

**Issuer:** Lion Asiapac Limited  
**Security:** Lion Asiapac Limited

**Meeting details:**

Date: 31 October 2017

Time: 11:00 a.m.

Venue: The Conference Room, 10 Arumugam Road, #10-00 LTC Building A, Singapore 409957

**Company Description**

Lion Asiapac Limited, an investment holding company, engages in lime manufacturing, steel trading, and property development activities primarily in Malaysia. The company manufactures quicklime and hydrated lime; and trades in consumables for steel product manufacturing. It also builds and sells residential and commercial properties; and provides management consultancy services. The company, formerly known as Metal Containers Limited, was incorporated in 1968 and is based in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=BAZ](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=BAZ))

**Q1.** As announced on 8 May 2017, the company reconstituted the board and appointed Mr Sam Chong Keen, an Independent Director of the Company, as Chairman of the Board. Mr Sam was also re-designated as the Chairman of the Audit Committee (“AC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”).

In addition, Dr Chua Siew Kiat was appointed as a Non-executive and Independent Director of the Company. He is also appointed as a member of the AC, NC and RC.

During the financial year, 8 board meetings were held (2016: 6) during which the board “reviews and approves appropriate strategic plans, key operational and financial matters, major acquisition and divestment plans, major expenditure projects and funding decisions”.

The financial performance of the group remains sub-par and the core business (lime manufacturing) will continue to be adversely affected by the poor steel manufacturing market in Malaysia.

- a) With a new independent director and a newly constituted board, would the board consider doing a strategic review to evaluate the options available to the group, given the financial and human resources in the group?**

The group’s capital management policy, as stated in Note 19 (page 67 – Share capital), is as follows:

*The objectives when managing capital are: to safeguard the reporting entity’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.*

- b) Would the board look into how the returns for owners could be improved, and if not, distribute excess cash to shareholders?**

**Q2.** Shareholders would like to ask the company for better clarity on several operational and financial matters, as disclosed in the financial statements. Specifically:

Lime manufacturing: The group recognised \$8.2 million in lime manufacturing, of which the top customer accounted for \$4.1 million and the next largest customer accounted for just \$376,000 in revenue.

- a) For a better understanding of the risks in the business, can management provide some visibility into the number of customers and the level of sales?**
- b) What is the utilisation rate of the lime manufacturing plant?**

The bulk of the sales from lime manufacturing was transacted with interested parties.

- c) Can the audit committee (AC) explain how many “contracts and transactions amounting to or exceeding S\$1,000,000 in value” were reviewed and approved by the AC?**

As part of the review procedures for Interested Person Transactions, lime products had to be priced at:

- (a) the prevailing market prices determined by market conditions; or  
 (b) a reasonable percentage mark-up from cost (where the prevailing market prices or rates are not available)

- d) In addition, can the audit committee also provide some visibility on how the lime products were priced? Please help shareholders understand how the breakdown of sales that was priced according to the pricing mechanism as described in the IPT review procedure above.**

**Q3.** The group has four segments of which only Lime manufacturing is active in the past two years.

- a) **What is the size of the workforce in the lime manufacturing segment?**
- b) **Does the group rely on the same team for the trading of steel consumables?**
- c) **For the property development and investment holding segments, what is the group's human resource depth to source for deals/investments, to conduct due diligence and to evaluate and assess the commercial potential of such deals?**

A copy of the questions for the Annual Report for the financial year ended 30 June 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Lion%20Asiapac%20Ltd>

The company's response could be found here:

[https://sias.org.sg/media/qareport/company\\_response/1480055186\\_Response\\_Lion\\_Asiapac\\_2016.pdf](https://sias.org.sg/media/qareport/company_response/1480055186_Response_Lion_Asiapac_2016.pdf)