		
	30.6.2019	30.6.2018	1.7.2017
	S\$'000	S\$'000	S\$'000
		(Restated)	(Restated)
Unquoted equity shares at cost	5,087	5,087	5,087
Loan receivables ^(a)	109,448	124,422	125,685
Allowance for impairment	(49,230)	(51,128)	(61,634)
Carrying value	65,305	78,381	69,138

- (a) Loan receivables from subsidiaries were classified to investment in subsidiaries as net investment of the Company as these are deemed as long-term receivables in nature.

	Company	
	30.6.2019	30.6.2018
	S\$'000	S\$'000
Movements during the year. At carrying value:		
Balance at beginning of the year	78,381	69,138
Reversal of impairment	1,898	10,506
Repayment of loan receivables	(14,974)	(1,263)
Balance at end of the year	65,305	78,381
Movements in allowance for impairment:		
Balance at beginning of the year	51,128	61,634
Impairment loss reversed to profit or loss	(1,898)	(10,506)
Balance at end of the year	49,230	51,128

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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		
	30.6.2019 S\$'000	30.6.2018 S\$'000	1.7.2017 S\$'000
<u>Held by the Company:</u>			
LAP Trading & Marketing Pte. Ltd. ⁽¹⁾ Singapore Trading of steel consumables	*	*	*
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 Investment holding	337	337	337

Name of subsidiaries, country of incorporation, place of operations and principal activities	Carrying value of investments			Effective percentage of equity held by Group		
	30.6.2019 S\$'000	30.6.2018 S\$'000	1.7.2017 S\$'000	30.6.2019 %	30.6.2018 %	1.7.2017 %
<u>Held by the subsidiaries:</u>						
LAP Energy Sdn. Bhd. ⁽²⁾ Malaysia Manufacture and sale of dry cargo containers (Ceased operations in reporting year ended 2000)	*	*	*	100	100	100
Compact Energy Sdn. Bhd. ⁽²⁾ Malaysia Sales of lime	1,887	1,887	1,887	100	100	100
LAP Trading (Shanghai) Co., Ltd ⁽⁴⁾ The People's Republic of China Trading of steel consumables	10	–	–	100	–	–

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The subsidiary that had non-controlling interest is 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		
	30.6.2019 S\$'000	30.6.2018 S\$'000	1.7.2017 S\$'000	30.6.2019 %	30.6.2018 %	1.7.2017 %
Held by the Company:						
AE Technol Pte. Ltd. Singapore Distribution of semiconductors and related components (Deregistered on 7 August 2017)	-	-	-	-	-	55%

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

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

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

(4) Not audited, as it is immaterial.

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

13. OTHER FINANCIAL ASSETS

	Group		
	30.6.2019 S\$'000	30.6.2018 S\$'000	1.7.2017 S\$'000
Balance is made up of:			
Investment in equity shares at FVTOCI	-	-	-
Available-for-sale at fair value through other comprehensive income ("AFS")	-	258	203
Total at end of the year	-	258	203

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

	Group	
	30.6.2019 S\$'000	30.6.2018 S\$'000
Movements during the year:		
Fair value at beginning of the year	258	203
(Decrease)/increase in fair value through other comprehensive income	(237)	61
Foreign exchange adjustments	(21)	(6)
Fair value at end of the year	-	258

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

13. OTHER FINANCIAL ASSETS (CONT'D)

13B. Disclosures relating to investment in equity shares at FVTOCI and available-for-sale at fair value through other comprehensive income

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

	Level	30.6.2019 S\$'000	Group 30.6.2018 S\$'000	1.7.2017 S\$'000
<u>Fair value at end of the year:</u>				
Quoted equity shares: Australia ^(a)	1	–	258	203
Unquoted equity shares: Malaysia ^(b)	3	–	–	–

	Level	30.6.2019 %	Group 30.6.2018 %	1.7.2017 %
<u>Percentage of equity held by the Group:</u>				
Quoted equity shares: Australia ^(a)	1	3.4	4.3	5.1
Unquoted equity shares: Malaysia ^(b)	3	*	*	*

(a) The quoted investment is in Mindax Limited. During the reporting year, there were issuance of ordinary shares that resulted in the dilution of interests. Subsequent to reporting year end, the quoted equity shares was suspended from trading and has been fully impaired.

(b) The unquoted investment is an equity interest in Lion Corporation Berhad (“LCB”), acquired by a subsidiary of the Company in a scheme of arrangement for overdue trade receivables owed by a related party in 2012. LCB was delisted from Bursa Malaysia in 2017, as such the investment has been written down to nil.

(*) Percentage holding is not significant.

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

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

14. INVENTORIES

	30.6.2019 S\$'000	Group 30.6.2018 S\$'000	1.7.2017 S\$'000
Raw materials and consumables	3,932	5,304	5,656
Finished goods	378	235	286
	4,310	5,539	5,942

There are no inventories pledged as security for liabilities.

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES

	30.6.2019	Group	
	S\$'000	30.6.2018	1.7.2017
		S\$'000	S\$'000
<u>Trade receivables:</u>			
Outside parties	2,682	2,443	1,492
Related parties	3,723	3,023	5,356
Less: Allowance for impairment of receivables – related parties	(2,120)	(1,491)	(3,615)
Net trade receivables	4,285	3,975	3,233
<u>Other receivables:</u>			
Outside parties	92	105	24
Related parties (Note 3) ^(a)	253	213	14
Interest receivables	295	207	160
Net other receivables	640	525	198
Total trade and other receivables	4,925	4,500	3,431

	Group	
	30.6.2019	30.6.2018
	S\$'000	S\$'000
<u>Movements in above allowance:</u>		
At beginning of the year	1,491	3,615
Allowance/(reversal) of impairment loss	678	(2,208)
Foreign exchange adjustments	(49)	84
At end of the year	2,120	1,491

- (a) Other receivables mainly consist of an amount of S\$187,000 (2018: S\$193,000) which pertains to partial amount of reimbursable cost payable to Gas Malaysia Berhad recharged by the Group to its related parties (Note 22).

	Company		
	30.6.2019	30.6.2018	1.7.2017
	S\$'000	S\$'000	S\$'000
		(Restated)	(Restated)
<u>Other receivables:</u>			
Related parties (Note 3)	1	1	2
Interest receivables	81	–	–
Total other receivables	82	1	2

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

15. TRADE AND OTHER RECEIVABLES (CONT'D)

Aging analysis of trade receivables that are past due:

Group	Gross amount S\$'000	Loss allowance S\$'000
30.6.2019:		
1 to 30 days past due	524	–
31 to 60 days past due	388	–
61 to 90 days past due	1,424	88
Over 90 days past due	2,127	2,032
Total	4,463	2,120
 30.6.2018:		
1 to 30 days past due	1,046	–
31 to 60 days past due	219	–
61 to 90 days past due	172	–
Over 90 days past due	1,674	1,491
Total	3,111	1,491

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period. There are no collateral held as security and other credit enhancements for the trade receivables.

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

To determine whether a financial instrument has low credit risk, management uses its internal credit risk ratings (such as external rating of "investment grade" of a financial instrument) or other methodologies that are consistent with a globally understood definition of low credit risk (such as market participant perspective taking into account all of the terms and conditions of the financial instrument).

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade customers is about 30 days (2018: 30 days). But some customers take a longer period to settle the amounts.

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group	
	30.6.2019 S\$'000	30.6.2018 S\$'000
Top 1 customer	1,603	1,480
Top 2 customers	2,528	1,995
Top 3 customers	3,005	2,395

Other receivables:

The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments.

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

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

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

16. OTHER ASSETS

	Group		
	30.6.2019 S\$'000	30.6.2018 S\$'000	1.7.2017 S\$'000
Deposits to secure services	239	40	40
Prepayments	102	103	95
	341	143	135

	Company		
	30.6.2019 S\$'000	30.6.2018 S\$'000	1.7.2017 S\$'000
Deposits to secure services	2	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

17. CASH AND CASH EQUIVALENTS

	Group		
	30.6.2019	30.6.2018	1.7.2017
	S\$'000	S\$'000	S\$'000
Cash at bank and on hand ^(a)	6,528	15,986	24,145
Fixed deposits ^(a)	60,510	56,074	45,581
Cash at end of the year	67,038	72,060	69,726
	Group		
	30.6.2019	30.6.2018	1.7.2017
	S\$'000	S\$'000	S\$'000
Amount as shown above	67,038	72,060	69,726
Cash subjected to foreign exchange control ^(b)	(35,113)	(42,017)	(46,034)
Cash and cash equivalents in the statement of cash flows	31,925	30,043	23,692
	Company		
	30.6.2019	30.6.2018	1.7.2017
	S\$'000	S\$'000	S\$'000
Cash at bank and on hand ^(a)	349	474	371
Fixed deposits ^(a)	10,002	–	–
Cash at end of the year	10,351	474	371

(a) Cash and cash equivalents bear interest rates from 0.0% to 2.7% (2018: 0.0% to 2.1%) per annum.

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

18. SHARE CAPITAL

	Number of shares issued '000	Share capital S\$'000
Group and Company		
Balances as 1 July 2017, 30 June 2018 and 30 June 2019	81,105	47,494

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

Capital management:

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

NOTES TO THE FINANCIAL STATEMENTS

18. 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.

19. OTHER RESERVES

	Group		
	30.6.2019	30.6.2018	1.7.2017
	S\$'000	S\$'000	S\$'000
Statutory reserve ^(a)	180	180	180
Capital redemption reserve ^(b)	–	105	105
Currency translation reserve ^(c)	(10,363)	(8,650)	(9,822)
Capital reserve ^(d)	2,112	2,112	2,112
Fair value reserve ^(e)	(119)	118	57
	(8,190)	(6,135)	(7,368)

19A. Statutory reserve

	Group	
	30.6.2019	30.6.2018
	S\$'000	S\$'000
At beginning and end of the year	180	180

19B. Capital redemption reserve

	Group	
	30.6.2019	30.6.2018
	S\$'000	S\$'000
At beginning of the year	105	105
Transferred to retained earnings	(105)	–
At end of the year	–	105

19C. Currency translation reserve

	Group	
	30.6.2019	30.6.2018
	S\$'000	S\$'000
At beginning of the year	(8,650)	(9,822)
Net currency translation differences from consolidation of financial statements	(1,713)	1,172
At end of the year	(10,363)	(8,650)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

19. OTHER RESERVES (CONT'D)

19D. Capital reserve

	Group	
	30.6.2019 S\$'000	30.6.2018 S\$'000
At beginning and end of the year	2,112	2,112

19E. Fair value reserve

	Group	
	30.6.2019 S\$'000	30.6.2018 S\$'000
At beginning of the year	118	57
(Decrease)/increase in fair value of investments in equity shares at FVTOCI	(237)	61
At end of the year	(119)	118

- (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. This amount has been reclassified to retained earnings pursuant to the Companies Act of Malaysia.
- (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 investments in equity shares at FVTOCI.

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

20. OTHER FINANCIAL LIABILITIES

	Group and Company		
	30.6.2019 S\$'000	30.6.2018 S\$'000	1.7.2017 S\$'000
Non-current:			
Finance lease payables (Note 20A)	-	-	30
Current:			
Finance lease payables (Note 20A)	-	30	60

NOTES TO THE FINANCIAL STATEMENTS

20. OTHER FINANCIAL LIABILITIES (CONT'D)

20A. Finance lease

	Group and Company		
	Minimum payments S\$'000	Finance charges S\$'000	Present value S\$'000
30.6.2019			
Minimum lease payments payables:			
Due within one year	-	-	-
Net book value of motor vehicle under finance leases			-
30.6.2018			
Minimum lease payments payables:			
Due within one year	34	(4)	30
Net book value of motor vehicle under finance leases			63

In 2018, the finance lease payables bore interest rate of 2.68% per annum, with average lease term of 5 years. The obligations under finance lease payables were secured by the lessor's charge over the leased assets.

21. TRADE AND OTHER PAYABLES

	Group		
	30.6.2019 S\$'000	30.6.2018 S\$'000	1.7.2017 S\$'000
<u>Trade payables:</u>			
Outside parties	636	891	593
<u>Other payables:</u>			
Outsides parties	759	804	665
Related parties (Note 3)	28	120	3
Accrued liabilities	818	1,039	772
Other payables – subtotal	1,605	1,963	1,440
Total trade and other payables	2,241	2,854	2,033
Company			
	30.6.2019 S\$'000	30.6.2018 S\$'000	1.7.2017 S\$'000
<u>Other payables:</u>			
Outside parties	214	214	213
Subsidiaries (Note 3)	829	838	843
Accrued liabilities	200	195	264
Total other payables	1,243	1,247	1,320

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

22. PROVISIONS

	30.6.2019	Group	
	S\$'000	30.6.2018	1.7.2017
		S\$'000	S\$'000
Provision for contractual obligations	416	430	–

	Group	
	30.6.2019	30.6.2018
	S\$'000	S\$'000
Movement in above provision:		
At beginning of the year	430	–
Addition	–	430
Currency translation differences	(14)	–
At end of year	416	430

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

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

23. DIVIDENDS

	Rate per share – cents		Group and Company	
	2019	2018	2019	2018
			\$'000	\$'000
Final tax exempt (1-tier) dividend paid	0.5	0.5	406	406
Interim exempt (1-tier) dividend paid	3.0	–	2,433	–
Total dividends paid in the year	3.5	0.5	2,839	406

The directors proposed that a final dividend of 0.5 cent (2018: 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 2019.

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.

NOTES TO THE FINANCIAL STATEMENTS

24. 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	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Not later than one year	265	136	-	-
Later than one year and not later than five years	515	495	-	-
Later than five years	1,775	1,959	-	-
Rental expenses for the year	161	155	-	-

25. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS**25A. Categories of financial assets and liabilities**

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

	Group		
	30.6.2019 S\$'000	30.6.2018 S\$'000	1.7.2017 S\$'000
<u>Financial assets:</u>			
Financial assets at amortised cost	71,963	76,560	73,157
Investment in equity shares at FVTOCI	-	-	-
Available-for-sale through other comprehensive income	-	258	203
At end of the year	71,963	76,818	73,360
<u>Financial liabilities:</u>			
Financial liabilities at amortised cost	2,241	2,884	2,093
At end of the year	2,241	2,884	2,093
	Company		
	30.6.2019 S\$'000	30.6.2018 S\$'000	1.7.2017 S\$'000
<u>Financial assets:</u>			
Financial assets at amortised cost	10,433	475	373
At end of the year	10,433	475	373
<u>Financial liabilities:</u>			
Financial liabilities at amortised cost	1,243	1,277	1,380
At end of the year	1,243	1,277	1,380

Further quantitative disclosures are included throughout these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

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

25B. 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.

25C. Fair values of financial instruments

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

25D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses ("ECL") on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes.

However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

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

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)**25E. Liquidity risk – financial liabilities maturity analysis**

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2018: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

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

Group	Less than 1 year S\$'000
Non-derivative financial liabilities:	
30.6.2019:	
Trade and other payables	2,241
At end of the year	<u>2,241</u>
30.6.2018:	
Gross finance lease obligations	34
Trade and other payables	2,854
At end of the year	<u>2,888</u>
Company	
Non-derivative financial liabilities:	
30.6.2019:	
Trade and other payables	1,243
At end of the year	<u>1,243</u>
30.6.2018:	
Gross finance lease obligations	34
Trade and other payables	1,247
At end of the year	<u>1,281</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

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

25F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position and on some financial instruments not recognised in the statement of financial position.

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

	Group	
	30.6.2019 S\$'000	30.6.2018 S\$'000
Financial assets with interest:		
Fixed rates	60,510	56,074

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.

25G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

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

Group	US Dollar S\$'000	China Renminbi S\$'000	Singapore Dollar S\$'000	Australian Dollar S\$'000	Total S\$'000
30.6.2019:					
Financial assets:					
Cash and cash equivalents	23	14,333	-	-	14,356
Trade and other receivables	-	35	353	-	388
Financial asset at fair value through other comprehensive income	-	-	-	-	-
Total financial assets	23	14,368	353	-	14,744
30.6.2018:					
Financial assets:					
Cash and cash equivalents	23	14,995	-	-	15,018
Trade and other receivables	-	-	405	-	405
Available-for-sale through other comprehensive income	-	-	-	258	258
Total financial assets	23	14,995	405	258	15,681

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)**25G. Foreign currency risks (Cont'd)**

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

Sensitivity analysis:

	Group	
	30.6.2019	30.6.2018
	S\$'000	S\$'000
A hypothetical 1% (2018: 1%) strengthening in the exchange rate of the functional currency against the China Renminbi with all other variables held constant would have an adverse effect on pre-tax (loss)/profit of	144	200

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

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

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

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

26. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year, new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Apart from providing more disclosures, these applicable new or revised standards did not require any significant modification of the measurement methods applied in the financial statements.

SFRS (I) No.	Title
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)
SFRS(I) 9	Financial Instruments
SFRS(I) 15	Revenue from Contracts with Customers
	Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2019

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

For the future reporting years, certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below.

The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards will have on the entity's financial statements in the period of initial application.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 16	Leases and Leases – Illustrative Examples & Amendments to Guidance on Other Standards	1 January 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:

Leases:

The financial reporting standard on leases is effective for annual periods beginning on or after 1 January 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessor, the accounting remains largely unchanged. As for the finance leases of a lessee, as the financial statements have already recognised an asset and a related finance lease liability for the lease arrangement, the application of the new reporting standard on leases is not expected to have a material impact on the amounts recognised in the financial statements. For the lessee 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 entity's non-cancellable operating lease commitments as at 31 December 2018 shown in Note 24, a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under the new reporting standard on leases. 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) which might have a material impact on the amounts recognised in the financial statements. The table below shows the amount by which each financial statement line item is impacted (debits/credits) in the current reporting year 2020 by the application of the new standard on leases:

	1.7.2019 S\$'000
<u>Statement of financial position:</u>	
Rights to use assets	1,081
Lease liabilities	1,081

NOTES TO THE FINANCIAL STATEMENTS

28. RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain splits, regrouping or reclassifications were made in the balances in the financial statements for last year. The material changes in the balances included the following:

		Regrouping/Reclassifications		
		After	Before	Difference
		S\$'000	S\$'000	S\$'000
<u>Group</u>				
<u>30.6.2018 Statement of profit or loss and other comprehensive income:</u>				
Other income and gains	(a)	3,569	–	3,569
Other income	(a)	–	3,294	(3,294)
Other gains – net	(a)	–	275	(275)
<u>Company</u>				
<u>30.6.2018 Statement of financial position:</u>				
Investment in subsidiaries	(b)	78,381	337	78,044
Trade and other receivables	(b)	1	78,045	(78,044)
<u>1.7.2017 Statement of financial position:</u>				
Investment in subsidiaries	(b)	69,138	337	68,801
Trade and other receivables	(b)	2	68,803	(68,801)

- (a) The reclassifications were made to enhance comparability with current year's statement of profit or loss and other comprehensive income only. The changes were for some splits or regrouping in the balances but they did not affect the subtotals in the statement of profit or loss and other comprehensive income.
- (b) Loan receivables from subsidiaries were classified to investment in subsidiaries as net investment to enhance comparability with current year's financial statements.

29. TRANSITION FROM FRSs TO SFRS(I)s

The reporting entity first adopted SFRS(I)s from 1 July 2018, with a date of transition to SFRS(I)s of 1 July 2017. Its last financial statements in accordance with previous GAAP (Singapore Financial Reporting Standards ("FRSs")) were for the reporting year ended 30 June 2018.

As is required by the financial reporting standard on the presentation of financial statements the statement of financial position at the end of the current reporting year and the beginning and end of the preceding reporting year is presented.

ANNEXURE

GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

At the 48th annual general meeting (“AGM”) of the Company held on 31 October 2018, 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 49th 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 49th AGM of the Company to be held at The Conference Room, 10 Arumugam Road #10-00 LTC Building A, Singapore 409957 on 31 October 2019 at 11.00 a.m..

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

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

ANNEXURE **GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**

3. **Classes of Interested Persons**

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

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

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

4. **Categories of Interested Person Transactions**

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

4.1 Sale of Lime Products

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

4.2 Sale of Consumables Required for Steel Product Manufacturing

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

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

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

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

5. **Review Procedures for Interested Person Transactions**

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

ANNEXURE

GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

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

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

(a) Sale of Lime Products

The review procedures are as follows:

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

ANNEXURE **GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**5. **Review Procedures for Interested Person Transactions (Cont'd)**

5.1 (Cont'd)

(b) Sale of Consumables Required for Steel Product Manufacturing

The review procedures are as follows:

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

ANNEXURE

GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

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

5.1 (Cont'd)

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

The review procedures are as follows:

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

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)

(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.

(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.

ANNEXURE

GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

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

5.3 Additional Controls (Cont'd)

- (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 49th 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 49th AGM until the conclusion of the next annual general meeting of the Company or the date by which such annual general meeting is required by law to be held, whichever is the earlier, unless revoked or varied by the Company in a general meeting.

7. **Disclosure**

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

ANNEXURE **GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**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 2019 and 16 September 2019 respectively, can be found in pages 29 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 and ACB, both of whom are Interested Persons. By virtue of his directorships in the aforementioned companies, Tan Sri Cheng will abstain from voting his shares, if any, in respect of the ordinary resolution relating to the renewal of the IPT Mandate.

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

Further, Tan Sri Cheng Heng Jem and Mr Lee Whay Keong will decline to accept appointment as proxies to vote and attend at the 49th 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 49th AGM.

Further, each of the Substantial Shareholders will decline to accept appointment as proxies to vote and attend at the 49th AGM in respect of the ordinary resolution approving the renewal of the IPT Mandate unless the Shareholder concerned shall have given specific instructions as to the manner in which his votes are to be cast.

10. **Directors' Recommendation**

The Independent Directors are of the opinion that the renewal of the IPT Mandate is in the best interests of the Company and not prejudicial to the interests of minority Shareholders. Accordingly, the Independent Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the renewal of the IPT Mandate at the forthcoming 49th 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 48th AGM held on 31 October 2018;
- (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

ANNEXURE

GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

11. Statement of the Audit Committee (Cont'd)

- (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.

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.

ANNEXURE **GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS****GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL (CONT'D)****Definitions (Cont'd)**

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).

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 2019 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	–	18,434
Antara Steel Mills Sdn Bhd	–	367

SHAREHOLDING STATISTICS

As at 16 September 2019

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

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 – 99	5	0.16	204	0.00
100 – 1,000	1,177	37.85	880,142	1.09
1,001 – 10,000	1,629	52.38	6,072,805	7.49
10,001 – 1,000,000	295	9.48	15,581,753	19.21
1,000,001 & above	4	0.13	58,569,635	72.21
Total	3,110	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	2,736,180	3.37
Andar Investment Pte Ltd	1,770,775	2.18
See Beng Lian Janice	605,500	0.75
Ng Hian Gay	603,200	0.74
OCBC Securities Private Ltd	519,600	0.64
Allan Chua Tiang Kwang	480,000	0.59
Morph Investments Ltd	445,000	0.55
Phillip Securities Pte Ltd	445,000	0.55
ABN AMRO Clearing Bank N.V.	406,400	0.50
Maybank Kim Eng Securities Pte Ltd	406,300	0.50
Tan Kay Yeong	370,000	0.46
Gordon Cai Zhen Qiang	360,000	0.45
Cheong Soh Chin @ Julie	320,000	0.39
Tan Boon Kay	320,000	0.39
Hexacon Construction Pte Ltd	309,400	0.38
Citibank Nominees Singapore Pte Ltd	282,000	0.35
Lim Thiam Hong	269,000	0.33
Fong Soon Yong	256,200	0.32
Total	64,967,235	80.10

SHAREHOLDING STATISTICS

SHAREHOLDING HELD IN THE HANDS OF THE PUBLIC

Based on information available to the Company as at 16 September 2019, approximately 33.34% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

Substantial Shareholder	Number of Shares		Total Percentage Interest (%)
	Direct Interest	Deemed Interest*	
Omali Corporation Sdn Bhd ⁽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 49TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 49th 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 Thursday, 31 October 2019 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

- | | | |
|----|--|------------------------------|
| 1. | To receive and adopt the Directors’ Statement, Audited Financial Statements and the Independent Auditor’s Report for the financial year ended 30 June 2019. | Ordinary Resolution 1 |
| 2. | To declare a one-tier tax exempt final dividend of 0.5 cent per share for the financial year ended 30 June 2019. | Ordinary Resolution 2 |
| 3. | To re-elect Tan Sri Cheng Heng Jem, a Director retiring pursuant to Article 91 of the Constitution of the Company and who, being eligible, offers himself for re-election. | Ordinary Resolution 3 |
| 4. | To re-elect Dr Chua Siew Kiat, a Director retiring pursuant to Article 91 of the Constitution of the Company and who, being eligible, offers himself for re-election. | Ordinary Resolution 4 |
| 5. | To approve the payment of S\$112,500 as Directors’ fees for the financial year ended 30 June 2019 (2018: S\$113,500). | Ordinary Resolution 5 |
| 6. | To re-appoint RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |

SPECIAL BUSINESS:

To consider and if thought fit, to pass, with or without any modification, the following resolutions, of which Resolutions 7 and 8 will be proposed as Ordinary Resolutions and Resolutions 9 and 10 will be proposed as Special Resolutions:

- | | | |
|----|---|------------------------------|
| 7. | General Mandate to Directors to Issue Shares and Convertible Securities | Ordinary Resolution 7 |
| | <p>“That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “Companies Act”), authority be and is hereby given to the Directors of the Company to:</p> <p>(a) (i) issue shares in the capital of the Company (“<u>shares</u>”) (whether by way of rights, bonus or otherwise); or</p> <p>(ii) make or grant offers, agreements or options (collectively, “<u>Instruments</u>”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares;</p> <p>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</p> <p>(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,</p> | |

NOTICE OF 49TH ANNUAL GENERAL MEETING

provided that:

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

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

“That:

- (a) approval be and is hereby given for the renewal of the general mandate for the Company, its subsidiaries and associated companies (collectively, the “Group”) which fall within the definition of “entities at risk” under Chapter 9 of the listing manual of the SGX-ST (the “Listing Manual”) or any of them to enter into the transactions falling within the categories of interested person transactions (“Interested Person Transactions”) set out on page 81 of the Company’s 2019 Annual Report (the “Annual Report”), with any party who

NOTICE OF 49TH ANNUAL GENERAL MEETING

is of the class or classes of interested persons described on page 81 of the Annual Report, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders, and are entered into in accordance with the review procedures for Interested Person Transactions as set out on pages 81 to 86 of the Annual Report (such general mandate, hereinafter called the “IPT Mandate”);

- (b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which such Annual General Meeting is required by law to be held, whichever is the earlier;
- (c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and
- (d) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such other acts and things as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the IPT Mandate.”

9. **The Proposed Adoption of the New Constitution**

Special Resolution 9

“That the new Constitution of the Company (the “New Constitution”) submitted to this Meeting and, for the purpose of identification, subscribed to by the Chairman, be and is hereby approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing memorandum and articles of association of the Company.”

10. **The Proposed Alteration of Objects in the New Constitution**

Special Resolution 10

“Subject and conditional upon Special Resolution 9 above being passed, that the objects of the Company, which are incorporated from the existing memorandum of association of the Company and contained in Regulation 5 of the New Constitution, be altered in the manner and to the extent as set out in Appendix 2 to the Company’s letter to shareholders dated 7 October 2019 (the “Letter”).”

By Order of the Board

Lah Ling San
Company Secretary

Singapore
7 October 2019

NOTICE OF 49TH ANNUAL GENERAL MEETING

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) 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 who is entitled to attend, speak and vote at the Annual General Meeting and is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote in his/her stead 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 or the office of the Company's share registrar at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, 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 the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"),
- (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
- (iii) 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.

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 2019, for the purpose of determining shareholders' entitlements to the proposed one-tier tax exempt final dividend of 0.5 cent per ordinary share for the financial year ended 30 June 2019.

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 049544 up to 5.00 p.m. on 11 November 2019 will be registered to determine shareholders' entitlements to the proposed dividend. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 11 November 2019 will be entitled to the proposed dividend.

The proposed dividend, if approved by shareholders at the 49th Annual General Meeting of the Company to be held on 31 October 2019, will be paid on 21 November 2019.

NOTICE OF 49TH ANNUAL GENERAL MEETING

Explanatory Notes:

Ordinary Resolution 3 – Subject to his re-election, Tan Sri Cheng Heng Jem, who is a Non-Executive Director, will continue to serve as a member of the Board.

Ordinary Resolution 4 – Subject to his re-election, Dr Chua Siew Kiat, who is an Independent Director, will continue to serve as a member of the Audit Committee, Nominating Committee and Remuneration Committee.

In relation to Ordinary Resolutions 3 and 4, please refer to the “Additional Information on Directors Standing for Re-election” section in the Annual Report for more information.

Ordinary Resolution 7 – If passed, will empower the Directors of the Company to issue shares and convertible securities in the capital of the Company of up to and not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which the issue of shares and convertible securities other than on a *pro rata* basis shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings), for such purposes as they consider would be in the interests of the Company. This authority shall, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company or the date by which such Annual General Meeting is required by law to be held, whichever is the earlier.

Ordinary Resolution 8 – If passed, will enable the Group to enter into certain recurring Interested Person Transactions as described on page 81 of the Annual Report and will empower the Directors to do all acts necessary to give effect to the IPT Mandate. This authority shall, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company or the date by which such Annual General Meeting is required by law to be held, whichever is the earlier.

Special Resolution 9 – If passed, will allow for the adoption of the New Constitution following the wide-ranging changes to the Companies Act, introduced since the Company’s existing memorandum and articles of association comprising the existing Constitution of the Company were last amended. The New Constitution will consist mainly of the provisions of the existing memorandum and articles of association, and incorporate various amendments as detailed in the Letter. Please refer to the Letter for more details.

Special Resolution 10 – If passed, will allow for the alteration of the objects of the Company, which are incorporated from the existing memorandum and articles of association and contained in Regulation 5 of the New Constitution, if shareholders of the Company vote in favour of Special Resolution 9 above for the proposed adoption of the New Constitution. Regulation 5, as amended, will provide that the Company has full capacity, rights, powers and privileges to carry on or undertake any business or activity, do any act or enter into any transaction, subject to the Companies Act, any other written law and the New Constitution. Please refer to the Letter for more details.

ADDITIONAL INFORMATION ON DIRECTORS STANDING FOR RE-ELECTION

Pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the additional information on Tan Sri Cheng Heng Jem and Dr Chua Siew Kiat, each of whom is standing for re-election as a Director at the 49th Annual General Meeting of the Company on 31 October 2019, is provided below for self-explanatory.

The information shall be read in conjunction with their respective biographies set out on pages 6 and 7.

	Tan Sri Cheng Heng Jem	Dr Chua Siew Kiat
Age	76	57
Country of Principal Residence	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The re-election of Tan Sri Cheng as a Non-Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation after taking into consideration a variety of factors including the relevant expertise and experience that are required on the Board and time commitments.</p> <p>Tan Sri Cheng has abstained from the deliberation of the Board pertaining to his re-election.</p>	<p>The re-election of Dr Chua as an Independent Director was recommended by the Nominating Committee and the Board has accepted the recommendation after taking into consideration a variety of factors including the relevant expertise and experience that are required on the Board and time commitments.</p> <p>Dr Chua has abstained from the deliberation of the Nominating Committee and that of the Board pertaining to his re-election.</p>
Shareholding interest in the Company and its subsidiaries	Please refer to item no. 3 – “Directors’ Interests in Shares and Debentures” under Statement by Directors of the Annual Report.	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	Tan Sri Cheng is deemed to be a substantial shareholder of the Company by virtue of his interests in AMB Venture Sdn Bhd and Omali Corporation Sdn Bhd. He is a brother of Mr Cheng Theng How, a Non-Executive Director of the Company.	None
Conflict of interest (including any competing business)	Please refer to “Annexure – General Mandate for Interested Person Transactions” of the Annual Report.	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS STANDING FOR RE-ELECTION

	Tan Sri Cheng Heng Jem	Dr Chua Siew Kiat
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	<ul style="list-style-type: none"> • ASM Leasing (S) Pte Ltd • Goldwell Pacific Pte. Ltd. • Lion General Trading & Marketing (S) Pte Ltd • Lion Holdings Private Limited • Lion Teck Chiang Limited (now known as LTC Corporation Limited) • Moorfield Investment Pte Ltd • Teck Chiang (International) Pte Ltd • Teck Chiang Realty Private Limited • Ara Aspirasi Sdn Bhd • Ara Seri Bangun Sdn Bhd • Ayer Keroh Resort Sdn Bhd • Dimensi Simetri Sdn Bhd • Dyna Konsortium Sdn Bhd • Exuniq Sdn. Bhd. • Fusion Energy Sdn Bhd • Gempower Sdn. Bhd. • Global Seaport Partners Sdn. Bhd. • Lion Best Shop Sdn Bhd • Jernih Aktif Sdn Bhd • LBF Enterprise (L) Limited • LDH Resources Limited • Lion Agriculture (Indonesia) Sdn Bhd • Lion AMB Resources Berhad (now known as Lion AMB Resources Sdn Bhd) • Lion Best Sdn. Bhd. • Lion Blast Furnace Sdn. Bhd. • Lion Diversified Holdings Berhad • Lion DRI Sdn Bhd • Lion Holdings Sdn. Bhd. • Pacific Agriculture and Development Sdn Bhd • Pandangan Perkasa Sdn Bhd • Sebayu Konsortium Sdn Bhd • Sharp Synergy Sdn Bhd • Temasek Potensi Sdn Bhd • Tunas Dimensi Sdn Bhd • Ultra Legacy Sdn. Bhd. • Lion Oil & Gas EP Group Limited • Lion Oil & Gas Services Group Limited 	None

ADDITIONAL INFORMATION ON DIRECTORS STANDING FOR RE-ELECTION

	Tan Sri Cheng Heng Jem	Dr Chua Siew Kiat
Present	<ul style="list-style-type: none"> • Angka Marketing (Singapore) Pte Ltd • Brewood Investment Pte Ltd • Parkson Retail Asia Limited* • ACB Resources Berhad • Amsteel Mills Sdn. Bhd. • Andalas Development Sdn Bhd • Antara Serijaya Sdn Bhd • Antara Steel Mills Sdn Bhd • Araprop Development Sdn Bhd • Bandar Akademia Corporation (M) Sdn Bhd • Bandar Akademia Sdn Bhd • Bonus Essential Sdn Bhd • Brands Pro Management Sdn Bhd • Community CSR Sdn Bhd • Corporate Code Sdn Bhd • Daphne Malaysia Sdn Bhd • Habitat Blue Sdn Bhd • Jana Pendidikan Malaysia Sdn Bhd • Limpahjaya Sdn. Bhd. • Lion Corporation Berhad • Lion Forest Industries Berhad* • Lion Tin Sdn Bhd • Megasteel Sdn. Bhd. • Narajaya Sdn. Bhd. • Pan Malaysian Pools Sdn Bhd • Park Avenue Fashion Sdn Bhd • Parkson Corporation Sdn. Bhd.# • Parkson Holdings Berhad* • Puncak Pelita Sdn Bhd • Pusat Pengurusan Pendidikan Malaysia Sdn Bhd • SERC Sdn Bhd • Sims Holdings Sdn. Bhd. • Sunsuria Venture Sdn Bhd • The Community Chest • Tirta Enterprise Sdn. Bhd. • Watatime (M) Sdn Bhd • William Cheng Sdn. Bhd. • Lancaster Trading Company Limited • M3C Productions Company Limited • Parkson Retail Development Co., Ltd 	<ul style="list-style-type: none"> • Ban Seng Guan Holdings Sdn Bhd • Ban Seng Guan Sdn Bhd • BSG Realty Sdn Bhd • Chua Kia Hong & Sons Sdn Bhd

ADDITIONAL INFORMATION ON DIRECTORS STANDING FOR RE-ELECTION

	Tan Sri Cheng Heng Jem	Dr Chua Siew Kiat
	<ul style="list-style-type: none"> • Qingdao No. 1 Parkson Co., Ltd • Classima Capital Limited • Deluxe Venture International Limited • East Crest International Limited • Marlow House Asia Limited • Nan Xin Investments Limited • Park Land Limited • Parkland Hai Phong Limited • Parkland Hanoi Limited • Parkland Saigon Limited • Region Elite Limited • Lion Tin Limited • Lion Tin AB Limited • Lion Tin GD Limited • Lion Tin UL Limited • Lion Tin Investments Limited • Parkson Retail Group Limited* • PP.SW Development Co., Ltd. <p>* Public listed company # Subsidiary of Singapore public listed company</p>	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

ADDITIONAL INFORMATION ON DIRECTORS STANDING FOR RE-ELECTION

	Tan Sri Cheng Heng Jem	Dr Chua Siew Kiat
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Yes Please refer to the Footnotes for more details.	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

ADDITIONAL INFORMATION ON DIRECTORS STANDING FOR RE-ELECTION

	Tan Sri Cheng Heng Jem	Dr Chua Siew Kiat
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

ADDITIONAL INFORMATION ON DIRECTORS STANDING FOR RE-ELECTION

	Tan Sri Cheng Heng Jem	Dr Chua Siew Kiat
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	<p>Yes</p> <p>Please refer to the Footnotes for more details.</p> <p>No</p> <p>No</p> <p>No</p> <p>No</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p>
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	<p>Yes</p> <p>Please refer to the Footnotes for more details.</p>	<p>No</p>

ADDITIONAL INFORMATION ON DIRECTORS STANDING FOR RE-ELECTION

Footnotes:

1. Item (b)

A winding-up petition had been filed against Lion Diversified Holdings Berhad, a company which Tan Sri Cheng Heng Jem was a Director in the past 2 years.

2. Item (j)i.

Tan Sri Cheng Heng Jem is/was a director of the following corporations that received letters from the Monetary Authority of Singapore (“MAS”) on 13 January 2010 relating to a breach of Section 137 of the Securities and Futures Act (Chapter 289 of Singapore) (“SFA”) for late notification to the Singapore Exchange Securities Trading Limited (“SGX-ST”) of substantial shareholdings in, or changes in substantial shareholdings in, Lion Asiapac Limited (“LAP”):

(a) Lion Corporation Berhad (“LCB”);

(b) Lion Diversified Holdings Berhad (“LDHB”);

(c) ACB Resources Berhad (“ACB”) (formerly known as Amsteel Corporation Berhad);

(d) Lion Forest Industries Berhad (“LFIB”); and

(e) Amsteel Mills Sdn Bhd (“AMSB”).

Composition fines were subsequently imposed on LCB, LDHB, ACB and LFIB by MAS and such composition fines were duly paid on 26 January 2010 to MAS and a supervisory warning letter was issued by MAS to AMSB on 13 January 2010.

LCB, LDHB and AMSB also received letters from the Accounting and Corporate Regulatory Authority of Singapore (“ACRA”) on 13 January 2010 relating to a breach of Section 83 of the Companies Act (Chapter 50 of Singapore) (“CA”) for failing to notify LAP of their respective changes in substantial shareholdings in LAP within the stipulated timeframe under that Section.

Composition fines were subsequently imposed on LCB and LDHB by ACRA and such composition fines were duly paid on 26 January 2010 to ACRA and a stern warning in lieu of prosecution action was issued by ACRA to AMSB on 13 January 2010.

LFIB also received a letter from ACRA on 13 January 2010 relating to a breach of Section 82 of the CA for failing to notify LAP of its becoming a substantial shareholder of LAP within the stipulated timeframe under that Section. Subsequent to the aforementioned investigation by ACRA, a composition fine was imposed on LFIB by ACRA and such composition fine was duly paid on 26 January 2010 to ACRA.

ACB also received a letter from ACRA on 13 January 2010 for breach of Section 84 of the CA for failing to notify LAP of its ceasing to be a substantial shareholder of LAP within the stipulated timeframe under that Section. Subsequent to the aforementioned investigation by ACRA, a composition fine was imposed on ACB by ACRA and such composition fine was duly paid on 26 January 2010 to ACRA.

In 2007, LCB had been compounded an amount of RM7,000 by the Companies Commission of Malaysia for the breach of Section 69F(2) of the Companies Act, 1965 in relation to disclosure of changes in substantial shareholding.

In 2002, LCB was compounded an amount of RM100,000 in respect of the infringement of Section 32(6) of the Securities Commission Act, 1993 in relation to utilisation of proceeds from rights issue.

ADDITIONAL INFORMATION ON DIRECTORS STANDING FOR RE-ELECTION

3. Item (k)

Tan Sri Cheng Heng Jem received a letter from MAS on 13 January 2010 relating to a breach of Section 137 of the SFA for late notification to the SGX-ST of his substantial shareholdings in LAP. A composition fine was subsequently imposed by MAS on Tan Sri Cheng and such composition fine was duly paid on 26 January 2010.

Tan Sri Cheng also received a letter from ACRA on 13 January 2010 relating to a breach of Section 82 of the CA for failing to notify LAP of his becoming a substantial shareholder of LAP within the stipulated timeframe under that Section.

Between the years 2000 and 2001, Tan Sri Cheng was requested by the Securities Commission (“SC”) in Malaysia, in his position as Managing Director of LCB to give a statement in relation to the SC’s inquiry into the utilisation of the proceeds of the rights issue exercise of LCB.

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LION ASIAPAC LIMITED

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

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy Lion Asiapac Limited shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 October 2019.

I/We _____ (Name), _____ (NRIC/Passport/Registration No.)
of _____ (Address),
being a member(s) of Lion Asiapac Limited (the "Company") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of Shares	%

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of Shares	%

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the 49th Annual General Meeting of the Company to be held at The Conference Room, 10 Arumugam Road, #10-00 LTC Building A, Singapore 409957, on Thursday, 31 October 2019 at 11.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting (of which Resolution Nos. 1 to 8 (inclusive) will be proposed as Ordinary Resolutions and Resolution Nos. 9 and 10 will be proposed as Special Resolutions) as indicated hereunder. If no specific direction 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 Meeting.

Ordinary Business		For*	Against*
Ordinary Resolution 1	Adoption of Directors' Statement, Audited Financial Statements and Independent Auditor's Report		
Ordinary Resolution 2	Declaration of final dividend		
Ordinary Resolution 3	Re-election of Tan Sri Cheng Heng Jem as Director		
Ordinary Resolution 4	Re-election of Dr Chua Siew Kiat as Director		
Ordinary Resolution 5	Approval of Directors' fees		
Ordinary Resolution 6	Re-appointment of RSM Chio Lim LLP as Auditors and authority for the Directors to fix their remuneration		
Special Business			
Ordinary Resolution 7	General Mandate to Directors to Issue Shares and Convertible Securities		
Ordinary Resolution 8	Renewal of the General Mandate for Interested Person Transactions		
Special Resolution 9	Adoption of new Constitution		
Special Resolution 10	Alteration of objects in the new Constitution		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of October 2019.

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

Shares in:	Total Number of Shares
(1) Depository Register	
(2) Register of Members	

IMPORTANT: Please read notes overleaf.



Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member'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.

“**Relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A proxy need not be a member of the Company.
3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. 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 or the office of the Company's share registrar, B.A.C.S. Private Limited, 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than 48 hours before the time set for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of 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.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy or proxies, failing which the instrument may be treated as invalid.

General:

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

AGM
Proxy Form



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



LION ASIAPAC LIMITED

(Company Registration No. 196800586R)

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