Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Lion Asiapac Limited

Stock code: BAZ

Meeting details:
Date: 30 November 2021
Time: 11.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. In the financial highlights (page 9 of the annual report), it can be seen that the segment loss in the steel consumables trading segment was $(757,000) while the segment loss in the investment holding/others segment was $(513,000) for the financial year ended 30 June 2021.

Financial Highlights

Consolidated Statement of Comprehensive Income	30 June 2021 S$'000	30 June 2020 S$'000
Continuing Operations		
Revenue		
– Lime manufacturing	**17,130**	16,826
– Steel consumables trading	**2,196**	–
	19,326	16,826
Profit before income tax	**1,076**	680
Total profit	**937**	541
Segmental result		
– Lime manufacturing	**–**	(179)
– Steel consumables trading	**(757)**	(915)
– Investment holding/others	**(513)**	(639)
	(1,270)	(1,733)

(Source: company annual report)

(i) **Can management confirm that it achieved breakeven in the lime manufacturing segment?** It is not clear what "-" means in the table above.

(ii) **Would the board consider adding a detailed operational and financial review in the annual report to help shareholders better understand the performance of the group?**

As shown above, all 3 operating segments were not profitable in FY2021 and in FY2020. In fact, all the operating segments were also loss-making in FY2019, FY2018, FY2017, FY2016 and FY2015 (the last annual report available on SGXNet). It does not appear that the group has any competitive advantage in the 3-4 operating segments (including property development in the earlier years).

(iii) **Can the board/management help shareholders understand the group's competitive advantages in its main operating segments of lime manufacturing and steel consumables trading? What is the business model and how does the group create value for shareholders?**

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(iv) **Has the board considered divesting the group's assets and to return the capital/proceeds to shareholders?**

Q2. In the chairman's message to shareholders, it was stated that the group has a "healthy" balance sheet, with working capital of $72.2 million. From Note 17 (page 77 – Cash and cash equivalents), it can be seen that cash and cash equivalents amounted to $64.2 million as at 30 June 2021. Further in Note 17A (page 77 - Cash and cash equivalents in the statement of cash flows), it was disclosed that cash subjected to foreign exchange control, i.e. in the PRC, amounted to $35.1 million.

(i) **Can the board confirm that the group does not have any meaningful operations in the PRC in the past 4+ years since the disposal of the group's subsidiary in Yangzhou, PRC in June 2017?**

(ii) **What is the reason that the company has not repatriated the RMB from China?**

In addition, it was stated that $35.1 million is subjected to foreign exchange control in Note 17A (page 77) although the company only stated that $15.7 million is held by the group in RMB as cash and cash equivalents (Note 24G – Foreign currency risks; page 88).

(iii) **Can the board help shareholders reconcile the two different figures in Note 17A and in Note 24G?**

Q3. The attendance of directors at board and board committee meetings is shown on page 11 and reproduced below:

The number of meetings attended by the directors during the financial year ended 30 June 2021 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	3	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

(Source: company annual report)

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It can be seen that Tan Sri Cheng Heng Jem attended 3 out of 5 board meetings in FY2021.

In fact, Tan Sri Cheng Heng Jem has missed the following board meetings from FY2015 to FY2020:

- missed 1 out of 5 board meetings in FY2020
- missed 1 out of 5 board meetings in FY2019
- missed 1 out of 6 board meetings in FY2018
- missed 2 out of 8 board meetings in FY2017
- missed 1 out of 6 board meetings in FY2016
- missed 3 out of 7 board meetings in FY2015

(i) **Are there any extenuating circumstances that led the said director to miss board meetings annually from FY2015 to FY2021?**

(ii) **Can the company and the company secretary help shareholders understand if board meetings are scheduled in advance to allow directors to block out their calendars?**

(iii) **How can the company secretary and the company work together with the board to improve the attendance of directors at board meetings?**

In addition, as noted in the corporate governance report, the board is responsible for the overall strategy and direction of the group. It also provides entrepreneurial leadership and sets strategic goals.

(iv) **Has the board evaluated if the strategies of the group have created shareholder value in the past 5-10 years?**

(v) **What is the return on equity (ROE) achieved by the group in the past 5 years, 10 years and 15 years?**

(vi) **Is the board satisfied with the performance of the group? Has it carried out any benchmarking or analysis?**

(vii) **Have the directors evaluated the group's capital structure and determined the optimal capital structure that is appropriate for the group's operations and growth opportunities?**

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^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)