



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

RESPONSES TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

Unless otherwise stated, capitalised terms used herein shall have the same meaning ascribed to them in the Circular dated 25 July 2025 on the Proposed Disposal and Proposed Capital Reduction, and the Company's announcement dated 4 August 2025.

Singapore, 12 August 2025: Lion Asiapac Limited (the "**Company**") and together with its subsidiaries, the "**Group**") has received a list of questions from the Securities Investors Association (Singapore) ("**SIAS**") in relation to its circular dated 25 July 2025 on the Proposed Disposal and Proposed Capital Reduction by way of the Cash Distribution (the "**Circular**"). As of 11 August 2025, no questions have been received from shareholders.

The Company's responses to SIAS's questions are set out below:

Question 1

The background to the proposed disposal of Compact Energy Sdn. Bhd. ("**CESB**") is detailed in the Circular to shareholders dated 25 July 2025.

In early 2024, the Board allowed the initial conditional share purchase agreement to lapse, in the belief that the Company would be deemed as a cash company after the disposal.

It was only in May 2025 that the Company obtained a no-objection letter from SGX RegCo confirming that it would not be deemed a cash company post-disposal. Subsequently, the Company entered into an amended and restated share purchase agreement with the same purchaser on substantially the same commercial terms to sell CESB.

- (i) **Can the Board clarify how it concluded in 2023/2024 that the Company would be deemed a cash company following the disposal of CESB? Was this interpretation based on external legal advice?**

Company's Response:

*As disclosed in the Company's announcement dated 2 March 2024, the Singapore Exchange Securities Trading Limited ("**SGX**") informed the Company, during the consultation process, that it would be classified as a cash company.*

- (ii) **What material developments occurred between 2023 and 2025 that enabled the Board to secure a no-objection from SGX RegCo? What specific representations or clarifications were provided by the financial adviser, RHB? Was the Board previously misadvised?**

Company's Response:

The Company believes that the roofing business, which it acquired in 2023, has since demonstrated consistent performance and established an operating track record. It is now regarded as a core business segment of the Company. Accordingly, following the completion of the Proposed Disposal, the Group's business will comprise the Trading Business segment, Roofing Business segment and Investment Holding Business segment. The Company will no longer be classified as a cash company, as it will continue to operate a substantive and sustainable business anchored by its roofing operations.

- (iii) **Can the Board provide a detailed breakdown of the oversight process for interested person transactions between CESB and Amsteel Mills Sdn. Bhd. ("AMSB")? Specifically, what measures were implemented to guarantee these transactions were conducted at arm's length? In addition, are any of the receivables impaired or at risk of impairment, and could this potentially impact the final consideration?**

Company's Response:

The Company has established internal control procedures to ensure that all interested person transactions are undertaken at arm's length, on normal commercial terms, and in a manner that is not prejudicial to the interests of the Company and its minority shareholders.

The methods and procedures governing these transactions are detailed on pages 94 to 99 of the Company's 2024 Annual Report.

The Company is currently engaged in discussions with AMSB with a view to settling the outstanding amounts. Should an impairment be deemed necessary, the Company will update shareholders with the relevant information.

Question 2

The Company is proposing a capital reduction through a cash distribution of S\$11.0 million to shareholders. This amount reflects the expected minimum net proceeds, which are deemed surplus to the Group's capital requirements.

- (i) **Given that the Group holds \$44.1 million in cash and cash equivalents as at 31 March 2025, including S\$33.6 million in fixed deposits, did the Board carry out a comprehensive review to determine the Group's optimal level of cash, with a view to right-sizing excess capital and improving overall capital efficiency?**

Company's Response:

The Board carefully reviews the Group's financial position and overall performance before formulating any strategic direction or major corporate decisions.

In determining the appropriate amount for the cash distribution, the Board has ensured that the Company retains sufficient capital for its business and operational needs. This approach aims to optimise capital efficiency while preserving the Group's financial flexibility and supporting its long-term growth potential.

- (ii) For shareholders' benefit, can the Board articulate the Group's strategic growth plans?**

Company's Response:

The Company continues to explore opportunities to grow and strengthen its business. However, in light of ongoing global economic uncertainty, coupled with heightened geopolitical tensions and evolving trade dynamics, the Company is adopting a more cautious and deliberate approach to business expansion. This prudent strategy is aimed at preserving the Group's financial resilience while ensuring that any future investments are aligned with long-term strategic objectives and executed at the appropriate time.

- (iii) Has the Board evaluated the feasibility of divesting the trading segment as well?**

Company's Response:

The Company's trading segment is primarily engaged in the trading of steel consumables and mining equipment. The segment recorded a loss, mainly attributable to listing expenses. At this juncture, there are no plans to divest the trading segment. The segment continues to generate a positive gross margin.

Question 3

The Company announced on 4 July 2024 that the purchaser had commenced arbitration proceedings against the Company following the aborted sale of CESB. Subsequently, on 29 May 2025, after the market closed, the Company announced a proposed renewed disposal of CESB.

- (i) When was the financial adviser formally appointed, and was a competitive selection process conducted?**

Company's Response:

The financial adviser was formally appointed on 23 April 2025. The Company undertook a careful evaluation of potential advisers and selected the one deemed most suitable based on its expertise, experience, and alignment with the Company's strategic needs.

- (ii) For the benefit of shareholders, did the Board ensure timely and transparent disclosure to the market once it decided to revisit the CESB transaction and engage external advisers? What governance protocols were followed to prevent perception of selective disclosure or information leakage?**

Company's Response:

The Board is committed to ensuring timely and transparent disclosure in accordance with the Listing Rules and corporate governance best practices. Once the decision was made to revisit the CESB transaction and engage external advisers, the Company assessed the appropriate timing and manner of disclosure to avoid premature or incomplete announcements that could mislead shareholders or the market.

- (iii) **Did the Board review trading activity and price movements in the days leading up to the announcement on 29 May 2025 to assess the integrity of information flow and potential information leakage?**

Company's Response:

The Company is mindful of the importance of maintaining the integrity of information flow and preventing any potential information leakage prior to material announcements. Trading activity and price movements around such announcements - particularly the announcement on 29 May 2025 - are observed as part of the Company's ongoing awareness of market conditions.

Access to sensitive information is carefully controlled and limited to authorised individuals to minimise the risk of premature disclosure.

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