



LION ASIAPAC LIMITED

(Co. Reg. No. 196800586R)

(Incorporated in the Republic of Singapore)

**Response to queries raised by Singapore Exchange Securities Trading Limited
on Third Quarter and Nine-Month Results Announcement**

The Board of Directors of Lion Asiapac Limited (the "**Company**") and together with its subsidiaries, the "**Group**") refers to the announcement made yesterday ("**Announcement**") and wishes to provide further information pertaining to the queries raised by SGX-ST.

Unless otherwise defined, capitalised terms in this announcement shall bear the same meanings as set out in the Announcement.

SGX-ST's Query:

The Company disclosed a significant increase in its expenses under purchase of inventories by 112% amounting to \$5.267 million although revenue increased only by 64% to \$6.783 million for the period 3Q2022 as compared to 3Q2021.

- i. Please explain the factors resulting in the significant increase in expenses for purchase of inventories and what the inventories expensed are.
- ii. Please elaborate for a better understanding as to why purchase of inventories resulted in a significantly higher proportion of revenue.

The Company's Response to Query i.

The purchases of inventories were related to steel trading and lime manufacturing.

Its increase by 112% to S\$5.3 million while revenue only increased by 64% to S\$6.8 million, were mainly due to a low profit margin in steel trading.

This low margin in steel trading also resulted in the larger proportion of purchases of inventories over sales (78%) as compared to last corresponding quarter (60%).

The Company's Response to Query ii.

The purchase of inventories (S\$5.3 million) and the immaterial changes in inventories (S\$51,000) reflected the high cost of goods sold (S\$5.3 million), which contributed to a higher proportion of revenue.

BY ORDER OF THE BOARD
LION ASIAPAC LIMITED

Gan Chi Siew
Company Secretary

Singapore, 31 May 2022