



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

SGX-ST ANNOUNCEMENT

For immediate release

PROPOSED DISPOSAL OF SHARES IN COMPACT ENERGY SDN. BHD.

1. INTRODUCTION

The board of directors of Lion Asiapac Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that it has entered into a conditional share purchase agreement (the "**Agreement**") with 1207791 B.C. Limited (the "**Purchaser**") for the proposed disposal (the "**Proposed Disposal**") of all the issued ordinary shares of Compact Energy Sdn. Bhd. ("**CESB**"), representing the entire issued share capital of CESB as at the date of completion of the Proposed Disposal (the "**Completion Date**" and such ordinary shares, the "**Sale Shares**"), subject to the terms of the Agreement.

The consideration for the Sale Shares is to be satisfied entirely in cash and is estimated at approximately RM 49.0 million (approximately S\$14.3 million¹) (the "**Consideration**"). Please see Section 4.2 below for further information.

2. INFORMATION ON THE PURCHASER

The Purchaser is a private company limited by shares and incorporated under the laws of British Columbia, Canada. The Purchaser has its registered office at 200 – 10991 Shellbridge Way, Richmond BC V6X 3C6.

The Purchaser is an investment holding company of Graymont Limited. Graymont is a global leader in lime and limestone solutions. Headquartered in Canada, Graymont serves markets throughout North America and Asia Pacific. Professionally managed and family owned, the company has been in operation for 75 years.

¹ Unless otherwise stated, the S\$ equivalent of the RM figures in this Announcement has been arrived at based on an exchange rate of RM1.00:S\$0.2915 and the S\$ equivalent of the USD figures in this Announcement has been arrived at based on an exchange rate of USD1.00:S\$1.3522, each as at 30 August 2023. Any discrepancies in figures included in this Announcement between the amounts shown and the totals thereof may be due to rounding.

3. **INFORMATION ON CESB**

CESB is a company incorporated in Malaysia on 14 May 2004 and is a wholly-owned subsidiary of the Company.

CESB is in the business of limestone processing and steel consumables trading. CESB operates with an advanced infrastructural unit which helps in the proper processing of lime products offered to customers. CESB operates two (2) units of 600 TPD twin shaft circular Maerz Limekiln for the production of quicklime, one (1) unit of 9 TPH hydrated lime plant and one (1) unit of 9 TPH quicklime powder plant. CESB's lime plant is the largest producer of quicklime in Malaysia, with an annual production capacity of 390,000 MT.

4. **THE PROPOSED DISPOSAL**

4.1 **Consideration for the Sale Shares**

The Consideration, which is subject to post-completion adjustments, is arrived at on a willing-buyer and willing-seller basis, taking into account the adjusted net asset value of CESB of approximately RM 37.9 million (approximately S\$11.0 million) as at 30 June 2023, the capitalisation of certain loans owing by CESB to the Company and CESB's cash and bank balances.

The Consideration (or the Consideration less the Retention Sum (as defined below)) shall be paid in cash by the Purchaser to the Company on the Completion Date.

4.2 **Retention Sum**

The Purchaser shall be entitled to withhold and deduct the sum of USD 500,000 (approximately S\$676,000) (the "**Retention Sum**"), from the Consideration payable by the Purchaser to the Company on the Completion Date in the event that:

- (a) the Company is unable to deliver or cause to be delivered to the Purchaser any of the completion deliverables in accordance with the terms of the Agreement (the "**Outstanding Completion Deliverables**"); and/or
- (b) any of the post-completion obligations set out in the Agreement (the "**Post Completion Obligations**") remains outstanding or unsatisfied at the Completion Date.

Upon fulfilment of the Outstanding Completion Deliverables and the Post-Completion Obligations before or on 31 August 2026 or such other date as the parties may agree in writing (the "**Long Stop Date**"), the Purchaser shall, within seven (7) business days from the day upon which the last of the Outstanding Completion Deliverables and the Post Completion Obligations is fulfilled, pay the Retention Sum to the Company. In the event that any or all of the Outstanding Completion Deliverables and/or Post-Completion Obligations are not fulfilled (collectively, the "**Unfulfilled Obligations**") by or on the Long Stop Date, the Purchaser shall be entitled to retain the Retention Sum absolutely as agreed liquidated damages. After the Long Stop Date, the Company shall not be liable for any claim for damages arising from the Unfulfilled Obligations and all obligations of the Purchaser to pay or settle the Retention Sum to the Company shall lapse and be of no effect.

4.3 **Conditions Precedent and Other Terms of the Agreement**

The completion of the sale and purchase of the Sale Shares under the Agreement is conditional upon the approval of the shareholders of the Company being obtained in general meeting for the sale of the Sale Shares by the Company to the Purchaser in accordance with the terms of the Agreement.

The Agreement contains customary provisions relating to the Proposed Disposal, including representations and warranties, indemnities and pre-completion covenants regarding the operation of the business, limitations of the Company's liabilities and restrictive covenants in respect of carrying on of any business in competition with the business of CESB and non-solicitation of customers and clients of CESB.

4.4 **Independent Valuation**

The Company has appointed Chay Corporate Advisory Pte. Ltd. as independent valuer (the "**Independent Valuer**") to provide a valuation on CESB in connection with the Proposed Disposal. Pursuant to the independent valuation of CESB dated 14 August 2023 conducted by the Independent Valuer, the fair value of CESB as at 30 June 2023 based on the asset based approach valuation methodology is approximately RM 50.7 million (approximately S\$14.8 million).

4.5 **Financial Information of CESB**

Based on the latest announced unaudited consolidated financial statements of the Group for the financial year ended 30 June 2023 ("**FY2023**"):

- (a) the book value and the net tangible asset value of CESB was approximately RM 37.9 million (approximately S\$11.0 million); and
- (b) net loss attributable to CESB was approximately RM 10.9 million (approximately S\$3.2 million).

4.6 **Gain on Disposal and Use of Net Proceeds**

Based on the Consideration and the adjusted net asset value of CESB of approximately RM 37.9 million (approximately S\$11.0 million) as at 30 June 2023, the amount of gain on disposal of the Sale Shares is approximately RM 11.1 million (approximately S\$3.2 million).

The net proceeds from the Proposed Disposal is approximately RM 48.0 million (approximately S\$13.9 million) and is currently intended to be utilised for (i) the settlement of all related costs incurred in connection with the Proposed Disposal; (ii) the expansion of the business of Semangat Meriah Sdn. Bhd.; and (iii) general working capital to acquire new projects.

5. **RATIONALE AND BENEFITS OF THE PROPOSED DISPOSAL**

The Board is of the view that the Proposed Disposal is in the best interests of the Company and the shareholders of the Company, as it will enable the Group to realise the value of the

Sale Shares. The Proposed Disposal relates to the Group's core business of lime sales, which has been loss-making for some years as a result of escalating production costs and energy costs.

The Proposed Disposal will result in a positive cash inflow of approximately S\$13.9 million, thereby improving the liquidity of the Group. This would also allow the Group to reallocate its resources into expanding the Group's other existing businesses of trading and investment holdings, including the business of Semangat Meriah Sdn. Bhd. which the Company has recently acquired, as well as to improve and optimise the utilisation of assets held by Semangat Meriah Sdn. Bhd. and also to fund other more profitable projects that the Group is currently exploring.

6. **CHAPTER 10 OF THE LISTING MANUAL**

- 6.1 The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 are set out below.

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value ⁽ⁱ⁾ .	18.9
(b)	The net loss attributable to the Sale Shares, compared with the Group's net loss ⁽ⁱⁱ⁾ .	-105.4
(c)	The aggregate value of the Consideration, compared with the Company's market capitalisation based on the total number of issued shares (excluding treasury shares) ⁽ⁱⁱⁱ⁾ .	57.8
(d)	The number of equity securities issued by the Company as consideration for the Proposed Disposal, compared with the number of equity securities previously in issue.	N.A. ^(iv)
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	N.A. ^(iv)

Notes:

- (i) The relative figure for Rule 1006(a) of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") has been computed based on adjusted NAV of CESB which is approximately RM 37.9 million (approximately S\$11.0 million). Based on the Group's unaudited financial statements for FY2023, the Group's NAV amounts to S\$58.3 million.
- (ii) The relative figure for Rule 1006(b) has been computed based on the net loss attributable to the Sale Shares of approximately RM 10.9 million (approximately S\$3.2 million), as included in the Group's unaudited financial statements for FY2023. Based on the Group's unaudited financial statements for FY2023, the Group's unaudited net loss amounts to approximately S\$3.0 million. Under Rule 1007(1) of the Listing Manual, if any of the relative figures computed pursuant to Rule 1006 of the Listing Manual involves a negative figure, Chapter 10 of the Listing Manual may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10.1 of the Listing Manual. Based on the relative figures above, pursuant to paragraph 4.6 of Practice Note 10.1 of the Listing Manual read with paragraphs 4.3 and 4.4 of Practice Note

- 10.1 of the Listing Manual, approval of shareholders in a general meeting is required for the transaction.
- (iii) The relative figure for Rule 1006(c) has been computed based on (a) the Consideration; and (b) the Company's market capitalisation of approximately S\$24.7 million, which is based on the total number of ordinary shares of the Company (excluding treasury shares) of 81,104,539 and the weighted average price of S\$0.3048 per Share on 31 August 2023, being the last market day preceding the date of this Announcement (the "**Announcement Date**").
 - (iv) The relative bases under Rules 1006(d) and (e) of the Listing Manual are not relevant to the Proposed Disposal.

7. GENERAL MEETING OF SHAREHOLDERS

7.1 Circular to Shareholders

As the relative figures set out in Rules 1006(b) and 1006(c) of the Listing Manual exceed 20%, the Proposed Disposal is classified as a major transaction under Rule 1014 of the Listing Manual which would require shareholders' prior approval in general meeting under Rule 1014 (the "**EGM**"). A circular setting out further information on the Proposed Disposal and the notice to convene the EGM for the purpose of seeking shareholders' approval for the Proposed Disposal will be despatched to shareholders in due course.

7.2 Irrevocable Undertaking

In connection with the Proposed Disposal, each of Omali Corporation Sdn Bhd and AMB Venture Sdn Bhd, who holds a direct interest of approximately 29.98% and approximately 36.68% of the total number of ordinary shares ("**Shares**") in the Company (excluding treasury shares) respectively, has provided an irrevocable undertaking to, *inter alia*, vote in favour of the resolution to approve the Proposed Disposal at the EGM in respect of the Shares held by each of them.

8. ILLUSTRATIVE FINANCIAL EFFECTS

8.1 For illustrative purposes only, the financial effects of the Proposed Disposal set out below are prepared based on the Group's latest announced unaudited consolidated financial statements for FY2023, and subject to the following key assumptions:

- (a) the effect of the Proposed Disposal on the Group's net tangible assets ("**NTA**") per Share for FY2023 is based on the assumption that the Proposed Disposal had been effected at the end of FY2023;
- (b) the effect of the Proposed Disposal on the Group's earnings per ordinary Share of the Company ("**EPS**") for FY2023 is based on the assumption that Proposed Disposal had been effected at the beginning of FY2023; and
- (c) the acquisition by LAP Energy Sdn. Bhd., a subsidiary of the Company, of the entire issued share capital of Semangat Meriah Sdn. Bhd. set out in the SGXNet announcements by the Company on 21 August 2023 and 30 August 2023 has been completed on 1 July 2022.

- 8.2 The financial effects set out below are illustrative only and therefore not necessarily indicative of the future financial position and earnings of the Company or the Group.

(a) **NTA per Share**

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$' 000)	58,259	61,324
Number of Shares	81,104,539	81,104,539
NTA per Share (S\$)	0.72	0.76

(b) **EPS**

	Before the Proposed Disposal	After the Proposed Disposal
Net (loss)/ Profit attributable to Shareholders (S\$' 000)	(3,004)	692
Weighted average number of issued Shares	81,104,539	81,104,539
(Loss)/EPS (cents)	(3.70)	0.85

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholder(s) of the Company have any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company.

10. NO DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed to the board of the Company as part of the Proposed Disposal, and no director's service contract is proposed to be entered into by the Company with any person in connection with the Proposed Disposal.

11. DOCUMENTS FOR INSPECTION

A copy of the Agreement will be made available for inspection during normal business hours at the registered office of the Company at 10 Arumugam Road #10-00 LTC Building A Singapore 409957 for three (3) months from the Announcement Date.

By Order of the Board

Gan Chi Siew
Company Secretary
1 September 2023

Important Notice

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "**seek**", "**expect**", "**anticipate**", "**estimate**", "**believe**", "**intend**", "**project**", "**plan**", "**strategy**", "**forecast**" and similar expressions or future or conditional verbs such as "**will**", "**would**", "**should**", "**could**", "**may**" and "**might**". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors of the Company should not place undue reliance on such forward-looking statements, and the Company does not undertake any obligation to update publicly or revise any forward-looking statements.

Shareholders are also advised to exercise caution when dealing in the shares of the Company and to refrain from taking any action in relation to their shares which may be prejudicial to their interests. Where in doubt as to the action they should take, Shareholders should consult their financial, tax legal or other professional advisors.