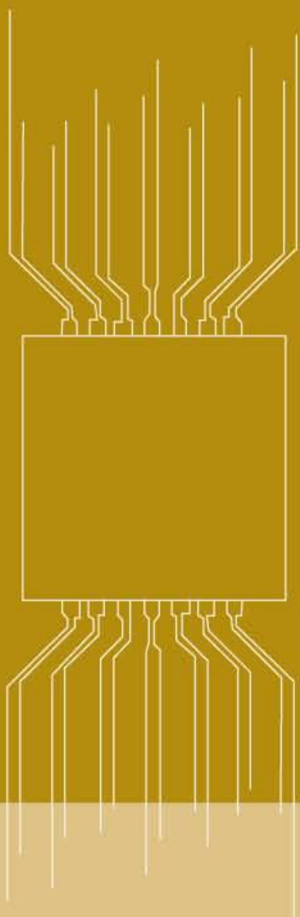

LION ASIAPAC LIMITED

(Co. Reg. No.196800586R)

ANNUAL REPORT 2007

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Turnover for the year ended 30 June 2007 increased by 34% from S$69.9 million to S$93.6 million. This was mainly attributable to increased revenues from the electronics business and the additional revenues earned by our newly commenced businesses.

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements for the year ended 30 June 2007. The process of restructuring our businesses undertaken in the previous financial year has already begun to generate positive results. The current year has been one of growth both in terms of improved revenues from existing businesses and the addition of new revenue streams.

BUSINESS HIGHLIGHTS

Advent Electronics Pte Ltd ("Advent") achieved good revenue growth despite a general decline in demand for electronics. This was due mainly to improved sales in its project management division secured in the USA and Europe markets. Revenues were also bolstered by growth in Advent's network product business in India, which achieved profits for the first time since starting operations two years ago.

The decrease in electronics demand was felt more keenly in Singapore, where the country's relatively higher costs are forcing customers to consolidate their operations or move them elsewhere. To counter this, Advent will look at widening its product mix and customer base to be better able to meet demand from a variety of sources in the region.

Even so, Advent is increasingly being recognised as an industry leader. During the year, it received a major appointment as sole master distribution agency in India for Buffalo Inc., one of the world's leading manufacturer of storage and wireless networking solutions.

The Group's new businesses also got off to a healthy start. Our limestone processing plant in Malaysia, operated by Compact Energy Sdn Bhd ("Compact"), began production in April 2007, and has successfully secured orders from a number of steel mills. On the other hand, our automotive component trading business, headed by LAP Automotive Trading Pte Ltd ("LAP Auto"), which started operating during the first half of this financial year, showed a small profit but was not up to our expectation.

Limestone processing plant

Limestone conveyed to intermediate bunker

In these early stages, we are very much focused on improving our processes further to minimise costs and maximise operational efficiencies. However, opportunities look very promising, especially for the limestone processing business, which is strategically positioned to meet the fast-growing demands of the Malaysian construction industry. Over the next 12 months, we do expect this business to become a key contributor to the Group's results.

Subsequent to the end of this financial year, our scrap metal trading business commenced operations under LAP Trading & Marketing Pte Ltd ("LAP Trading") which was formerly known as LAP Auto. LAP Trading sources for and purchases scrap metal from the suppliers, and arranges for direct shipment of scrap metal to the buyers. We anticipate this business to boost the Group's turnover and bottom-line in the coming financial year.

Lime kiln filter bag system

FINANCIAL HIGHLIGHTS

Turnover for the year ended 30 June 2007 increased by 34% from S$69.9 million to S$93.6 million. This was mainly attributable to increased revenues from the electronics business and the additional revenues earned by our newly commenced businesses. Advent achieved S$82.4 million in turnover, an increase of 18% over the previous year, while Compact and LAP Auto earned revenues of S$2.9 million and S$1.7 million respectively. In addition, S$6.5 million in dividend income was earned from the Group's investment in the automobile business in the PRC.

Despite its increased earnings, Advent recorded a 41% decrease in profit before tax from S$2.2 million to S$1.3 million. This was largely a result of bad debts of S$1.5 million being written off during the year.

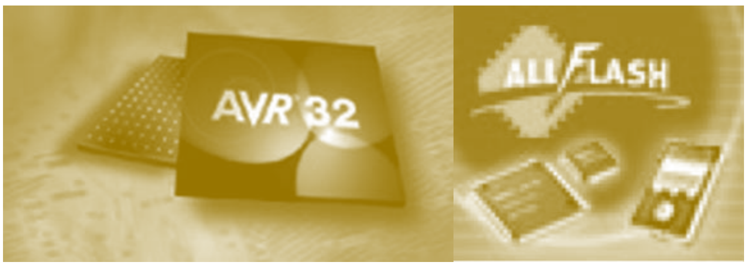
Heap of limestone built up at tunnel

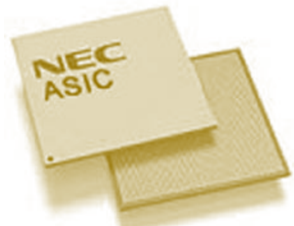
Limestone transferred by tunnel conveyor

The Group's profit after tax and minority interest increased by two-fold from S$7.2 million to S$21.7 million. Key contributions to this increase were two sizeable gains, namely a S$10.7 million gain from the disposal of associated companies in the motorcycle division, and a S$6.6 million gain which was a reversal of an allowance for impairment of receivables made in the previous year as the Group recovered the full amount of such receivables from a joint venture partner subsequently.

The Group's liquidity position remained healthy. Working capital was S$71.1 million at year end, not far off from the previous year end's S$60.7 million. Cash flow was greatly enhanced by the proceeds of the completed disposal of associated companies, and the subsequent reduction in payables, comprising mainly deposits of partial consideration from the said disposal, from S$40.2 million as at 30 June 2006 to S$24.3 million as at 30 June 2007.

The proceeds of the disposal mostly went towards the purchase of machinery and equipment for the limestone processing plant as well as the repayment of long-term bank borrowings. As a result, property, plant and equipment increased from S$1.9 million to S$18.7 million, while total bank borrowings have been reduced from S$15.7 million to S$0.7 million. Consequently, the cost of financing long-term borrowings was reduced by a substantial 73%.





DIVIDEND

The Board is pleased to propose a first and final dividend of 1.0 cent per ordinary share (tax-exempt) for the financial year ended 30 June 2007.

This proposed final dividend, if approved at the Company's Annual General Meeting to be held on 24 October 2007, will be paid on 16 November 2007.

THE YEAR AHEAD

Barring any unforeseen circumstances, we expect revenues to continue growing as our new business in limestone processing enters its first full year of operations, coupled with our scrap metal trading business which has just begun operations. At the same time, Advent will continue to cement its strong position within the India market as well as refresh its strategies to stay relevant in markets that remain challenging.

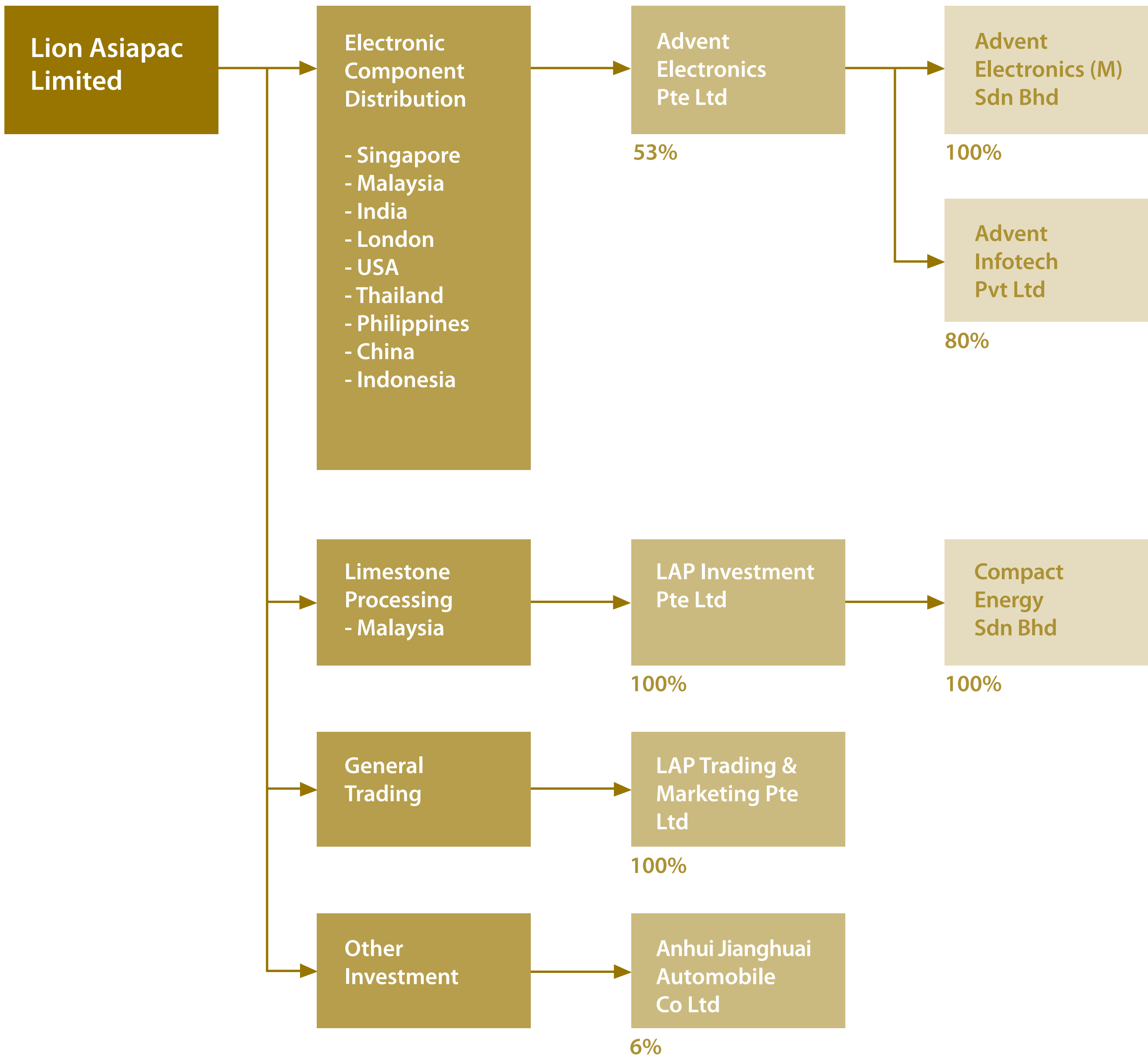
However, due to the fact that all but one of the investments in the motorcycle division have been divested during this year, this is likely to be reflected in significantly lower profits in the next financial year.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank our management and staff for their hard work and dedication. I would also like to extend my gratitude to our customers, business associates and shareholders for their valuable support, and to my fellow Directors for their counsel and commitment. I look forward to us capitalising on the great strides we have made this year.

OTHMAN WOK
Chairman

Business Structure
As at 20 September 2007



Financial Highlights

GROUP TURNOVER	**30 June 2007 S$'000**	30 June 2006 S$'000
Investment holding / others	**6,549**	–
Electronic component distribution	**82,356**	69,933
Limestone processing	**2,947**	–
Automotive component trading	**1,711**	–
Group total	**93,563**	69,933

CONSOLIDATED INCOME STATEMENT	**30 June 2007 S$'000**	30 June 2006 S$'000
Investment holding / others	**6,454**	(91)
Electronic component distribution	**817**	2,239
Limestone processing	**(368)**	(2)
Automotive component trading	**20**	–
Dry cargo containers*	**–**	(143)
Segmental result	**6,923**	2,003
Share of automotive division's results	**–**	6,761
Profit before tax	**24,797**	11,109
Profit attributable to shareholders	**21,715**	7,235

CONSOLIDATED BALANCE SHEET	**30 June 2007 S$'000**	30 June 2006 S$'000
Property, plant and equipment	**18,722**	1,855
Assets held for sale	**6,805**	31,628
Financial assets, at fair value through profit or loss	**–**	449
Financial assets, available-for-sale	**149,980**	73,971
Other non-current assets	**–**	4,041
Other current assets	**92,615**	88,219
Current liabilities	**(28,278)**	(59,612)
Deferred income tax liabilities	**(10,762)**	(3,773)
Other non-current liabilities	**(128)**	–
Net assets	**228,954**	136,778
Represented by:		
Share capital	**47,487**	47,487
Other reserves	**112,852**	38,318
Retained earnings	**64,124**	46,417
Minority interest	**4,491**	4,556
Total equity	**228,954**	136,778

	30 June 2007 (cents)	30 June 2006 (cents)
Earnings per share from continuing operations		
- Basic	**5.36**	1.82
- Diluted	**5.35**	1.82
Loss per share from discontinued operations	**–**	(0.03)
Net tangible assets backing per ordinary share	**55.36**	32.61
Dividend per share ^	**1.00**	5.00

* Ceased operations

^ First and final dividend of 1.0 cent per share (tax-exempt) in FY 2007
Special interim dividend of 1.2 cents per share less tax and 3.8 cents per share (tax exempt) in FY 2006

Following the restructuring exercise undertaken in the last financial year, the Group is now on a steadier path towards progress.

The Group's electronics division continues to contribute to our business growth, complemented this year by the start of our new operations in limestone processing and automotive component trading.

Following the restructuring exercise undertaken in the last financial year, the Group is now on a steadier path towards progress. The Group's electronics division continues to contribute to our business growth, complemented this year by the start of our new operations in limestone processing and automotive component trading.

ELECTRONICS DIVISION

Facing a competitive market and declining demand, our electronics division, headed by Advent Electronics Pte Ltd ("Advent") did well to achieve an 18% increase in turnover from S$69.9 million last year to S$82.4 million this year. Each of its three business segments – distribution of semiconductor and related components, turnkey project management, and network and telecom product sales – maintained healthy profit margins. However, a bad debt of S$1.5 million written off during the year had a big impact on the division's profit before tax, which fell from S$2.2 million to S$1.3 million.

The project management segment led the division's growth with improved sales from its customers in the USA and Europe. In India too, Advent continued to make progress in its network product business, performing well to penetrate the challenging local market.

In Singapore, Advent's semiconductor distribution business felt the impact of falling demand that has resulted from contract manufacturing clients consolidating their operations or moving their production facilities out of Singapore to lower cost countries. To remain relevant in the face of this trend, Advent aims to offer a broader mix of products that will appeal to a wider customer base across different industries in the ASEAN and India markets.

Reinforcing Market Position

During the year, Advent again proved itself a leader of choice. In September 2006, it was appointed the sole master distribution agency for Buffalo products for the India market. Buffalo Inc. is a multi-billion dollar Japanese company and global leader in the design, development and manufacture of award-winning network storage and wireless networking and memory devices.

This appointment reinforces Advent as a leading networking distribution company in India with countrywide reach, and will boost its already sound reputation in this market.

Limestone transferred to kiln by skip hoist

Quicklime discharged from lime kiln

Expanding Through Synergy

Advent's strength in the future will lie in the independent success and profitability of its three business segments, enhanced by their synergistic value. This is particularly true of the semiconductor distribution and project management businesses where one growth strategy is to incorporate Advent's semiconductor components into new products for its project management clients. Similarly, Advent is exploring additional ways to partner its project management clients through its networking and telecom business in India.

Meanwhile, the company remains alert to emerging trends that provide fresh opportunities, such as the rising trend of watching videos via the Internet. This has led to a surge in demand for products such as the 'IPTV set-top box'. Being a pioneer in the manufacture of video products like this for the international company that created 'TV Anywhere', Advent is in an excellent position to take advantage of the vast growth potential in this area.

LIMESTONE PROCESSING

Construction of the new limestone processing plant in Banting, Malaysia was completed in April 2007 and production began right away. Operated by the Group's subsidiary, Compact Energy Sdn Bhd ("Compact"), it produces and supplies quicklime to the growing steel mill industry in Malaysia.

Owing to the company's ability to produce high quality quicklime, it has already successfully secured significant contracts for such supply and is currently working at optimal capacity. For the three-month period of operations ended 30 June 2007, this business generated a turnover of S$2.9 million and a profit before tax of S$62,000.

The demand for steel is expected to grow further, spurred by several major initiatives that are underway or in the pipeline in Malaysia. These include the Ninth Malaysian Plan, Iskandar Development Region in Southern Johor, and the Northern Corridor Economic Region in Northern Peninsular Malaysia. Opportunities also extend to Singapore with construction of the two upcoming Integrated Resorts.

As the steel mills and construction industry remain our primary focus, Compact's immediate priority will be to continue fine-tuning the production process to its most efficient. This will put us in the best position to take advantage of these surrounding opportunities and drive the increase in our sales volume.

Besides targeting such projects, the Group will remain open to exploring other potential quicklime consumers such as paper mills, water treatment plants and the agriculture industry. It will also consider the possibility of backward integration, which would involve acquiring a limestone quarry and supplying quicklime to downstream industries that command higher margins.

Overall, the limestone processing business in the future is expected to not only deliver higher turnover, but also rival the electronics business in terms of contribution to the Group's profit.

AUTOMOTIVE COMPONENT TRADING

The Group's automotive component trading business began operations during the first half of the financial year under LAP Automotive Trading Pte Ltd ("LAP Auto") which is now known as LAP Trading & Marketing Pte Ltd, achieving a turnover of S$1.7 million and earnings of S$80,000 by year end. LAP Auto sells China-made automotive chassis and components to a vehicle assembly company in Malaysia, where the components are assembled into light trucks for distribution to the local market.

Unfortunately, technical difficulties have hampered progress somewhat. The complication involves the conversion of automotive parts from left-hand drive to right-hand drive used in the Malaysian market. The Group is working very closely with our automotive supplier in the PRC to resolve this issue expediently.

SCRAP METAL TRADING

Carried out by LAP Trading & Marketing Pte Ltd ("LAP Trading") which was formerly known as LAP Auto, the Group's business in scrap metal trading started operations after the end of this financial year. LAP Trading sources for and purchases scrap metal, and arranges for scrap metal to be shipped directly from the suppliers to the buyers. The buyers are mainly steel mills which benefit from the thriving construction industry in Malaysia.

With Advent improving performances, and as Compact begins to pick up the pace, as well as additional contribution from LAP Trading, prospects for further revenue growth in the coming year are promising.

Othman Wok
Chairman

Cheng Yong Kwang
Executive Director

Ying Yoke Kwai
Director

Sam Chong Keen
Director

Cheng Theng How
Director

OTHMAN WOK, CHAIRMAN

Mr Othman Wok holds a Diploma in Journalism from the Polytechnic School of Journalism, London. He is the Chairman of the Board and an Independent Director since March 1996. He is also the Chairman of the Audit Committee, Nominating Committee, Remuneration Committee and ESOS Committee. He is subject to re-election as Director at each annual general meeting pursuant to Section 153(6) of the Companies Act, Cap. 50.

Mr Othman started his career in journalism with Utusan Melayu Press, Singapore in 1946 and left as Deputy Editor after 17 years. In 1963 he was a Minister for Social Affairs in Singapore for 14 years till 1977, and then as the Singapore Ambassador to Indonesia till 1980. He was the Singapore Honorary Consul at the Consulate of the Principality Monaco from 1996 to 1999. He is also a permanent member of the Presidential Council for Minority Rights since 2 March 1981.

CHENG YONG KWANG, EXECUTIVE DIRECTOR

Mr Cheng Yong Kwang is a Fellow of the Institute of Chartered Secretaries and Administrators, United Kingdom. Mr Cheng is an Executive Director since February 1996. He was last re-elected as a Director in October 2006.

Mr Cheng has more than 20 years of experience in finance and treasury operations, both in manufacturing and property development sectors. He joined The Lion Group in 1981 and was initially seconded to the Group's head office in Malaysia. He was later transferred to Singapore to assume the responsibility of overseeing the finance and treasury division of The Lion Group's operations in Singapore. In 1996, Mr Cheng was appointed as an Executive Director of the Company to oversee its day-to-day operations.

Mr Cheng is a director of Lion Diversified Holdings Berhad which is listed on Bursa Malaysia, and a member of the Board of Commissioners of PT Lion Metal Works, listed on the Jakarta Stock Exchange. He also sits on the Board of Anhui Jianghuai Automobile Co., Ltd, which is listed on the Shanghai Stock Exchange.

YING YOKE KWAI, DIRECTOR

Mr Ying Yoke Kwai holds a school certificate from the University of Cambridge and a certificate in Advanced Management from the Singapore Institute of Management. Mr Ying is an Independent Director since March 1996, and is a member of the Audit Committee, Nominating Committee, Remuneration Committee and ESOS Committee. He is subject to re-election as Director at each annual general meeting pursuant to Section 153(6) of the Companies Act, Cap. 50.

Mr Ying joined Lever Brothers (Singapore) Sdn. Bhd. ("Lever Brothers"), a multi-national company in Singapore, in 1952 as Marketing Assistant. After various rounds of promotion, he became the General Manager for a new factory in 1970 and subsequently served as Director of Administration from 1976 till his retirement in 1981. During his 29 years tenure at Lever Brothers, Mr Ying was involved in and responsible for sales, marketing, advertising, accounting, manufacturing and human resources. Thereafter, Mr Ying was engaged as a Consultant to the Detergent Division of British Petroleum Plc till 1986. Mr Ying has also played an active role in social work on a voluntary capacity, especially in the Singapore Chemical Industries Council of which he was responsible for its formation in 1978 and became its first Chairman for 4 years. Thereafter he was its Honorary Chairman for 10 years till 1992.

SAM CHONG KEEN, DIRECTOR

Mr Sam Chong Keen holds a Bachelor of Arts (Engineering Science and Economics) (Honours) degree and a Master of Arts degree from the University of Oxford, and a Diploma from the Institute of Marketing, United Kingdom. Mr Sam is an Independent Director of the Company, and is a member of the Nominating Committee. Pursuant to Article 91 of the Company's Articles of Association, he will be due for re-election at the forthcoming Annual General Meeting to be held on 24 October 2007.

Mr Sam is currently the Chief Executive Officer of Xpress Holdings Ltd, which is an integrated financial and commercial print solutions provider in the Asia Pacific region. Prior to that, Mr Sam was the chief executive officer and co-founder of Megatalk Pte Ltd which engages in telecommunications services. He was the Company's Managing Director, as well as Chief Executive Officer and Executive Vice-Chairman of Lion Teck Chiang Limited concurrently from 1997 to May 2002. Mr Sam has also served as managing directors for other public listed companies in Singapore, namely Comfort Group Ltd (from 1994 to 1997) and VICOM Ltd (from 1995 to 1997), in which he was responsible for their overall management and performance. He joined Intraco Ltd in 1987 and left as its General Manager in 1994. From 1998 to 1991, Mr Sam was also appointed by the government as the Political Secretary to the Minister for Education.

Mr Sam currently sits on the Board of Xpress Holdings Ltd and is also an independent director of Stamford Tyres Corporation Ltd.

CHENG THENG HOW, DIRECTOR

Mr Cheng Theng How holds a Diploma in Mechanical Engineering from Singapore Polytechnic. Mr Cheng is a Non-Executive Director since February 1997, and a member of the Audit Committee and Remuneration Committee. He was last re-elected as a Director in October 2005.

Mr Cheng is currently the General Manager and Director of Angkasa Hong Leong Pte Ltd, which distributes steel and iron products and is a subsidiary of SGX-listed Lion Teck Chiang Limited, since 1994. Prior to that, he has served as the Assistant General Manager (Production) of Amalgamated Steel Mills Bhd.

Key Management

Loh Kgai Mun assumed the position of Group General Manager of the Company in October 2006, and he oversees the operating and financial matters of the Group. He joined The Lion Group in 1998 as the Financial Controller of LTC Telecommunications Pte Ltd and was responsible for Lion Teck Chiang Limited's ("LTC") telecommunication investment in China. Concurrently, he also headed the Group Internal Audit department and also the Group MIS department for both the Company and LTC. Mr Loh is an Associate Member of the Institute of Chartered Accountants in England and Wales, and holds a Masters Degree in Business Administration from the University of Edinburgh Management School.

From 1995, Mr Loh was the Asia Pacific Operation Analysis Manager at Fisher-Rosemount (Asia Pacific) Pte Ltd, where he conducted operations review across the Asia Pacific region to drive operation improvements and was responsible for the establishment of financial and internal control systems, work procedures and processes. He established and monitored budgets and forecasts with a view to deliver financial targets, performed financial reviews and was responsible for driving improvements in assets management, including inventory, receivables and treasury. Prior to that, He was an auditor with Coopers & Lybrand, Shanghai.

Lim Siak Seng is a co-founder of Advent Electronics Pte Ltd, and also its Chief Executive Officer since 1999. Mr Lim holds a Bachelor in Engineering (Electrical) degree from the then University of Singapore.

Mr Lim has extensive experience in the telecom and electronics industries since 1972, beginning with his career in the then Singapore Telecoms. He was a local pioneer in several major USA corporations by being the first South-Asia-Pacific Country Manager (Semiconductor Sales) of RCA Corporation's Solid State Division from 1979 to 1986, General Electric Inc's GE/RCA Solid State Division from 1986 to 1988, and Advanced Micro Devices Inc, a reputable American semiconductor company, from 1988 to 1995. In January 1996, he co-started Easycall Singapore HQ as its V.P. Marketing for Asia Pacific and was responsible for managing radio paging business in South-East Asia. He left in June 1996 to become the Chief Executive Officer of BBS Electronics Pte Ltd, a major distribution house in the semiconductor industry, till May 1999.

Tan Kim Kee is a Senior Manager of the Company since June 2001 and he oversees the Group's automotive investments in China. He sits on the Supervisory Board of Anhui Jianghuai Automobile Co., Ltd which is listed on the Shanghai Stock Exchange. Mr Tan holds a Master degree in Business Management from the Heriot Watt University and is an accountant by profession.

Mr Tan has been an Accountant for Tan Chong Motor Holdings Bhd, an assembler and distributor of Nissan motor vehicles in Malaysia, for 13 years before he joined The Lion Group in Malaysia in 1987. He has served as Executive Directors in various companies within The Lion Group whose business operations include retailing, stock broking, investment holding and information technology.

Wong Min Seong is the Assistant General Manager of Compact Energy Sdn Bhd since May 2007, and is overall in charge of the operations of the Group's limestone processing plant in Malaysia. Mr Wong holds a Class 2 Engineer Certificate of Competency Examination (equivalent to a Bachelor Degree) from Jabatan Laut Malaysia and a Diploma in Marine Mechanical Engineering from Polytechnic Ungku Omar, Ipoh.

Mr Wong started his career as a Marine Engineer at Pacific Carrier Ltd, Singapore, in 1987, and left in 1990 to join Vestech Engineering Sdn Bhd as Production Engineer. In 1993, he was an Assistant Production Manager at Natsteel Chemicals (M) Sdn Bhd ("Natsteel"), and after a few rounds of promotion, he became its Plant Manager to oversee the production and maintenance of all plant machineries. After 11 years of service at Natsteel, he left in 2004 to become the Assistant General Manager of Megasteel Sdn Bhd and was overall in charge of the limekiln project.

Tan Boon Heng joined the Company in March 2006 as Group Assistant Accountant, and assumed the position of Group Accountant in November 2006. He is responsible for financial accounting and reporting, treasury control and taxation of the Group. Mr Tan is a graduate from the Association of Chartered Certified Accountants, and a Certified Public Accountant registered with the Institute of Certified Public Accountants of Singapore. He has more than 7 years' experience in financial audit, accounting and corporate taxation. He started his career in Steven Tan PAC in 1998 as an Audit Assistant, and left in 2005 as Audit Supervisor.

Tan Yen Hui joined the Company in August 2000 as its Company Secretary, and is primarily responsible for assisting the Group in its compliance with the company laws, SGX-ST listing rules and other applicable regulations. Ms Tan holds a Bachelor of Science (Economics) degree from the University of London, and is an associate member of the Singapore Association of the Institute of Chartered Secretaries and Administrators. She has been an Assistant Company Secretary/Administrator of another then listed company, Network Foods International Ltd, from 1997 to 2000, and has also worked in several management consultancy firms. During her working career, Ms Tan has been involved in corporate secretarial, trademark management, investor relations, human resources, taxation, accounting and finance.

Lion Asiapac Limited (the "Company") believes in maintaining a high standard of corporate governance, and is committed to making sure that effective self-regulatory corporate practices exist to protect the interests of its shareholders.

This report describes the Company's corporate governance processes and activities which are in line with the Code of Corporate Governance 2005 (the "Code").

BOARD MATTERS

The Board's Conduct of its Affairs

The Board is responsible for the overall strategy and direction of the Group. It provides entrepreneurial leadership, sets strategic aims, and ensures that the necessary financial and human resources are in place for the Company to meet its objectives. It also ensures that the Company's strategies are in the interests of the Company and its shareholders.

The Board supervises executive management and reviews management performance, as well as establishes a framework of prudent and effective controls which enables risk to be assessed and managed. It sets the Company's values and standards, and ensures that obligations to shareholders and others are understood and met.

During the financial year, the Board met 3 times. The Board reviews and approves appropriate strategic plans, key operational and financial matters, major acquisition and divestment plans, and major expenditure projects and funding decisions.

Board Composition and Balance

The Board comprises 5 directors, 3 of whom are independent directors, and 1 of whom holds executive position. The Directors have core competencies in accounting and finance, business and management experience, industry knowledge, and strategic planning experience.

The members of the Board are as follows :-

Executive	Non-Executive	
Cheng Yong Kwang	Othman Wok	(Chairman, Independent Director)
	Ying Yoke Kwai	(Independent Director)
	Sam Chong Keen	(Independent Director)
	Cheng Theng How	

The Executive Director oversees the day-to-day operations of the Group. The non-executive Directors constructively challenge and help develop proposals on strategy, as well as help review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

Chairman of the Board

The Chairman of the Board is an independent Director. He leads the Board to ensure its effectiveness on all aspects of its role and sets its agenda, and encourages constructive relations between the Board and executive management. He facilitates the effective contribution of non-executive directors, and encourages constructive relations between executive director and non-executive directors.

The Chairman ensures that Board meetings are held when necessary, manages the Board proceedings, and ensures that the Board members are provided with complete, timely and adequate information. He assists in ensuring compliance with the Company's guidelines on corporate governance, in order to promote high standards of corporate governance of the Company.

BOARD MATTERS (CONT'D)
Directors' Attendance

To facilitate effective management, the Board delegates certain functions to the various Board Committees ie. Audit, Nominating, Remuneration and Executives' Share Option Scheme Committees.

The number of meetings of the Company attended by the Directors during the financial year ended 30 June 2007 is set out as follows :-

	Board	Audit	Nominating	Remuneration
Number of meetings held:	**3**	**3**	**1**	**1**
Number of meetings attended:				
Othman Wok	3	3	1	1
Cheng Yong Kwang *	3	n.a.	n.a.	1
Ying Yoke Kwai	3	3	1	1
Cheng Theng How *	3	3	n.a.	n.a.
Sam Chong Keen	3	n.a.	1	n.a.

** Mr Cheng Yong Kwang stepped down as a member of the Remuneration Committee in August 2006 in accordance with the Code. Mr Cheng Theng How was appointed as a member of the Remuneration Committee in place thereof.*

Nominating Committee

The Nominating Committee ("NC") comprises 3 members, all of whom including the chairman are independent members. The NC met once during the financial year.

Othman Wok (Chairman, Independent Director)
Ying Yoke Kwai (Independent Director)
Sam Chong Keen (Independent Director)

The NC is charged with the responsibilities of evaluating the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board, and to propose objective performance criteria.

The NC is also responsible for making recommendations to the Board on appointment of directors, and to re-nominate directors, taking into account the individual director's contribution and performance.

The financial indicators set out in the Code as guides for the evaluation of directors are, in the Company's opinion, more of a measure of management's performance and hence are less applicable to directors. In any case, such financial indicators provide a snapshot of a company's performance, and do not fully measure the sustainable long term wealth and value creation of the company. Rather, a director is generally assessed by his/her experience in being a company director, competence and knowledge, level and quality of involvement during the course of the year, attendance record at meetings of the Board and Board Committees, intensity of participation at meetings, the quality of interventions and any special contributions.

The NC will use its best efforts to ensure that directors appointed to the Board possess the background, experience and knowledge relevant to the industry, as well as business, finance and management skills critical to the Company's businesses. In the event that a director has multiple board representations, the NC will determine whether or not a director is able to and has been adequately carrying out his/her duties as director of the Company. Also, the NC determines annually whether or not a director is independent, taking into account the relationship a director may have with the Company and its related companies. Such measures shall enable the Board to have an independent and objective perspective so as to allow balanced and well-considered decisions to be made.

The NC is of the view that Messrs Othman Wok, Ying Yoke Kwai and Sam Chong Keen are independent Directors. Despite some of the Directors having multiple board representations, the NC is of the view that these Directors are able to and have adequately carried out their duties as Directors of the Company.

BOARD MATTERS (CONT'D)
Nominating Committee (cont'd)

Pursuant to the Articles of Association of the Company, every Director shall retire from office at least once every three years, and at each annual general meeting ("AGM") of the Company, one-third of the Directors shall retire from office by rotation and the retiring Directors shall be eligible for re-election. In addition, Directors who are appointed during the year shall hold office only until the next AGM and shall be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. Two Directors, Messrs Othman Wok and Ying Yoke Kwai, are subject to Section 153(6) of the Companies Act to hold office until the conclusion of each AGM and they shall be eligible for re-appointment, but shall not be subject to the provisions of the Articles relating to the rotation and retirement of Directors.

Executives' Share Option Scheme Committee

The Executives' Share Option Scheme ("ESOS") Committee comprises 2 members, all of whom are independent members.

Othman Wok	(Independent Director)
Ying Yoke Kwai	(Independent Director)

The ESOS Committee is responsible for the administration of the ESOS of the Company and the committee members do not participate in the ESOS.

Access to Information

The Directors are provided with complete and adequate information in a timely manner by the management. To facilitate an informed decision making, explanatory notes or reports on major operational, financial and corporate issues, together with copies of disclosure documents and/or financial statements are circulated to the Directors at a reasonable time period prior to Board meetings for their perusal. If necessary, arrangement will be made for the Directors to obtain independent professional advice at the Company's expense.

All Directors have independent access to the senior management of the Company and also the Company Secretary. The Company Secretary attends all Board meetings and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is responsible for assisting the Company in its compliance with the requirements of the Companies Act, rules of the SGX-ST Listing Manual and other applicable regulations. The Company Secretary shall ensure good information flows within the Board and its committees, as well as between senior management and non-executive directors, and where necessary, shall facilitate orientation and assist in professional development. The appointment and removal of the Company Secretary are subject to Board approval.

REMUNERATION MATTERS
Remuneration Committee

The Remuneration Committee ("RC") currently comprises 3 members, all of whom are non-execuive Directors, and 2 of whom including the chairman are independent members. The RC met once during the financial year.

Othman Wok	(Chairman, Independent Director)
Ying Yoke Kwai	(Independent Director)
Cheng Theng How	(Non-executive Director)

The RC is responsible for recommending to the Board a framework of remuneration for the Directors and key executives.

The RC ensures that the level of remuneration is appropriate to attract, retain and motivate the directors needed to run the Company successfully, taking into account the Company's relative performance and the performance of individual directors. It covers all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, share options, and benefits-in-kind.

REMUNERATION MATTERS (CONT'D)
Remuneration Committee (cont'd)

The non-executive Directors are remunerated with fees which are set in accordance with a remuneration framework comprising basic fees, committee fees and attendance fees. All directors' fees are subject to the approval of shareholders at each AGM.

The RC determines specific remuneration package for the Executive Director based on the performance of the Group and the individual, and in accordance with a remuneration framework comprising basic salary, bonus, benefits-in-kind and share options.

The RC has access to external consultants for expert advice on Board remuneration and executive compensation, where necessary.

Remuneration Report

Details of remuneration paid to the Directors of the Company for the year ended 30 June 2007 are as follows:

Remuneration Band	Name of Director	Salary	Bonus	Benefits-in-kind	Directors' Fees	Total
$250,000 to below S$500,000	Cheng Yong Kwang	78%	20%	2%	–	100%
Below $250,000	Othman Wok	–	–	–	100%	100%
	Ying Yoke Kwai	–	–	–	100%	100%
	Sam Chong Keen	–	–	–	100%	100%
	Cheng Theng How	–	–	–	100%	100%

For competitive reasons, details of remuneration paid to the top 5 key executives of the Group for the year ended 30 June 2007 are not disclosed.

ACCOUNTABILITY AND AUDIT
Audit Committee

The Audit Committee ("AC") comprises 3 members, all of whom are non-executive Directors, and 2 of whom including the chairman are independent members.

Othman Wok (Chairman, Independent Director)
Ying Yoke Kwai (Independent Director)
Cheng Theng How (Non-executive Director)

The AC carries out the functions set out in the Code and the Companies Act. It assists the Board to raise and maintain the standard of corporate governance, and fosters the transparency of corporate governance practices by ensuring that the Company's corporate governance processes and activities comply with the Code.

During the financial year, the AC met 2 times with the presence of internal and external auditors and appropriate members of the management, and another 1 time with the presence of internal auditors and management. The AC also met once with the external auditors, without the presence of management and internal auditors. It reviews the financial statements of the Company and its subsidiaries and the report of the external auditors thereon for submission to the Board. It also reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements, as well as formal announcements relating to the Group's financial performance.

The AC reviews the audit plan with the external auditors, and the scope and results of the internal audit procedures with the internal auditors. It reviews interested person transactions and conducts periodic reviews of the review procedures for interested person transactions to ensure that such transactions are transacted on normal commercial terms and will be not be prejudicial to the interests of the Company and its minority shareholders.

ACCOUNTABILITY AND AUDIT (CONT'D)

Audit Committee (cont'd)

The AC ensures that a review of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually. It reviews with the internal auditors their evaluation of internal controls. It also reviews with the external auditors on any internal control findings noted in the course of their statutory audit.

Policies and procedures are in place for any staff of the Group who may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Arrangements are also in place for the independent investigation of such matters and for appropriate follow up action. Such policies and procedures have been reviewed by the AC.

The AC is responsible for nominating external auditors, as well as reviewing the remuneration and terms of engagement of the external auditors for recommendation to the Board. It reviews the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors. The nature and extent of non-audit services performed by external auditors are also reviewed by the AC. There were no non-audit services provided by the external auditors during the year ended 30 June 2007.

Internal Controls and Internal Audit

The Board is responsible for ensuring that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets.

An internal audit team is in place to review, at least once annually, the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, and risk management.

The internal audit team's line of functional reporting is to the Chairman of the AC. Administratively, the internal audit team reports to the Executive Director. The internal audit team is independent of the activities it audits, and it abstains from audit of certain activities where conflict of interests might arise.

The AC has ensured that the internal audit team meets the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC has ensured that the internal audit function is adequately resourced to carry out its duties effectively and has appropriate standing within the Company.

The AC reviews, on an annual basis, the adequacy and effectiveness of the internal audit function.

The Board believes that, based on information provided and after due enquiry, the system of internal controls that has been maintained by the Group's management during the year is adequate to meet the needs of the Group in its current business environment.

COMMUNICATION WITH SHAREHOLDERS

The Board is committed to provide timely and fair disclosure of material information in accordance with regulatory and legal requirements.

The Chairman ensures that the Company engage in regular, effective and fair communication with shareholders of the Company. To maintain transparency, the Board does not practise selective disclosure. The shareholders are informed of all material developments that impact the Group in a timely manner via SGXNET and postings on the Company's internet website.

The Board regards the AGM as an opportunity to communicate directly with shareholders and encourages participative dialogue. The members of the Board and chairman of the Board Committees will attend the AGM and are available to answer questions from shareholders present. External auditors will also be present at the AGM to address shareholders' queries about the audit and the preparation and content of the auditors' report.

SECURITIES TRANSACTIONS

The Company has issued a Compliance Code on Securities Transactions to all officers of the Group setting out the implication of insider trading and the guildelines on dealing in the Company's shares. An officer shall not deal in the shares of the Company during the periods commencing 1 January to date of announcement of the Company's half-year results, and 1 July to the date of announcement of full-year results.

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. Introduction

At the Extraordinary General Meeting of the Company held on 30 October 2006, shareholders of the Company ("Shareholders") approved the grant of the General Mandate for Interested Person Transactions ("IPT Mandate") to enable the Company and its subsidiaries and associated companies, or any of them, to enter into transactions with the Company's interested person ("Interested Person").

Pursuant to Chapter 9 of the Listing Manual, a general mandate for transactions with Interested Persons is subject to annual renewal. The IPT Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the forthcoming 37th AGM which is scheduled to be held on 24 October 2007.

Directors of the Company proposed that the IPT Mandate be renewed at the 37th AGM to take effect until the 38th AGM of the Company.

The approval of Shareholders of the Company for the renewal of the IPT Mandate will be sought at the 37th AGM of the Company to be held at 10 Arumugam Road, #10-00 Lion Building A, Singapore 409957 on 24 October 2007 at 11.00 a.m.

SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this IPT Mandate.

General information with respect to listing rules of the SGX-ST relating to interested person transactions, including the definitions of "associate", "entity at risk", "interested person" and "interested person transaction" used in Chapter 9 of the Listing Manual, is also set out in pages 25 to 27 of this Annual Report.

2. Rationale for the Proposed Renewal of the IPT Mandate

The Company disclosed in the circular to Shareholders dated 12 October 2006 (the "Circular") relating to the IPT Mandate that it was entering into a new business venture, limestone processing, in Malaysia. This business involves transactions with parties which are considered to be Interested Persons. The limestone processing plant, located in Banting, Selangor, commenced production in April 2007, soon after its construction had been completed. The said plant produces and supplies quicklime, which is a raw material for steel making, mainly to the steel mills and the construction industry in Malaysia. Other consumers of quicklime include paper mills, water treatment plant, incineration plants, aqua farms and agriculture industry.

The Company also stated in the Circular that it had entered into preliminary discussions with Interested Persons, to explore on new business opportunities in the sale of scrap metal and trading of automotive components, in addition to the supply of quicklime as mentioned above.

The trading of automotive components commenced during the first half of the financial year ended 30 June 2007. In this business, the Company ships the automotive chassis and components ie. CKD (acronym for Completely Knocked Down), from Anhui Jianghuai Automobile Co Ltd in the Anhui province of the People's Republic of China, to the Interested Person's plant located in Kota Kinabalu, Sabah, Malaysia, for assembly into complete vehicles i.e. CBU (acronym for Completely Built Up), for the purpose of distribution in the Malaysian market.

On the scrap metal trading business which commenced operations after the end of the financial year ended 30 June 2007, the Company sources for and purchases scrap metal and arranges for direct shipment of scrap metal from the suppliers to the buyers, who will include, *inter alia*, the Interested Persons.

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

2. Rationale for the Proposed Renewal of the IPT Mandate (cont'd)

It is envisaged that the Company, its subsidiaries and associated companies (other than (a) subsidiaries or associated companies which are themselves listed on the SGX-ST or an approved stock exchange, or (b) associated companies over which the Company and its subsidiaries and/or its interested person(s) have no control) which are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual (together, the "LAP Group"), or any of them, will, in the ordinary course of their businesses, enter into Interested Person Transactions ("IPT" or "IPTs") with Interested Persons for mutual benefit. Such transactions are likely to occur with some degree of frequency, and could arise at any time. Such transactions would include the provision of goods and services in the ordinary course of business of the LAP Group to Interested Persons or the obtaining of goods and services from such Interested Persons.

Given that the IPTs are expected to be recurrent transactions and may occur at any time, and to allow the LAP Group to undertake such transactions in a more expeditious manner, the Directors are seeking Shareholders' approval for the renewal of the IPT Mandate for the purposes of Chapter 9 of the Listing Manual and for the LAP Group to enter into the categories of IPTs with certain classes of Interested Persons as set out in paragraphs 5 and 4 below respectively.

3. Benefits of the IPT Mandate

The IPT Mandate is intended to facilitate specified categories of IPTs in the normal course of business of the LAP Group which are transacted, from time to time, with the specified classes of Interested Persons, provided that they are carried out on an arm's length basis and on the LAP Group's normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The IPT Mandate will enhance the ability of companies in the LAP Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when the need to enter into a specified category of IPTs with an Interested Person arises. This will reduce the expenses associated with convening of general meetings on an *ad hoc* basis, improve administrative efficiency considerably and allow manpower resources and time to be channelled towards attaining other corporate objectives available to the LAP Group.

4. Classes of Interested Persons

The IPT Mandate will apply to the IPTs (as described in paragraph 5 below) with the following classes of Interested Persons, namely:–

(A) Lion Corporation Berhad ("LCB") and its subsidiary and associated companies;

(B) Lion Industries Corporation Berhad ("LICB") and its subsidiary and associated companies;

(C) Lion Diversified Holdings Berhad ("LDHB") and its subsidiary and associated companies; and

(D) Amsteel Corporation Berhad ("ACB") and its subsidiary and associated companies.

Save for LICB which has substantial indirect interests in both LCB and ACB purusant to the Malaysian Companies Act, the relationships between the classes of Interested Persons and the Company are disclosed in page 90 of this Annual Report.

Transactions with Interested Persons that do not fall within the ambit of the IPT Mandate will be subjected to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

5. Categories of IPTs

The transactions entered into by the LAP Group with the Interested Persons which will be covered by the IPT Mandate are as follows:–

5.1 Sale of Quicklime

The LAP Group will supply quicklime to the Interested Persons. The basis of determining the contract and/or transaction terms are defined herein below.

5.2 Sale of Scrap Metal

The LAP Group will supply scrap metal to the Interested Persons. The basis of determining the contract and/or transaction terms are defined herein below.

5.3 Trading of Automotive Components

The Group will supply CKD to the Interested Persons which will be assembled by the Interested Persons into CBU for distribution. Payment by the Interested Persons can be made via the following two options:

(A) Cash on Delivery

(B) Deferred Payment Scheme

The scheme involves the Interested Persons transferring the title of a CBU to the Group as consideration ("Original Consideration") for the CKD prior to delivery of the latter. The transfer in title, which serves as security to the LAP Group, is formalized via a sales invoice issued by the Interested Persons to the LAP Group. Upon the maturity of the credit term or any other time earlier, the LAP Group will transfer the title of the original CBU back to the Interested Persons, via a sales invoice, upon receipt of monies of an amount equivalent to the Original Consideration, from the Interested Persons;

The basis of determining the contract and/or transaction terms are defined herein below.

5.4 Provision and/or Obtaining of Services arising from the existing business operations or the set up and/or continuation of the proposed new businesses

The LAP Group will in the ordinary course of business provide or obtain, inter alia, management, consultancy, leasing or warehousing, internal audit and information technology services relating to the existing business operations or the set up and continuation of the aforementioned new businesses. The basis of determining the contract and/or transaction terms are defined herein below.

The IPT Mandate will not cover any transaction by a company in the LAP Group with an Interested Person that is below S$100,000 in value as the threshold and aggregation requirements of Chapter 9 would not apply to such transactions.

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

6. Review Procedures for IPTs

6.1 In general, the LAP Group has internal control procedures to ensure that the IPTs are undertaken at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

(A) Sale of Quicklime

The review procedures are as follows:–

(i) All contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market prices determined by market conditions on terms which are no more favorable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases and long-term contracts where the giving of such preferential prices/rates/discounts are commonly practiced within the applicable industry and may be extended to unrelated third parties), or otherwise in accordance with applicable industry norms. The Company will source for documented evidences of market prices, where practicable, for ascertaining the reasonableness of the pricing;

(ii) Where the prevailing market prices or rates are not available due to the nature of the products to be sold or the services to be provided and the then prevailing business conditions, the Company will, subject to the Audit Committee's concurrence, determine a reasonable percentage mark-up from cost to ensure that the pricing for such products or services to an Interested Person is in accordance with industry norms and usual business practices, strategic direction of the LAP Group and pricing policies of the relevant company in the LAP Group. In determining the transaction price or rate payable by the Interested Person for such products and services, factors such as, but not limited to, specifications, quantity, volume, customer requirements, duration of contract, and credit worthiness, will be taken into consideration;

(iii) Notwithstanding the aforementioned, prior approval will have to be sought for contracts and transactions, which are not already covered under the aforementioned contracts, in accordance with the following threshold:

(a) Contracts and transactions amounting to or exceeding S$100,000 but less than S$500,000 in value to be reviewed and approved by the Group Internal Audit Manager;

(b) Contracts and transactions amounting to or exceeding S$500,000 but less than S$1,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the non-executive Directors;

(c) Contracts and transactions amounting to or exceeding S$1,000,000 in value to be reviewed and approved by the Audit Committee;

(B) Sale of Scrap Metal

The review procedures are as follows:–

(i) All contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market prices determined from available public sources, such as the *Metal Bulletin* or any such other sources approved by the Audit Committee, and on terms which are no more favorable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential prices/rates/discounts accorded to a class of customers or for bulk purchases and long-term contracts where the giving of such preferential prices/rates/discounts are commonly practiced within the applicable industry and may be extended to unrelated third parties), or otherwise in accordance with applicable industry norms;

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

6. Review Procedures for IPTs (cont'd)

6.1 (cont'd)

(B) Sale of Scrap Metal (cont'd)

(ii) Where the prevailing market prices or rates are not available due to the nature of the products to be sold, the Company will, subject to the Audit Committee's concurrence, determine a reasonable percentage mark-up from cost to ensure that the pricing for such products or services to an Interested Person is in accordance with industry norms and usual business practices, strategic direction of the LAP Group and pricing policies of the relevant company in the LAP Group. In determining the transaction price or rate payable by the Interested Person for such products and services, factors such as, but not limited to, specifications, quantity, volume, customer requirements, duration of contract, and credit worthiness, will be taken into consideration;

(iii) Notwithstanding the aforementioned, prior approval will have to be sought for contracts and transactions, which are not already covered under the aforementioned contracts, in accordance with the following threshold:

(a) Contracts and transactions amounting to or exceeding S$100,000 but less than S$2,500,000 in value to be reviewed and approved by the Group Internal Audit Manager;

(b) Contracts and transactions amounting to or exceeding S$2,500,000 but less than S$5,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the non-executive Directors;

(c) Contracts and transactions amounting to or exceeding S$5,000,000 in value to be reviewed and approved by the Audit Committee;

(C) Trading of Automotive Components

The review procedures are as follows:–

(i) Due to the fact that CKD units are usually assembled internally and the pricings for CKD units are highly dependent on the brands, comparable market prices for the units may not be readily available. Owing to this, the Company will, subject to the Audit Committee's concurrence, determine a reasonable percentage mark-up from cost to ensure that the pricing for such products or services to an Interested Person is in accordance with industry norms and usual business practices, strategic direction of the LAP Group and pricing policies of the relevant company in the LAP Group. In determining the transaction price or rate payable by the Interested Person for such products and services, factors such as, but not limited to, specifications, quantity, volume, customer requirements, duration of contract, and credit worthiness, will be taken into consideration;

(ii) Notwithstanding the aforementioned, prior approval will have to be sought for contracts and transactions, which are not already covered under the aforementioned contracts, in accordance with the following threshold:

(a) Contracts and transactions amounting to or exceeding S$100,000 but less than S$2,500,000 in value to be reviewed and approved by the Group Internal Audit Manager;

(b) Contracts and transactions amounting to or exceeding S$2,500,000 but less than S$5,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the non-executive Directors;

(c) Contracts and transactions amounting to or exceeding S$5,000,000 in value to be reviewed and approved by the Audit Committee;

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

6. Review Procedures for IPTs (cont'd)

6.1 (cont'd)

(D) Provision and/or Obtaining of Services arising from the existing business operations or the set up and/or continuation of the proposed new businesses

The review procedures are as follows:–

(i) All contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market prices determined by market conditions on terms which are no more favorable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential prices/rates/discounts accorded to a class of customers and long-term contracts where the giving of such preferential prices/rates/discounts are commonly practiced within the applicable industry and may be extended to unrelated third parties), or otherwise in accordance with applicable industry norms. The Company will source for documented evidences of market prices, where practicable, for ascertaining the reasonableness of the pricing;

(ii) Where the prevailing market prices or rates are not available due to the nature of the service to be provided, the Company will, subject to the Audit Committee's concurrence, determine a reasonable percentage mark-up from cost or through a formula, to ensure that the pricing for such services to an Interested Person is in accordance with industry norms and usual business practices, strategic direction of the LAP Group and pricing policies of the relevant company in the LAP Group. In determining the price or rate payable by the Interested Person for such services, factors such as, but not limited to, service requirements, duration of contract, and credit worthiness, will be taken into consideration;

(iii) Notwithstanding the aforementioned, prior approval will have to be sought for contracts and transactions, which are not already covered under the aforementioned contracts, in accordance with the following threshold:

(a) Contracts and transactions amounting to or exceeding S$100,000 but less than S$500,000 in value to be reviewed and approved by the Group Internal Audit Manager;

(b) Contracts and transactions amounting to or exceeding S$500,000 but less than S$1,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the non-executive Directors;

(c) Contracts and transactions amounting to or exceeding S$1,000,000 in value to be reviewed and approved by the Audit Committee;

The thresholds as set out above are determined by factors which include, *inter alia*, frequency of the contracts/transactions, the market prices of the products/services and the anticipated contract/transaction volume.

6. Review Procedures for IPTs (cont'd)

6.2 Notwithstanding the aforementioned limit for approval in paragraph 6.1 above, prior approval will have to be sought for any contracts and transactions, in accordance with the following threshold:

Where the aggregate value for all the IPTs, which are not required under the review procedures to be approved by either the Group Internal Audit Manager and any one of the non-executive Directors, or the Audit Committee, for any particular year,

(A) amounts to or exceeds S$10,000,000, any subsequent contracts and transactions with any Interested Person amounting to or exceeding S$2,500,000 in value, shall require the approval of the Audit Committee; or

(B) amounts to or exceeds S$15,000,000, any subsequent contracts and transactions with any Interested Person amounting to or exceeding S$1,500,000, shall require the approval of the Audit Committee; or

(C) amounts to or exceeds S$20,000,000, any subsequent contracts and transactions with any Interested Person amounting to or exceeding S$500,000 in value, shall require the approval of the Audit Committee.

6.3 Additional Controls

(A) The Company will maintain a register of transactions carried out with Interested Persons pursuant to the IPT Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into) and those transactions that are below S$100,000.

(B) The Company's annual internal audit plan shall incorporate a review of all IPTs, including the established review procedures for monitoring of such IPTs, entered into during the current financial year pursuant to the IPT Mandate.

(C) The Audit Committee shall review and approve the maximum value (pre-approved cap) of IPTs for each category of IPTs for the forthcoming 12 months or whichever period that is shorter, as determined by the Audit Committee. Ratification shall be sought from the Audit Committee, should the pre-approved cap be breached, notwithstanding that the contracts or transactions are within the thresholds set out in paragraphs 6.1(A)(iii), 6.1(B)(iii), 6.1(C)(ii) and 6.1(D)(iii) above.

(D) The Group Internal Audit Manager shall, on at least a half-yearly basis, subject to adjustment in frequency, depending on factors such as, *inter alia*, substantial increment of aggregate transactional value, report to the Audit Committee on all IPTs, and the basis of such transactions, entered into with Interested Persons during the preceding period. The Audit Committee shall review such IPTs at its periodic meetings except where IPTs are required under the review procedures to be approved by the Audit Committee prior to the entry thereof.

(E) The Audit Committee will conduct periodic reviews (of not less than half-yearly) of the review procedures for IPTs. If, during these periodic reviews, the Audit Committee is of the view that these review procedures are not sufficient to ensure that the IPTs are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh IPT Mandate from the Shareholders based on new review procedures for IPTs. All IPTs will be reviewed and approved by the Audit Committee prior to entry while a fresh IPT Mandate is being sought from the Shareholders.

(F) For the purposes of the above review and approval process, any Director who is not considered independent for the purposes of the IPT Mandate and/or any IPTs will abstain from voting on any resolution relating thereof, and/or abstain from participating in the Audit Committee's decision during its review of the established review procedures for the IPTs or during its review or approval of any IPT.

6.4 Further Compliance

The Directors will ensure that all disclosure, approval and other requirements on IPTs, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with.

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

7. Expiry and Renewal of the IPT Mandate

If approved by Shareholders at the forthcoming 37th AGM, the IPT Mandate will take effect from the date of receipt of Shareholders' approval, and will (unless revoked or varied by the Company in general meeting) continue to be in force until the next AGM of the Company and will apply to IPTs entered into from the date of receipt of Shareholders' approval. Approval from Shareholders will be sought for the renewal of the IPT Mandate at each subsequent AGM, subject to review by the Audit Committee of its continued application to the IPTs.

If the Audit Committee is of the view that the review procedures under the IPT Mandate are not sufficient to ensure that the IPTs are transacted on normal commercial terms and will be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh IPT Mandate from the Shareholders based on new review procedures for IPTs.

8. Disclosure

Pursuant to Rule 920(1)(a) of the Listing Manual, the Company will disclose the IPT Mandate and the aggregate value of the IPTs conducted pursuant to the IPT Mandate in the annual report of the Company for the current financial year, and in the annual reports for the subsequent financial years during which the IPT Mandate is in force. In addition, the Company will announce the aggregate value of the IPTs conducted pursuant to the IPT Mandate for the financial periods which it is required to report on (pursuant to Rule 705 of the Listing Manual) within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 907 of the Listing Manual.

9. Directors' and Substantial Shareholders' Interests

The interests of the Directors and Substantial Shareholders in the shares of the Company as at 30 June 2007 and 19 September 2007 respectively, can be found in page 30 and page 90 of this Annual Report respectively.

10. Abstentions

Mr. Cheng Yong Kwang, the Executive Director of the Company, is also a non-executive director of LDHB which is listed on Bursa Malaysia. LDHB has a deemed interest of 22.56% in LCB, which is the ultimate holding company of Omali Corporation Sdn Bhd, which in turn holds a direct interest of 29.98% in the issued share capital of the Company. By virtue of Mr. Cheng's directorship in the aforementioned companies, he is considered an Interested Person in relation to the IPT Mandate. Mr Cheng will abstain from recommending in voting on the ordinary resolution relating to the renewal of the IPT Mandate.

Mr. Cheng Theng How, a Director of the Company, is also a director of Antara Steel Mills Sdn Bhd and Amsteel Mills Sdn Bhd, both of which are subsidiaries of LICB. LICB is deemed to be a substantial shareholder of both LCB and ACB pursuant to the Malaysian Companies Act. By virtue of Mr. Cheng 's directorship in the aforementioned companies, he is considered an Interested Person in relation to the IPT Mandate. Mr Cheng will abstain from recommending in voting on the ordinary resolution relating to the renewal of the IPT Mandate.

The Substantial Shareholders as set out in page 90 of this Annual Report, who are Interested Persons in relation to the IPT Mandate, will abstain, and will ensure that their associates (as defined in the Listing Manual) abstain, from voting on the ordinary resolution relating to the renewal of the IPT Mandate.

Further, Mr. Cheng Yong Kwang, Mr. Cheng Theng How and the Substantial Shareholders will decline to accept appointment as proxy to vote and attend at the forthcoming 37th AGM in respect of the aforesaid ordinary resolution unless the Shareholder concerned shall have given specific instructions as to the manner in which his votes are to be cast.

Save as disclosed above, the Directors and the Substantial Shareholders of the Company do not have any interest, whether directly or indirectly, in the IPT Mandate.

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

11. Independent Directors' Recommendation

The Independent Directors having considered, inter alia, the terms, the rationale and the benefits of the IPTs and the IPT Mandate, are of the view that the IPT Mandate is in the interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the renewal of the IPT Mandate at the forthcoming 37th AGM.

12. Statement of the Audit Committee

The Audit Committee of the Company confirms that:

(a) the methods and procedures for determining the transaction prices of the IPTs conducted under the IPT Mandate have not changed since the Shareholders' approval of the IPT Mandate at the extraordinary general meeting held on 30 October 2006;

(b) the methods and procedures referred to in paragraph 12(a) above continue to be sufficient to ensure that these IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders; and

(c) the Company will obtain a fresh mandate from the Shareholders if the methods or procedures for determining transaction prices referred to in paragraph 12(a) above become inappropriate.

13. Directors' Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated herein are fair and accurate and that there are no material facts the omission of which would make any statement in this Report misleading.

OVERVIEW OF LISTING MANUAL REQUIREMENTS FOR INTERESTED PERSON TRANSACTIONS

1. Introduction

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries or associated companies (other than a subsidiary or an associated company that is itself listed on the SGX-ST or an approved stock exchange, or an associated company over which the listed group and/or its Interested Persons(s) has no control) proposes to enter into with a counterparty who is an interested person of the listed company.

2. Terms used in Chapter 9 of the Listing Manual

"Interested Person"

The term "interested person" is defined to mean a director, chief executive officer or controlling shareholder of the listed issuer, or an associate of any such director, chief executive officer or controlling shareholder.

"Associate"

In relation to any director, chief executive officer, substantial or controlling shareholder (being an individual), an "associate" is defined to be an immediate family member (that is, spouse, child, adopted child, step-child, sibling and parent); the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and any company in which the individual and his immediate family together (directly or indirectly) have an interest of 30% or more.

OVERVIEW OF LISTING MANUAL REQUIREMENTS FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

2. Terms used in Chapter 9 of the Listing Manual (cont'd)

"Associate" (cont'd)

In relation to a substantial shareholder or controlling shareholder (being a company), an "associate" is defined to be any other company which is a subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

"Associated Company"

A listed company's "associated company" is defined as a company in which at least 20% but not more than 50% of its shares are held by the listed company or group.

"Controlling Shareholder"

A "controlling shareholder" of a listed company is a person who holds directly or indirectly 15% or more of the nominal amount of all voting shares in the listed company, or a person who in fact exercises control over the listed company.

"Approved Exchange"

An "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual.

"Chief Executive Officer"

"Chief executive officer" is defined in the Listing Manual to mean the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed issuer.

3. Materiality Thresholds, Disclosure Requirements and Shareholders' Approval

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and are hence excluded from the ambit of Chapter 9, immediate announcement and shareholders' approval would be required in respect of transactions with Interested Persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated NTA) are reached or exceeded.

Immediate Announcement

An immediate announcement is required where the interested person transaction is of a value equal to, or more than, 3% of the listed group's latest audited NTA. Where the aggregate value of all the transactions entered into with the same interested person during the same financial year amounts to 3% or more of the listed group's latest audited NTA, the issuer must make an announcement of the latest transaction and all future transactions entered into with the same interested person during that financial year.

OVERVIEW OF LISTING MANUAL REQUIREMENTS FOR INTERESTED PERSON TRANSACTIONS (CONT'D)

3. Materiality Thresholds, Disclosure Requirements and Shareholders' Approval (cont'd)

Shareholders' Approval

Shareholders' approval is required where the interested person transaction is of a value equal to or more than:–

(a) 5% of the listed group's latest audited NTA; or

(b) 5% of the listed group's latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

The above requirements for immediate announcement and for shareholders' approval do not apply to any transaction below S$100,000.

4. General Mandate

Chapter 9 of the Listing Manual permits a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations, but not in respect of the purchase or sale of assets, undertakings or businesses.

INTERESTED PERSON TRANSACTIONS

The aggregate value of IPTs entered into during the financial year ended 30 June 2007 pursuant to the IPT Mandate obtained under Chapter 9 of the Listing Manual were as follows:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under IPT Mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under IPT Mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Kinabalu Motor Assembly Sdn Bhd	–	S$6,694,000
Amsteel Mills Sdn Bhd	–	S$1,921,000
Megasteel Sdn Bhd	–	S$1,401,000
Lion Tooling Sdn Bhd	–	S$490,000
Antara Steel Mills Sdn Bhd	–	S$157,000
Bright Steel Sdn Bhd	–	S$139,000

Corporate Directory

BOARD OF DIRECTORS
Othman Wok, Chairman
Cheng Yong Kwang, Executive Director
Ying Yoke Kwai
Sam Chong Keen
Cheng Theng How

AUDIT COMMITTEE
Othman Wok, Chairman
Ying Yoke Kwai
Cheng Theng How

NOMINATING COMMITTEE
Othman Wok, Chairman
Ying Yoke Kwai
Sam Chong Keen

REMUNERATION COMMITTEE
Othman Wok, Chairman
Ying Yoke Kwai
Cheng Theng How

EXECUTIVES' SHARE OPTION SCHEME COMMITTEE
Othman Wok
Ying Yoke Kwai

COMPANY SECRETARIES
Tan Yen Hui, ACIS
Silvester Bernard Grant, ACIS

REGISTERED OFFICE
10 Arumugam Road
#10-00 Lion Building A
Singapore 409957
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REGISTRARS
B.A.C.S. Private Limited
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Singapore 089758
Tel: (65) 6323 6200
Fax: (65) 6323 6990

AUDITORS
PricewaterhouseCoopers
8 Cross Street #17-00
PWC Building
Singapore 048424
Tel: (65) 6236 3388
Fax: (65) 6236 3300

Partner-in-charge of the audit:
Chey Chor Wai
(Appointed from the financial year ended 30 June 2005)

PRINCIPAL BANKERS
Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

Malayan Banking Berhad
2 Battery Road
16th Floor, Maybank Tower
Singapore 049907

LAWYERS
Wong Partnership
One George Street
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The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 30 June 2007 and the balance sheet of the Company at 30 June 2007.

DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Othman Wok (Chairman)
Cheng Yong Kwang (Executive Director)
Ying Yoke Kwai
Cheng Theng How
Sam Chong Keen

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share Options" on pages 31 and 32.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the share capital or debentures of the Company or its related corporations.

(b) According to the register of directors' shareholdings, a director holding office at the end of the financial year had interests in the options to subscribe for ordinary shares of the Company granted pursuant to the LAP Share Option Scheme as set out below and in the paragraphs on "Share Options".

	Number of unissued ordinary shares under option held by director	
	At 30.6.2007	At 1.7.2006
2005 Options		
Cheng Yong Kwang	**112,500**	112,500

(c) The directors' interests in the shares or options of the Company as at 21 July 2007 were the same as those as at 30 June 2007.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the financial statements and in this report, and except that Mr Cheng Yong Kwang has an employment relationship with the Company, and has received remuneration in that capacity.

SHARE OPTIONS

(a) LAP Share Option Scheme

The LAP Share Option Scheme (the "Scheme") was approved by the members of the Company at an Extraordinary General Meeting held on 20 September 2000. Particulars of the Scheme were set out in the Directors' Report for the financial year ended 30 June 2001.

On 26 May 2005, options on 176,250 unissued shares with an exercise price of $0.16 per ordinary share were granted to executives and directors of the Company pursuant to the Scheme ("2005 Options"). The 2005 Options are exercisable from 27 May 2006 and will expire on 26 May 2010.

During the financial year, no shares of the Company were allotted and issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiary.

(b) Share Options Outstanding

The number of unissued ordinary shares of the Company under option outstanding at the end of the financial year is as follows:

	Number of unissued ordinary shares under option	Exercise price	Expiry date
Options relating to the Scheme			
2005 Options	157,500	$0.16	26 May 2010

(c) Other information required by the Singapore Exchange Securities Trading Limited ("SGX-ST")

Pursuant to Rule 852 of the Listing Manual of the SGX-ST, in addition to the information disclosed elsewhere in the report, directors report that during the financial year:

(i) The Committee administering the Scheme comprises directors Othman Wok and Ying Yoke Kwai.

(ii) No options were granted to controlling shareholders or their associates, parent group employees, and no employee has received 5% or more of the total options available under the Scheme.

(iii) Participants of the Scheme who are directors of the Company are as follows:

	Number of unissued ordinary shares under option			
Name of Director	Options granted during financial year ended 30.6.2007	Granted since commencement of Scheme to 30.6.2007	Lapsed since commencement of Scheme to 30.6.2007	Outstanding as at 30.6.2007
Cheng Yong Kwang	–	202,500	90,000	112,500

(d) Except for the above, no options were granted by the Company or any subsidiary during the financial year and there were no other unissued shares under option at the end of the financial year.

(e) No options have been granted at a discount under the Scheme.

SHARE OPTIONS (CONTINUED)

(f) Warrants outstanding

The unissued ordinary shares in the Company under warrants issued at the end of the financial year are as follows:

Date issued	Number of warrants at date of issue	Number of warrants outstanding at 30.6.2007	Exercise price	Expiry date
29 November 2002	157,876,604	157,876,604	$0.25	28.11.2007

Each warrant entitles the holder to subscribe for one new ordinary share at the exercise price at any time before the expiry date.

AUDIT COMMITTEE

The Audit Committee carries out its function in accordance with Section 201B(5) of the Singapore Companies Act, including a review of the financial statements of the Company and of the Group for the financial year and the Independent Auditor's Report thereon. The Audit Committee has presented a report to the Board in respect of:

(i) the co-operation given by the Company's officers and whether the Audit Committee in the course of carrying out its duties, was obstructed or impeded by management;

(ii) the adequacy of the Group's internal accounting control system and its internal control procedures relating to interested person transactions;

(iii) compliance with legal and other regulatory requirements; and

(iv) any other matter which in the Audit Committee's opinion, should be brought to the attention of the Board.

The Audit Committee has undertaken a review of all non-audit services provided by the independent auditor and these services would not, in the Audit Committee's opinion, affect the independence of the auditor. There were no non-audit fees paid to the auditor for the financial year ended 30 June 2007.

The Audit Committee has nominated PricewaterhouseCoopers for re-appointment as the independent auditor of the Company at the forthcoming Annual General Meeting.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers, has expressed its willingness to accept re-appointment.

On behalf of the directors

CHENG YONG KWANG
Director

CHENG THENG HOW
Director

Singapore
28 September 2007

Statement By Directors

For the financial year ended 30 June 2007

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 35 to 88 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 30 June 2007 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

CHENG YONG KWANG
Director

CHENG THENG HOW
Director

Singapore
28 September 2007

Independent Auditor's Report

To The Members Of Lion Asiapac Limited

We have audited the accompanying financial statements of Lion Asiapac Limited (the "Company") and its subsidiaries (the "Group") set out on pages 35 to 88, which comprise the balance sheets of the Company and of the Group as at 30 June 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap. 50) (the "Act") and Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion,

(a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2007, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers
Certified Public Accountants

Singapore
28 September 2007

Consolidated Income Statement

For the financial year ended 30 June 2007

	Notes	The Group 2007 $'000	2006 $'000
Continuing operations			
Sales	5	**93,563**	69,933
Other gains – net	6	**19,931**	11,776
Expenses			
- Purchases of raw materials, inventories and consumables		**(79,538)**	(63,977)
- Employee benefits	7	**(4,582)**	(3,799)
- Depreciation of property, plant and equipment		**(550)**	(223)
- Finance	8	**(68)**	(255)
- Others	9	**(5,358)**	(9,462)
Changes in inventories of finished goods		**1,399**	498
Total expenses		**(88,697)**	(77,218)
Share of profits of associated companies		**–**	6,761
Profit before income tax		**24,797**	11,252
Income tax expense	10	**(2,552)**	(3,080)
Profit from continuing operations		**22,245**	8,172
Discontinued operations			
Loss from discontinued operations	36	**–**	(143)
Total profit		**22,245**	8,029
Attributable to:			
Equity holders of the Company		**21,715**	7,235
Minority interest		**530**	794
		22,245	8,029
Earnings per share for profit from continuing operations attributable to the equity holders of the Company (expressed in cents per share)			
- Basic	11	**5.36**	1.82
- Diluted	11	**5.35**	1.82
(Loss) per share for (loss) from discontinued operations attributable to the equity holders of the Company (expressed in cents per share)			
- Basic	11	**–**	(0.03)
- Diluted	11	**–**	(0.03)

The accompanying notes form an integral part of these financial statements.

Balance Sheets
As at 30 June 2007

	Notes	The Group 2007 $'000	The Group 2006 $'000	The Company 2007 $'000	The Company 2006 $'000
ASSETS					
Current assets					
Cash and cash equivalents	12	**62,964**	62,275	**33,111**	8,568
Trade and other receivables	13	**19,837**	19,297	**36,582**	37,339
Inventories	14	**9,333**	6,533	**–**	–
Other current assets	15	**481**	114	**36**	34
Financial assets, at fair value through profit or loss	16	**–**	449	**–**	–
		92,615	88,668	**69,729**	45,941
Assets held for sale	17	**6,805**	31,628	**–**	–
		99,420	120,296	**69,729**	45,941
Non-current assets					
Other receivables	18	**–**	3,855	**6,287**	22,165
Financial assets, available-for-sale	19	**149,980**	73,971	**–**	–
Derivative financial instruments	20	**–**	154	**–**	–
Investments in associated companies	21	**–**	–	**–**	–
Investments in subsidiaries	22	**–**	–	**46,351**	47,413
Property, plant and equipment	23	**18,722**	1,855	**67**	138
Deferred income tax assets	27	**–**	32	**–**	–
		168,702	79,867	**52,705**	69,716
Total assets		**268,122**	200,163	**122,434**	115,657
LIABILITIES					
Current liabilities					
Trade and other payables	24	**24,322**	40,181	**41,344**	50,615
Borrowings	25	**722**	15,668	**–**	–
Current income tax liabilities	10	**3,234**	3,763	**417**	483
		28,278	59,612	**41,761**	51,098
Non-current liabilities					
Borrowings	25	**128**	–	**–**	–
Deferred income tax liabilities	27	**10,762**	3,773	**–**	–
		10,890	3,773	**–**	–
Total liabilities		**39,168**	63,385	**41,761**	51,098
NET ASSETS		**228,954**	136,778	**80,673**	64,559
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	28	**47,487**	47,487	**47,487**	47,487
Other reserves	29	**112,852**	38,318	**13,543**	13,543
Retained earnings	30	**64,124**	46,417	**19,643**	3,529
		224,463	132,222	**80,673**	64,559
Minority interest		**4,491**	4,556	**–**	–
TOTAL EQUITY		**228,954**	136,778	**80,673**	64,559

The accompanying notes form an integral part of these financial statements.

Consolidated Statement Of Changes In Equity

For the financial year ended 30 June 2007

	Notes	Attributable to equity holders of the Company Share capital $'000	Other reserves $'000	Retained earnings $'000	Minority interest $'000	Total equity $'000
2007						
Beginning of financial year		47,487	38,318	46,417	4,556	136,778
Net fair value gains on financial assets, available-for-sale	29(b)(ii)	–	69,038	–	–	69,038
Currency translation differences not recognised in income statement		–	–	–	(5)	(5)
Arising from translation of financial statements of foreign subsidiaries	29(b)(iii)	–	973	–	–	973
Net gains recognised directly in equity		–	70,011	–	(5)	70,006
Release to income statement upon disposal of associated companies	29(b)(iii)	–	515	–	–	515
Net profit		–	–	21,715	530	22,245
Total recognised gains for the financial year		**–**	**70,526**	**21,715**	**525**	**92,766**
Transfer from general and enterprise development reserves to retained earnings on disposal of associated companies	29(b)(iv), (v)	–	(2,266)	2,266	–	–
Transfer from consolidation reserve to retained earnings on disposal of associated companies	29(b)(vii)	–	4,162	(4,162)	–	–
Arising from bonus shares issued by a subsidiary	29(b)(viii)	–	2,112	(2,112)	–	–
Dividends		–	–	–	(590)	(590)
End of financial year		**47,487**	**112,852**	**64,124**	**4,491**	**228,954**
2006						
Beginning of financial year		47,487	52,236	59,317	4,503	163,543
Net fair value gains on financial assets, available–for–sale	29(b)(ii)	–	8,923	–	–	8,923
Arising from translation of financial statements of foreign subsidiaries	29(b)(iii)	–	(1,506)	–	–	(1,506)
Net gains recognised directly in equity		–	7,417	–	–	7,417
Release to income statement upon disposal of an associated company	29(b)(iii), (ix)	–	(19,898)	–	–	(19,898)
Net profit		–	–	7,235	794	8,029
Total recognised gains and losses for the financial year		–	(12,481)	7,235	794	(4,452)
Transfer from general reserve to retained earnings on disposal of an associated company	29(b)(iv), (v)	–	(1,437)	1,437	–	–
Capital contribution		–	–	–	15	15
Dividends	31	–	–	(21,572)	(756)	(22,328)
End of financial year		47,487	38,318	46,417	4,556	136,778

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the financial year ended 30 June 2007

	Note	The Group 2007 $'000	2006 $'000
Cash flows from operating activities			
Total profit		**22,245**	8,029
Adjustments for:			
– Income tax		**2,552**	3,080
– Depreciation of property, plant and equipment		**550**	223
– Interest expense		**68**	255
– Interest income		**(1,776)**	(1,279)
– Share of profits of associated companies		**–**	(6,761)
– Loss on disposal of property, plant and equipment		**–**	10
– Loss on dilution of interest in an associated company		**–**	12,594
– Loss on revaluation of financial assets, at fair value through profit or loss		**–**	96
– Gain on disposal of financial assets, at fair value through profit or loss		**(21)**	(85)
– Gain on disposal of assets held for sale		**(30)**	–
– Gain on disposal of associated companies		**(10,662)**	(22,559)
Operating cash flow before working capital changes		**12,926**	(6,397)
Change in operating assets and liabilities			
– Receivables		**567**	2,048
– Inventories		**(2,800)**	(498)
– Other current assets		**(367)**	58
– Payables		**119**	(807)
– Currency translation adjustment		**955**	771
Cash generated from/(used in) operations		**11,400**	(4,825)
Income tax paid		**(3,031)**	(388)
Net cash provided by/(used in) operating activities		**8,369**	(5,213)
Cash flows from investing activities			
Dividends received		**2,393**	486
Purchases of property, plant and equipment		**(17,214)**	(1,484)
Proceeds from disposal of property, plant and equipment		**–**	21
Purchase of financial assets, at fair value through profit or loss		**–**	(180)
Proceeds from sale of financial assets, at fair value through profit or loss		**470**	490
Interest received		**1,776**	1,279
Proceeds from disposal of assets held for sale		**1,150**	–
Proceeds from disposal of investments in associated companies		**13,752**	49,011
Deposits received for disposal of investments in associated companies		**4,792**	23,953
Net cash provided by investing activities		**7,119**	73,576
Cash flows from financing activities			
Capital contribution from minority shareholders		**–**	15
Dividend paid to shareholders		**–**	(21,572)
Dividend paid to minority shareholders		**–**	(756)
Repayment of bank loans		**(15,141)**	(26,489)
Proceeds from bank loans		**–**	1,921
Repayment of trust receipts		**–**	(679)
Interest paid		**(68)**	(231)
Net cash used in financing activities		**(15,209)**	(47,791)
Net increase in cash and cash equivalents		**279**	20,572
Cash and cash equivalents at beginning of financial year		**62,275**	43,385
Effects of exchange rate changes on cash and cash equivalents		**242**	(1,682)
Cash and cash equivalents at end of financial year	12	**62,796**	62,275

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Lion Asiapac Limited (the "Company") is incorporated and domiciled in Singapore and is publicly traded on the Singapore Exchange. The address of its registered office is 10 Arumugam Road, #10-00 Lion Building A, Singapore 409957.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries consist of investment holding as well as the design-in and distribution of semiconductors and related components, limestone processing and automotive component trading. The dry cargo container business ceased in the financial year ended 30 June 2000.

There have been no significant changes in the nature of these activities during the financial year, but subsequent to the end of the current financial year, one of the subsidaries commenced business operations in scrap metal trading.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Interpretations and amendments to published standards effective in 2006

On 1 July 2006, the Group adopted the new or revised FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from 1 January 2006. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The following are the FRS and INT FRS that are relevant to the Group:

FRS 19 (Amendment)	Employee Benefits
FRS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates
FRS 32 (Amendment)	Financial Instruments: Disclosures and Presentation
FRS 39 (Amendment)	Financial Instruments: Recognition and Measurement
INT FRS 104	Determining whether an Arrangement contains a Lease

The adoption of the above FRS or INT FRS did not result in any substantial changes to the Group's accounting policies, except for the adoption of FRS 39 (Amendment), of which the effect is disclosed in Note 3.

2. Significant accounting policies (continued)

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when a Group entity has delivered the products to the customer, the customer has accepted the products and the collectibility of the related receivables is reasonably assured.

(b) Rendering of services

Revenue from services rendered is recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cashflow discounted at the original effective interest rate of the instrument, and continues amortising the discount as interest income on the recoverable amount.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.3 Group accounting

(a) Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest. Please refer to the paragraph "Intangible assets – Goodwill" for the accounting policy on goodwill on acquisition of subsidiaries.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting polices of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests are that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority interests in a subsidiary exceed the minority interests in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority interests are attributed to the equity holders of the Company, unless the minority interests have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minority interests' share of losses previously absorbed by the equity holders of the Company have been recovered.

Please refer to the paragraph "Investments in subsidiaries and associated companies" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests, which result in gains and losses for the Group, are recorded in the income statement. The difference between any consideration paid to minority interests for purchases of additional equity interest in a subsidiary and the incremental share of the carrying value of the net assets of the subsidiary is recognised as goodwill.

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding of between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Investments in associated companies in the consolidated balance sheet includes goodwill (net of accumulated impairment loss) identified on acquisition. Please refer to the paragraph "Intangible assets – Goodwill" for the Group's accounting policy on goodwill.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(c) Associated companies (continued)

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Please refer to the paragraph "Investments in subsidiaries and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

(b) Depreciation

Construction-in-progress is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives.

	Useful lives
Buildings and infrastructure	20 years
Plant and machinery	1-15 years
Office equipment and vehicles	2.5 -10 years
Furniture and fittings	3 -10 years

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision of the residual values and useful lives are included in the income statement for the financial year in which the changes arise.

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in the income statement during the financial year in which it is incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

2.5 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition of subsidiaries or associated companies over the fair value of the Group's share of the identifiable net assets of the acquired subsidiaries or associated companies at the date of acquisition.

(a) Acquisitions pre – 1 January 2001

Goodwill on acquisition was adjusted against equity in the year of acquisition.

The Group also had acquisitions where the costs of acquisitions were less than fair value of the net identifiable assets acquired. Such differences ("negative goodwill") were adjusted against equity in the year of acquisition.

On disposal of the subsidiaries or associated companies, such goodwill and negative goodwill previously adjusted against equity are not recognised in the income statement.

(b) Acquisitions post 1 January 2001

Goodwill on acquisitions of subsidiaries and joint ventures is included in intangible assets. Goodwill on acquisition of associated companies is included in the carrying amount of investments in associated companies.

Goodwill for acquisitions post 1 January 2005 is determined after deducting the Group's share of their identifiable net assets and contingent liabilities.

Gains and losses on the disposal of the subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold.

2.6 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are stated at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries and associated companies, the difference between net disposal proceeds and the carrying amounts of the investments are taken to the income statement.

2. Significant accounting policies (continued)

2.7 Impairment of non-financial assets

Property, plant and equipment
Investments in subsidiaries and associated companies

Property, plant and equipment and investments in subsidiaries and associated companies are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of the assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The impairment loss is recognised in the income statement unless the asset is carried at revalued amount, in which case, such impairment loss is treated as revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment is also recognised in the income statement.

2.8 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The designation of financial assets at fair value through profit or loss is irrevocable.

(i) Financial assets, at fair value through profit or loss

This category has two sub-categories: "financial assets held for trading" and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed, and their performance are evaluated on a fair value basis, in accordance with a documented Group's investment strategy. Derivatives are also categorised as "held for trading" unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

2. Significant accounting policies (continued)

2.8 Financial assets (continued)

(a) Classification (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

(iii) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the net sales proceeds and its carrying amount is taken to the income statement. Any amount in the fair value reserve relating to that asset is also taken to the income statement.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets, at fair value through profit and loss are recognised in the income statement.

(d) Subsequent measurement

Financial assets, available-for-sale and at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial assets are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of "financial assets, at fair value through profit or loss", including interest and dividend income, are presented in the income statement within "Other gains – net" in the financial year in which the changes in fair values arise.

Changes in the fair value of monetary assets denominated in a foreign currency and classified as available-for-sale are analysed into translation differences resulting from changes in amortised cost of the asset and other changes. The translation differences are recognised in the income statement, and other changes are recognised in the fair value reserve within equity. Changes in fair values of other monetary and non-monetary assets that are classified as available-for-sale are recognised in the fair value reserve within equity.

2. Significant accounting policies (continued)

2.8 Financial assets (continued)

(d) Subsequent measurement (continued)

Interest on financial assets, available-for-sale, calculated using the effective interest method, is recognised in the income statement. Dividends on available-for-sale equity securities are recognised in the income statement when the Group's right to receive payment is established. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in the fair value reserve within equity are included in the income statement as "gains and losses from investment securities".

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables

An allowance for impairment of loans and receivables, including trade and other receivables, is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of allowance for impairment is recognised in the income statement within "Other expenses".

(ii) Financial assets, available-for-sale

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that has been recognised directly in the fair value reserve is removed from the fair value reserve within equity and recognised in the income statement. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in income statement.

2.9 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs.

Financial guarantee contracts are subsequently amortised to the income statement over the period of the subsidiaries' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount.

In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

2. Significant accounting policies (continued)

2.10 Borrowing costs

Borrowing costs are recognised on a time-proportion basis in the income statement using the effective interest method.

2.11 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the balance sheet date are presented as current borrowings even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the balance sheet date are presented as non-current borrowings in the balance sheet.

2.12 Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

2.13 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of firm commitments denominated in foreign currencies (fair value hedge); (2) hedges of highly probable forecast transactions (cash flow hedges) or (3) hedges of net investments in foreign operations (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of hedged items.

The full fair value of a hedging derivative is presented as a non-current asset or liability if the remaining hedge item is more than 12 months, and as a current asset or liability, if the remaining maturity of the hedged item is less than 12 months. Fair values of trading derivatives are presented as current assets or liabilities.

(a) Fair value hedge

The changes in fair value of the hedged item attributable to currency risk are recognised in the income statement. The changes in fair value relating to the effective portion of the designated hedging forward currency contracts are recognised in the income statement within the same line item as the gains and losses from the hedged item. The changes in fair values relating to the ineffective portion of the forward currency contracts are recognised in the income statement.

2. Significant accounting policies (continued)

2.13 Derivative financial instruments and hedging activities (continued)

(b) Net investment hedge

Foreign currency borrowings that qualify as net investment hedges of foreign operations are accounted for similarly to cash flow hedges. Any currency translation differences on the borrowings relating to the effective portion of the hedge are recognised in the currency translation reserve within equity. The currency translation differences relating to the ineffective portion of the hedge are recognised immediately in the income statement. Gains and losses accumulated in the currency translation reserve within equity are included in the income statement when the foreign operation is disposed of.

(c) Derivatives that do not qualify for hedge accounting

Fair value changes for derivative instruments that do not qualify for hedge accounting are included in the income statement in the financial year when the changes arise.

2.14 Fair value estimation

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values.

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group are the current bid prices. The appropriate quoted market prices for financial liabilities are the current ask prices. The fair values of forward currency contracts are determined using actively quoted forward currency rates at the balance sheet date. The fair values of interest-rate swaps are calculated as the present value of the estimated future cash flows, discounted at actively quoted interest rates.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as estimated discounted cash flows, are also used to determine the fair values of the financial instruments.

The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

2.15 Leases

When a group company is the lessee:

The Group leases certain property, plant and equipment from third parties and related parties.

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance lease are recognised on the balance sheet as property, plant and equipment and borrowings respectively at the inception of the leases at the lower of the fair values of the leased assets and the present value of the minimum lease payments.

2. Significant accounting policies (continued)

2.15 Leases (continued)

Finance leases (continued)

Each lease payment is apportioned between the finance charge and the reduction of the outstanding lease liability. The finance charge is recognised in the income statement and allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability.

Contingent rents are recognised as an expense in the income statement in the financial year in which they are incurred.

Operating leases

Leases of property, plant and equipment where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in the income statement in the financial year in which they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods comprises all direct expenditure and overheads based on the normal level of activity. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.17 Income taxes

Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for all deductible taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax assets/liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. Significant accounting policies (continued)

2.17 Income taxes (continued)

Deferred income tax assets and liabilities are measured at:

(i) the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date; and

(ii) the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income tax are recognised as income or expenses in the income statement for the period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax on temporary differences arising from the revaluation gains and losses on land and buildings, fair value gains and losses on available-for-sale financial assets and cash flow hedges, and the liability component of convertible debts are charged or credited directly to equity in the same period the temporary differences arise. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.19 Employee compensation

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the income statement with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under option that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under option that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the income statement, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of any directly attributable transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital, when new ordinary shares are issued.

2. Significant accounting policies (continued)

2.20 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the Company's functional currency.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement, except for currency translation differences on the net investment in foreign operations, borrowings in foreign currencies and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on non-monetary items, whereby the gains or losses are recognised in the income statement, such as equity investments held at fair value through profit or loss, are reported as part of the fair value gain or loss in "Other gains – net". Currency translation differences on non-monetary items whereby the gains or losses are recognised directly in equity, such as equity investments classified as available-for-sale financial assets, investment properties and property, plant and equipment are included in the fair value reserve and asset revaluation reserve respectively.

(c) Translation of Group entities' financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the date of the balance sheet;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are taken to the currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the date of the balance sheet. For acquisitions prior to 1 January 2005, the exchange rates at the dates of acquisition are used.

(d) Consolidation adjustments

On consolidation, currency translation differences arising from the net investment in foreign operations, borrowings in foreign currencies, and other currency instruments designated as hedges of such investments, are taken to the currency translation reserve. When a foreign operation is sold, such currency translation differences recorded in the currency translation reserve are recognised in the income statement as part of the gain or loss on sale.

2. Significant accounting policies (continued)

2.21 Segment reporting

A business segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

2.22 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions.

2.23 Share capital

Ordinary shares are classified as equity.

2.24 Dividends

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders.

2.25 Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised in the income statement. Subsequent increases in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) are recognised in the income statement.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and

(a) represents a separate major line of business or geographical area of operations; or

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

Results and cash flows attributable to a discontinued operation (including comparative figures) are presented or disclosed separately from the continuing operations.

3. Effects on financial statements on adoption of new or revised FRS

Financial Instruments: Recognition and Measurement

Previously, financial guarantees issued by the Company to banks in relation to borrowings by subsidiaries are accounted for as contingent liabilities of the Company and are not recognised in the financial statements until the Company has incurred an obligation to make payment under the guarantee.

FRS 39 (Amendment) Financial Instruments: Recognition and Measurement effective from 1 January 2006, requires financial guarantees to be accounted for in a manner as set out in Note 2.9.

The revised FRS 39 did not materially affect the financial statements of the Company at 30 June 2007 and 1 July 2006.

4. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(ii) Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The methods used include reviewing the net asset value of the investee companies and making reference to recent similar transactions in the market.

If estimated fair value differs by 10% from management's estimates, the Group's carrying amount of "financial assets, available-for-sale" will be increased/decreased by $1,484,000.

(b) Critical judgements in applying the entity's accounting policies

Impairment of investment in subsidiaries

The Group follows the guidance of FRS 36 Impairment of Assets for determining the indication of impairment of investments in subsidiaries and the recoverable amount of the investments. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the market, economic or legal environment in which the subsidiaries operate, and the range of economic conditions that will exist over the remaining duration of the investments which have an impact on the future cash flow projections.

5. Revenue

	The Group	
	2007 **$'000**	2006 $'000
Sale of goods	**87,014**	69,933
Dividend income	**6,549**	–
	93,563	69,933

6. Other gains – net

	The Group	
	2007 **$'000**	2006 $'000
Gain on disposal of associated companies (Note 21)	**10,662**	22,559
Loss on dilution of interest in an associated company (Note 21)	**–**	(12,594)
Reversal of allowance for impairment of receivables (non–trade)	**7,070**	–
Currency exchange loss – net	**(910)**	(317)
Interest income – deposits at call and bank balances	**1,776**	1,279
– others	**396**	198
Management fee income	**74**	136
Loss on revaluation of financial assets, at fair value through profit or loss	**–**	(96)
Gain on disposal of financial assets, at fair value through profit or loss	**21**	85
Loss on disposal of property, plant and equipment – net	**–**	(10)
Gain on disposal of assets held for sale	**30**	–
Sundry income	**812**	536
	19,931	11,776

7. Employee compensation

	The Group	
	2007 **$'000**	2006 $'000
Wages and salaries	**4,252**	3,501
Employer's contribution to defined contribution plans including Central Provident Fund	**305**	295
Other benefits	**25**	3
	4,582	3,799

8. Finance expense

	The Group 2007 $'000	The Group 2006 $'000
Interest expense		
- Trust receipts	**55**	–
- Letter of credit charges	**8**	–
- Finance lease liabilities	**5**	–
- Bank term loans	**–**	255
	68	255

9. Other expenses

	The Group 2007 $'000	The Group 2006 $'000
Included in other expenses are the following:		
Auditors' remuneration		
- auditors of the Company	**186**	172
- other auditors*	**14**	107
Rental on operating leases	**310**	183
Allowance for impairment		
- trade receivables	**–**	81
- non-trade receivables	**–**	6,650
Inventory written off	**106**	–
Bad trade debts written off	**1,514**	–

** Include PricewaterhouseCoopers firms outside Singapore.*

10. Income taxes

(a) Income tax expense

	The Group 2007 $'000	The Group 2006 $'000
Tax expense attributable to profit is made up of:		
From continuing operations		
Current income tax		
- Singapore	**276**	657
- Foreign	**2,441**	2,455
Deferred income tax (Note 27)	**50**	(32)
	2,767	3,080
Over provision in preceding financial year		
- current income tax	**(215)**	–
	2,552	3,080

10. Income taxes (continued)

(a) Income tax expense (continued)

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax as explained below:

	The Group	
	2007 $'000	2006 $'000
Profit before tax from		
- Continuing operations	**24,797**	11,252
- Discontinued operations (Note 36)	**–**	(143)
	24,797	11,109
Tax calculated at a tax rate of 18% (2006: 20%)	**4,464**	2,222
Effects of		
- Singapore statutory stepped income exemption	**(94)**	(21)
- Different tax rates in other countries	**1,255**	(2,169)
- Income not subject to tax	**(3,435)**	(173)
- Expenses not deductible for tax purposes	**573**	4,574
- Tax calculated on share of results of associated companies	**–**	(1,353)
- Utilisation of previously unrecognised tax losses	**(49)**	–
- Other	**53**	–
	2,767	3,080

(b) Movements in current income tax liabilities

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Beginning of financial year	**3,763**	1,039	**483**	332
Income tax paid	**(3,031)**	(388)	**(140)**	–
Tax expense on profit for the current financial year	**2,717**	3,112	**74**	151
Over provision in preceding financial year	**(215)**	–	**–**	–
End of financial year	**3,234**	3,763	**417**	483

11. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Continuing operations		Discontinued operations		Total	
	2007	2006	**2007**	2006	**2007**	2006
Net profit/(loss) attributable to equity holders of the Company ($'000)	**21,715**	7,378	**–**	(143)	**21,715**	7,235
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**405,488**	405,488	**–**	405,488	**405,488**	405,488
Basic earnings/(loss) per share (cents per share)	**5.36**	1.82	**–**	(0.03)	**5.36**	1.79

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: warrants and share options.

A calculation is made to determine the number of shares that could have been issued at fair value (determined as the average annual market share price of the Company's shares) based on the proceeds that would have been received if all dilutive outstanding warrants and share options were exercised. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of all dilutive warrants and share options. The difference is added to the denominator as an issue of ordinary shares for no consideration, resulting in a dilutive effect. No adjustment is made to earnings (numerator).

For the share options, the weighted average number of shares in issue is adjusted as if all share options that are dilutive were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration, with no adjustments to earnings (numerator).

11. Earnings per share (continued)

(b) Diluted earnings per share (continued)

Diluted earnings per share for continuing operations and discontinued operations attributable to equity holders of the Company is calculated based on the following data:

	Continuing operations		Discontinued operations		Total	
	2007	2006	**2007**	2006	**2007**	2006
Net profit/(loss) attributable to equity holders of the Company ($'000)	**21,715**	7,378	**–**	(143)	**21,715**	7,235
Weighted average number of ordinary shares outstanding for earnings per share ('000)	**405,488**	405,488	**–**	405,488	**405,488**	405,488
Adjustment for share options	**158**	–	**–**	–	**158**	–
	405,646	405,488	**–**	405,488	**405,646**	405,488
Diluted earnings/(loss) per share (cents per share)	**5.35**	1.82	**–**	(0.03)	**5.35**	1.79

For the financial years ended 30 June 2007 and 30 June 2006, all outstanding warrants are anti-dilutive and have been ignored in calculating diluted earnings per share.

12. Cash and cash equivalents

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**13,439**	3,622	**284**	110
Short-term bank deposits	**49,525**	58,653	**32,827**	8,458
	62,964	62,275	**33,111**	8,568

At the balance sheet date, the carrying amounts of cash and cash equivalents approximated their fair values.

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**32,169**	444	**32,114**	110
United States Dollar	**5,009**	14,470	**967**	7,660
Chinese Renminbi	**25,453**	44,687	**–**	–
Malaysian Ringgit	**215**	1,786	**–**	–
Euro	**30**	798	**30**	798
Others	**88**	90	**–**	–
	62,964	62,275	**33,111**	8,568

12. Cash and cash equivalents (continued)

Short-term bank deposits at the balance sheet date had an average maturity of 7 days to 6 months (2006: 3 months) from the end of the financial year with the following weighted average effective interest rates:

	The Group		The Company	
	2007	2006	**2007**	2006
Singapore Dollar	**2.18%**	–	**2.18%**	–
United States Dollar	**5.04%**	4.73%	**4.96%**	4.63%
Chinese Renminbi	**1.99%**	1.63%	**–**	–
Euro	**3.18%**	2.03%	**3.18%**	2.03%
Others	**–**	3.05%	**–**	–

For the purposes of the consolidated cash flow statement, the consolidated cash and cash equivalents comprised the following:

	The Group	
	2007 $'000	2006 $'000
Cash and bank balances (as above)	**62,964**	62,275
Less: Bank overdraft (Note 25)	**(168)**	–
Cash and cash equivalents per consolidated cash flow statement	**62,796**	62,275

13. Trade and other receivables - current

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Trade receivables				
- Related parties	**3,796**	–	**–**	–
- Non-related parties	**10,078**	15,525	**–**	–
	13,874	15,525	**–**	–
Less: Allowance for impairment of receivables – non-related parties	**(8)**	(118)	**–**	–
Trade receivables – net	**13,866**	15,407	**–**	–
Non-trade receivables				
- Subsidiaries	**–**	–	**36,749**	38,044
Less: Allowance for impairment	**–**	–	**(234)**	(793)
	–	–	**36,515**	37,251
- Associated companies	**1,110**	5,609	**–**	20
Less: Allowance for impairment	**–**	(2,795)	**–**	–
	1,110	2,814	**–**	20
- Related parties	**118**	794	**27**	64
- Non-related parties	**3,213**	1,234	**40**	956
Less: Allowance for impairment of receivables – non-related parties	**–**	(952)	**–**	(952)
	3,213	282	**40**	4
Receivable from a shareholder of an associated company	**1,530**	–	**–**	–
	19,837	19,297	**36,582**	37,339

The non-trade receivables from non-related parties, subsidiaries, associated companies, related parties (Note 35) and shareholder of an associated company are unsecured, interest free and repayable upon demand.

At the balance sheet date, the carrying amounts of current trade and other receivables approximated their fair values.

13. Trade and other receivables – current (continued)

Trade and other receivables (current) are denominated in the following currencies:

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Singapore Dollar	**275**	771	**14,107**	12,855
United States Dollar	**11,754**	14,610	**10,743**	4,061
Chinese Renminbi	**4,635**	3,224	**11,732**	20,423
Malaysian Ringgit	**2,430**	–	**–**	–
Others	**743**	692	**–**	–
	19,837	19,297	**36,582**	37,339

14. Inventories

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Raw materials and consumables	**1,396**	–	**–**	–
Finished goods	**7,937**	6,533	**–**	–
	9,333	6,533	**–**	–

Write–down of inventory amounting to $57,000 (2006: $70,000) has been included in "raw materials and consumables expenses" in the income statement.

During the financial year, the Group reversed $30,500 (2006: $129,000) being part of inventory write–down made in previous financial years, as the inventories were sold above the carrying amounts in 2007. The reversal has been included in "raw materials and consumables expenses" in the income statement.

15. Other current assets

	The Group		The Company	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Tax recoverable	**19**	26	**14**	14
Deposits	**100**	69	**21**	19
Prepayments	**133**	19	**1**	1
Others	**229**	–	**–**	–
	481	114	**36**	34

The carrying amounts of tax recoverable and deposits approximated their fair values.

16. Financial assets, at fair value through profit or loss

	The Group	
	2007	2006
	$'000	$'000
Beginning of financial year	**449**	770
Additions	**–**	180
Disposals	**(449)**	(405)
Fair value loss	**–**	(96)
End of financial year	**–**	449

Financial assets, at fair value through profit or loss represent investments in quoted equity shares. The investments were denominated in Singapore Dollar.

17. Assets held for sale

Details of assets held for sale are as follows:

	The Group	
	2007	2006
	$'000	$'000
Investments in associated companies [Note (a) below]	**6,805**	30,505
Freehold land and building [Note (b) below]	**–**	1,123
	6,805	31,628

(a) This represents the Group's investments in associated companies for which the Group had entered into conditional sale and purchase agreements with third parties to dispose of the investments in prior financial years. During the current financial year ended 30 June 2007, the disposal of assets held for sale is completed except for equity interest in Victor [Note 21(a), (b) and (c)].

(b) This freehold land and building was held by the subsidiary, Lion Containers Sdn Bhd which has ceased operations in the financial year ended 30 June 2000 [Note 36(a)]. In the previous financial year, the subsidiary entered into a sale and purchase agreement to dispose of the freehold land and building to a third party at a consideration of approximately $1,183,000 (RM 2,686,000). The sale was completed during the current financial year. RM denotes Malaysian Ringgit.

18. Other receivables – non-current

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Receivable from subsidiaries				
- Loans	**–**	–	**17,864**	29,250
Less: Allowance for impairment	**–**	–	**(11,577)**	(8,914)
	–	–	**6,287**	20,336
- Advance	**–**	–	**39,735**	41,983
Less: Allowance for impairment	**–**	–	**(39,735)**	(40,154)
	–	–	**–**	1,829
Receivable from a shareholder of an associated company - non-trade	**–**	7,710	**–**	–
Less: Allowance for impairment	**–**	(3,855)	**–**	–
	–	3,855	**–**	–
	–	3,855	**6,287**	22,165

The loans and advances to subsidiaries are unsecured and interest free. The Company has indicated that it will not demand settlement of these loans and advances within one year from 30 June 2007.

At the balance sheet date, the carrying amounts of these non-current receivables approximated their fair values.

Other receivables (non-current) were denominated in the following currencies at the balance sheet date:

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**–**	–	**6,287**	22,165
Chinese Renminbi	**–**	3,855	**–**	–
	–	3,855	**6,287**	22,165

19. Financial assets, available-for-sale

	The Group	
	2007	2006
	$'000	$'000
Beginning of financial year	**73,971**	13,728
Reclassifed from investments in associated companies [Note 21(d)]	**–**	45,772
Fair value gains recognised in income statement	**–**	1,775
Fair value gains recognised in equity [Note 29(b)(ii)]	**76,009**	12,696
End of financial year	**149,980**	73,971

Financial assets, available-for-sale were measured in accordance with the accounting policy as set out in Note 2.8.

19. Financial assets, available-for-sale (continued)

At the balance sheet date, available-for-sale financial assets included equity interests in the following:

	The Group	
	2007	2006
	$'000	$'000
Hefei Jianghuai Automotive Co., Ltd [Note (a) below]	**14,836**	15,481
Visioneering Inc. [Note (b) below]	**22**	22
Anhui Jianghuai Automobile Co., Ltd [Note 21(d)]	**135,122**	58,468
	149,980	73,971

(a) The unquoted investment of $14,836,000 (2006: $15,481,000) represents a 25% equity interest held by the Group in Hefei Jianghuai Automotive Co., Ltd. ("HFJH") as at 30 June 2007. The Group does not regard HFJH as an associated company as it does not have significant influence over the financial and operating policy decisions of HFJH.

This investment was pledged as security for the bank term loan of a subsidiary [Note 25(a)], which was fully repaid during the current financial year.

(b) The unquoted investment of $22,000 (2006: $22,000) is made up of 26,000 ordinary shares at US$0.50 each in Visioneering Inc., a company incorporated in the United States of America. The Group holds an equity interest of less than 1% in Visioneering Inc. as at 30 June 2007. There has been no change in the Group's interest between 1 July 2006 and 30 June 2007.

20. Derivative financial instruments

	The Group		
	Contract/	**Fair value**	
	Notional Amount	**Assets**	**Liabilities**
	$'000	**$'000**	**$'000**
2007			
Fair-value hedge			
- Equity forward	**–**	**–**	**–**
2006			
Fair-value hedge			
- Equity forward	15,635	154	–

21. Investments in associated companies

	The Group	
	2007	2006
	$'000	$'000
Beginning of financial year	**–**	75,511
Currency translation differences	**–**	(760)
Share of results, net of tax	**–**	6,761
Dividends received, net of tax	**–**	(486)
Reclassified as "assets held for sale" during the financial year [Note (b) below]	**–**	(22,660)
Loss on dilution of investment in an associated company	**–**	(12,594)
Reclassified as "available-for-sale financial assets" during the financial year [Note (d) below]	**–**	(45,772)
End of financial year	**–**	–

21. Investments in associated companies (continued)

Details of associated companies are provided as follows:

Name of company	Country of business/ incorporation	Principal activities	Effective ownership interest 2007 %	Effective ownership interest 2006 %	Months of results accounted 2007	Months of results accounted 2006	Notes
Held by subsidiaries:							
Zhejiang Yipeng Engine Parts Co., Ltd ("Yipeng") [1]	The People's Republic of China	Manufacture of motorcycle engine parts and assembly of motorcycle engines	**–**	25	**–**	5	(b), (c)
Zhejiang Yirong Engine Parts Co., Ltd ("Yirong") [1]	The People's Republic of China	Manufacture of fuel tanks and exhaust pipes, spray painting of fuel tanks	**–**	28	**–**	5	(b), (c)
Zhejiang Yizhong Motorcycle Electric Products Co., Ltd ("Yizhong") [1]	The People's Republic of China	Manufacture of shock absorbers and body frame, assembly of various electrical instruments and components	**–**	25	**–**	5	(b), (c)
Zhejiang Victor Motorcycle Co., Ltd ("Victor") [1]	The People's Republic of China	Assembly of motorcycles	**25**	25	**–**	–	(a), (c)
Zhejiang Mount–Channel Machinery Co., Ltd ("CMC") [1]	The People's Republic of China	Manufacture of motorcycle clutches	**–**	30[3]	**–**	–	(a), (c)
Chongqing Mount–Channel Machinery Co., Ltd ("ZMC") [1]	The People's Republic of China	Manufacture of motorcycle clutches	**–**	30	**–**	–	(a), (c)
Anhui Jianghuai Automobile Co., Ltd ("AHJA") [2]	The People's Republic of China	Manufacture and sale of light trucks, automobile, automotive chassis and gearbox components	**6**	7	**–**	6	(d)

[1] Local statutory audit for these companies were performed by Zhejiang Pan China CPAs Co., Ltd.

[2] Local statutory audit performed by Anhui Huapu Certified Public Accountants.

[3] The Group held a direct interest of 10.8% in CMC, a subsidiary of ZMC. This together with an indirect interest of 19.2% in ZMC gave the Group an effective interest of 30% in CMC.

Interests in associated companies were held by the Group's wholly-owned investment holding subsidiaries.

21. Investments in associated companies (continued)

(a) In the financial year ended 30 June 2005, the Group entered into conditional sale and purchase agreements with third parties to dispose of these investments as follows:

(i) 25% equity interest in Victor for a cash consideration of approximately $8,790,000 (RMB 43.73 million);
(ii) 30% equity interests in ZMC and 10.8% equity interest in CMC for a total cash consideration of approximately $1,126,000 (RMB 5.60 million); and
(iii) 22.23% equity interest in Zhejiang Qianjiang Motorcycle Co., Ltd ("ZML") for a cash consideration of approximately $49,011,000 (RMB 243.15 million).

Disposal of ZML was completed in the previous financial year, and a gain on disposal of $22,559,000 was recognised in the income statement in the previous financial year ended 30 June 2006.

As at 30 June 2006, the disposals of Victor, ZMC and CMC were not completed. Accordingly, their carrying amounts of $7,845,000 were included in the assets held for sale as at 30 June 2006 (Note 17).

(b) In the previous financial year, the Group entered into conditional sale and purchase agreements with third parties to dispose of the following investments:

(i) 27.78% equity interest in Yirong for a cash consideration of approximately $14,892,000 (RMB 74.09 million);
(ii) 25% equity interest in Yipeng for a cash consideration of approximately $12,703,000 (RMB 63.20 million); and
(iii) 25% equity interest in Yizhong for a cash consideration of approximately $6,890,000 (RMB 34.28 million).

As at 30 June 2006, the disposals of the above investments were not completed. Accordingly, their carrying amounts of $22,660,000 were included in the assets held for sale as at 30 June 2006 (Note 17).

(c) On 20 December 2006, the disposals of Yirong, Yipeng, Yizhong, ZMC and CMC have been completed. A gain on disposal of $10,662,000 has been recognised in the income statement for the financial year ended 30 June 2007 (Note 6).

As at 30 June 2007, the disposal of Victor has not been completed as it is pending the approval of the relevant local authorities. Accordingly, the carrying amount of Victor of $6,805,000 remained in the assets held for sale as at 30 June 2007 (Note 17).

(d) In the previous financial year, the Group's equity interest in AHJA was reduced from 13.82% as at 1 July 2005 to 7.26% as at 1 January 2006 due to the conversion of convertible bonds held by other bondholders and issuance of bonus shares for which the Group and other founder shareholders relinquished their entitlements to the public shareholders for the purpose of listing the founder shares on the Shanghai Stock Exchange. The Group's board representation in AHJA was also reduced. Hence, with effect from 1 January 2006, the Group no longer regards AHJA as an associated company as it no longer has significant influence over the financial and operating policy decisions of AHJA. Accordingly, the Group ceased equity accounting for the results of AHJA with effect from 1 January 2006 and reclassified the investment as available-for-sale financial assets (Note 19).

During the current financial year, the Group's equity interest in AHJA was further diluted from 7.26% to 6.16% due to issuance of new shares to other shareholders of AHJA.

22. Investments in subsidiaries

	The Company 2007 $'000	2006 $'000
Equity investments at cost	**52,505**	52,505
Less: Allowance for impairment losses	**(6,154)**	(5,092)
	46,351	47,413

Details of subsidiaries are provided as follows:

Name of company	Principal activities	Country of business/ incorporation	Equity holding 2007 %	2006 %
Held directly by the Company:				
Bright Steel Pte Ltd [1]	Investment holding	Singapore	**100**	100
Ternair Jaya Sdn Bhd [2]	Investment holding	Malaysia	**100**	100
Arbon Investment Pte Ltd [1]	Investment holding	Singapore	**100**	100
Aarau Investment Pte Ltd [1]	Investment holding	Singapore	**100**	100
Grenchen Investment Pte Ltd [1]	Investment holding	Singapore	**100**	100
Kloten Investment Pte Ltd [1]	Investment holding	Singapore	**100**	100
LAP Trading & Marketing Pte Ltd (previously known as LAP Automotive Trading Pte Ltd) [1], [4]	Trading of automotive components	Singapore	**100**	100
Advent Electronics Pte Ltd [1]	Design-in and distribution of semiconductors and related components	Singapore	**53**	53
Angkasa Transport Equipment Sdn Bhd [2]	Investment holding	Malaysia	**100**	100
Clarington Investment Pte Ltd [1]	Investment holding	Singapore	**100**	100
Halton Investment Pte Ltd [1]	Investment holding	Singapore	**100**	100
LAP Investment Pte Ltd [1]	Investment holding	Singapore	**100**	100
Lion Asiapac Management Consultancy (Shanghai) Co., Ltd [2]	Management consultancy	The People's Republic of China	**100**	100

22. Investments in subsidiaries (continued)

Name of company	Principal activities	Country of business/ incorporation	Equity holding 2007 %	2006 %
Held by subsidiaries:				
Lion Containers Sdn Bhd [2]	Manufacture and sale of dry cargo containers (Ceased operations during the financial year ended 30 June 2000)	Malaysia	**100**	100
Sonlife Investment Pte Ltd	Investment holding (Struck off the Register of Companies on 30 August 2006)	Singapore	**–**	100
Advent Electronics (M) Sdn Bhd [2]	Design-in and distribution of semiconductors and related components	Malaysia	**100**	100
Advent Infotech Private Limited [2]	Trading and distribution of semiconductors and related components	India	**80**	80
Compact Energy Sdn Bhd [3]	Limestone processing	Malaysia	**100**	100

(1) Audited by PricewaterhouseCoopers, Singapore.

(2) Audited by other firms. These companies are not significant subsidiaries as defined under Rule 718 of the SGX-ST Listing Manual.

(3) Audited by Ernst & Young, Malaysia.

(4) The company changed its name to LAP Trading & Marketing Pte Ltd and commenced scrap metal trading business subsequent to the end of current financial year.

23. Property, plant and equipment

	Buildings and infrastructure $'000	Plant and machinery $'000	Office equipment and vehicles $'000	Furniture and fittings $'000	Construction-in-progress $'000	Total $'000
The Group						
2007						
Cost						
Beginning of financial year	–	–	1,107	237	1,444	2,788
Currency translation differences	–	–	3	2	37	42
Additions	186	677	94	45	16,375	17,377
Transfer (from)/to	203	17,523	106	24	(17,856)	–
Disposals	–	–	(14)	(4)	–	(18)
End of financial year	389	18,200	1,296	304	–	20,189
Accumulated depreciation						
Beginning of financial year	–	–	718	215	–	933
Currency translation differences	–	–	1	1	–	2
Depreciation charge	5	352	178	15	–	550
Disposals	–	–	(14)	(4)	–	(18)
End of financial year	5	352	883	227	–	1,467
Net book value						
End of financial year	**384**	**17,848**	**413**	**77**	**–**	**18,722**
2006						
Cost						
Beginning of financial year	–	–	1,150	230	–	1,380
Currency translation differences	–	–	(4)	(2)	–	(6)
Additions	–	–	31	9	1,444	1,484
Disposals	–	–	(70)	–	–	(70)
End of financial year	–	–	1,107	237	1,444	2,788
Accumulated depreciation						
Beginning of financial year	–	–	551	202	–	753
Currency translation differences	–	–	–	(4)	–	(4)
Depreciation charge	–	–	206	17	–	223
Disposals	–	–	(39)	–	–	(39)
End of financial year	–	–	718	215	–	933
Net book value						
End of financial year	–	–	389	22	1,444	1,855

Included in additions in the consolidated financial statements for the current financial year was an amount of $182,000 (2006: Nil) of buildings that were acquired under finance lease.

The carrying amount of buildings held under finance lease at 30 June 2007 amounted to $180,000 (2006: Nil).

23. Property, plant and equipment (continued)

	Office equipment and vehicles $'000	Furniture and fittings $'000	Total $'000
The Company			
2007			
Cost			
Beginning of financial year	424	106	530
Additions	6	–	6
End of financial year	430	106	536
Accumulated depreciation			
Beginning of financial year	286	106	392
Depreciation charge	77	–	77
End of financial year	363	106	469
Net book value			
End of financial year	**67**	**–**	**67**
2006			
Cost			
Beginning of financial year	407	106	513
Additions	17	–	17
End of financial year	424	106	530
Accumulated depreciation			
Beginning of financial year	209	104	313
Depreciation charge	77	2	79
End of financial year	286	106	392
Net book value			
End of financial year	138	–	138

24. Trade and other payables

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Trade payables	**8,967**	12,494	**–**	–
Non-trade payables to				
- Subsidiaries	**–**	–	**41,006**	50,179
- Related parties	**1,029**	801	**–**	88
- Non-related parties	**1,809**	434	**96**	7
Dividend payable to minority shareholders	**590**	755	**–**	–
Accrual for operating expenses	**1,863**	1,088	**242**	341
Accrued inventory purchases	**2,421**	655	**–**	–
Deposits received for assets held for sale (Note 17)	**7,643**	23,954	**–**	–
	24,322	40,181	**41,344**	50,615

The non-trade balances payable to subsidiaries and related parties (Note 35) are unsecured, interest-free and repayable upon demand.

The carrying amounts of current trade and other payables approximated their fair values at the balance sheet date.

Trade and other payables were denominated in the following currencies:

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**1,821**	2,111	**41,344**	50,520
United States Dollar	**10,377**	12,555	**–**	95
Chinese Renminbi	**7,643**	24,409	**–**	–
Malaysian Ringgit	**3,247**	378	**–**	–
Others	**1,234**	728	**–**	–
	24,322	40,181	**41,344**	50,615

25. Borrowings

(a) Current

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Bank overdraft (unsecured)	**168**	–	**–**	–
Bank loans (unsecured)	**518**	1,054	**–**	–
Bank term loan (secured)	**–**	14,614	**–**	–
Finance lease liabilities	**36**	–	**–**	–
	722	15,668	**–**	–

25. Borrowings (continued)

(b) Non-current

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Finance lease liabilities	**128**	–	**–**	–

The bank term loan of $14,614,000 (RMB 73,810,000) of a subsidiary outstanding as at 30 June 2006 was fully repaid during the financial year. The bank term loan was secured by an unquoted investment [Note 19(a)].

Finance lease liabilities of the Group are secured by the rights to the leased assets (Note 23), which will revert to the lessor in the event of default by the Group.

(c) Currency risks

The carrying amounts of total borrowings were denominated in the following currencies at balance sheet date:

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**168**	800	**–**	–
United States Dollar	**518**	254	**–**	–
Malaysian Ringgit	**164**	–	**–**	–
Chinese Renminbi	**–**	14,614	**–**	–
	850	15,668	**–**	–

(d) Interest rate risks

The weighted average effective interest rates of total borrowings at the balance sheet date were as follows:

	2007				2006			
	SGD	**USD**	**MYR**	**RMB**	SGD	USD	MYR	RMB
The Group								
Bank overdraft	**6.12%**	**–**	**–**	**–**	–	–	–	–
Bank loans	**–**	**5.86%**	**–**	**–**	4.79%	6.43%	–	–
Bank term loan	**–**	**–**	**–**	**–**	–	–	–	3.00%
Finance lease	**–**	**–**	**8.25%**	**–**	–	–	–	–

The exposure of current and non-current borrowings of the Group and Company to interest rate risks categorised by the earlier of contractual repricing or maturity dates is as follows:

	Less than 6 months $'000	**6 to 12 months $'000**	**1 to 5 years $'000**	**Total $'000**
The Group				
At 30 June 2007				
Total borrowings	**704**	**18**	**128**	**850**
At 30 June 2006				
Total borrowings	1,054	14,614	–	15,668

25. Borrowings (continued)

(e) Carrying amounts and fair values

The fair values of non-current borrowings were determined from a discounted cash flow analysis, using a discount rate based upon the borrowing rate which the directors expect would be available to the Group at the balance sheet date. The carrying amounts of borrowings approximated their fair values.

26. Finance lease liabilities

	The Group	
	2007	2006
	$'000	$'000
Minimum lease payments due		
- Not later than one year	**46**	–
- Between two and five years	**161**	–
	207	–
Less : Future finance charges	**(43)**	–
Present value of finance lease liabilities	**164**	–

The present value of finance lease liabilities is analysed as follows:

	The Group	
	2007	2006
	$'000	$'000
Not later than one year	**36**	–
Later than one year		
- Between two and five years	**128**	–
	164	–

27. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	The Group	
	2007	2006
	$'000	$'000
Deferred income tax assets		
- to be recovered within one year	**–**	(32)
Deferred income tax liabilities		
- to be settled after one year	**10,762**	3,773

27. Deferred income taxes (continued)

The movements in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

The Group

Deferred income tax liabilities

	Accelerated tax deprecation $'000	Fair value gain $'000	Total $'000
2007			
Beginning of financial year	–	3,773	3,773
Charged to			
- Income statement	18	–	18
- Equity	–	6,971	6,971
End of financial year	**18**	**10,744**	**10,762**
2006			
Beginning of financial year	–	–	–
Charged to equity	–	3,773	3,773
End of financial year	–	3,773	3,773

Deferred income tax assets

	Others $'000	Total $'000
2007		
Beginning of financial year	(32)	(32)
Charged to income statement	32	32
End of financial year	**–**	**–**
2006		
Beginning of financial year	–	–
Credited to income statement	(32)	(32)
End of financial year	(32)	(32)

27. Deferred income taxes (continued)

The movements in the deferred income tax account are as follows:

	The Group	
	2007	2006
	$'000	$'000
Beginning of financial year	**3,741**	–
Tax charge/(credit) to		
- Income statement	**50**	(32)
- Equity	**6,971**	3,773
End of financial year	**10,762**	3,741

Deferred income tax taken to equity [Note 29(b)(ii)] during the financial year is analysed as follows:

	The Group	
	2007	2006
	$'000	$'000
Fair value reserve	**6,971**	3,773

As at 30 June 2007, the Group has the following unutilised tax losses and capital allowances which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

	The Group	
	2007	2006
	$'000	$'000
Tax losses	**21,388**	20,365
Capital allowances	**10,761**	10,520

The Group has not recognised any deferred tax asset arising from these unutilised tax losses and capital allowances as it has not been ascertained that future taxable profits will be available to enable the utilisation of these unutilised tax losses and capital allowances. These tax losses have no expiry date except for an amount of $969,000 which will expire between 31 December 2009 and 31 December 2011.

28. Share capital

	No. of shares		Amount			
	Authorised share captial '000	Issued share capital '000	Authorised share capital $'000	Issued share capital $'000	Share premium $'000	Total share capital and share premium $'000
2007						
Beginning and end of financial year	**–**	**405,488**	**–**	**47,487**	**–**	**47,487**
2006						
Beginning of financial year	8,000,000	405,488	800,000	40,549	6,938	47,487
Effect of Companies (Amendment) Act 2005	(8,000,000)	–	(800,000)	6,938	(6,938)	–
End of financial year	–	405,488	–	47,487	–	47,487

(a) Under the Companies (Amendment) Act 2005 that came into effect on 30 January 2006, the concepts of par value and authorised share capital were abolished and the amount in the share premium account as at 30 January 2006 became part of the Company's share capital.

(b) Share options

The LAP Share Option Scheme (the "Scheme") was approved by the members of the Company at an Extraordinary General Meeting held on 20 September 2000.

The options granted in 2000 under the Scheme lapsed after 5 years on 20 October 2005.

On 26 May 2005, options on 176,250 unissued shares of $0.10 each with an exercise price of $0.16 per ordinary share were granted to executives and directors of the Company pursuant to the Scheme ("2005 Options"). The 2005 Options are exercisable from 27 May 2006 and will expire on 26 May 2010.

The subscription price of the granted options is equal to the average of the last dealt prices of the Company's ordinary shares on the Singapore Exchange for the three market days prior to the date of grant of options ("Market Price") or a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 20% of the Market Price and that the offer is approved by the Company's shareholders.

The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

28. Share capital (continued)

(b) Share options (continued)

Movements in the number of shares under option outstanding are as follows:

	2007	2006
Beginning of financial year	**176,250**	245,250
Forfeited during financial year	**(18,750)**	–
Lapsed during financial year	**–**	(69,000)
End of financial year	**157,500**	176,250

Details of the unissued ordinary shares of the Company under option at the end of the financial year are set out below:

LAP Share Option Scheme	**Exercise price per share payable in full upon application**	**Date of expiration of option**	**Number of unissued shares under option 2007**	2006
2005 Options	$0.16	26 May 2010	**157,500**	176,250

(c) Warrants

	2007 '000	2006 '000
Number of warrants outstanding at beginning and end of financial year	**157,877**	157,877

The warrants issued entitle the holder to subscribe for one new ordinary share at the exercise price of $0.25 each. These warrants will expire on 28 November 2007.

29. Other reserves

(a) Composition:

	The Group		**The Company**	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Capital redemption reserve	**105**	105	**–**	–
Fair value reserve	**77,961**	8,923	**–**	–
Currency translation reserve	**(1,801)**	(3,289)	**–**	–
Enterprise development reserve	**1,906**	2,712	**–**	–
General reserve	**11,443**	12,903	**–**	–
Capital reduction reserve	**13,543**	13,543	**13,543**	13,543
Consolidation reserve	**7,583**	3,421	**–**	–
Capital reserve	**2,112**	–	**–**	–
	112,852	38,318	**13,543**	13,543

29. Other reserves (continued)

(b) Movements (continued)

	The Group 2007 $'000	The Group 2006 $'000	The Company 2007 $'000	The Company 2006 $'000
(i) Capital redemption reserve [Note (a) below]				
Beginning and end of financial year	**105**	105	**–**	–
(ii) Fair value reserve				
Beginning of financial year	**8,923**	–	**–**	–
Fair value gains on financial assets, available-for-sale (Note 19)	**76,009**	12,696	**–**	–
Deferred tax on fair value gains (Note 27)	**(6,971)**	(3,773)	**–**	–
	69,038	8,923	**–**	–
End of financial year	**77,961**	8,923	**–**	–
(iii) Currency translation reserve				
Beginning of financial year	**(3,289)**	(2,622)	**–**	–
Arising from translation of financial statements of foreign subsidiaries	**973**	(1,506)	**–**	–
Release to income statement upon disposal of associated companies	**515**	839	**–**	–
	1,488	(667)	**–**	–
End of financial year	**(1,801)**	(3,289)	**–**	–
(iv) Enterprise development reserve [Note (b) below]				
Beginning of financial year	**2,712**	2,712	**–**	–
Transfer to retained earnings upon disposal of associated companies	**(806)**	–	**–**	–
End of financial year	**1,906**	2,712	**–**	–
(v) General reserve [Note (b) below]				
Beginning of financial year	**12,903**	14,340	**–**	–
Transfer to retained earnings upon disposal of associated companies	**(1,460)**	(1,437)	**–**	–
End of financial year	**11,443**	12,903	**–**	–

29. Other reserves (continued)

(b) Movements (continued)

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
(vi) Capital reduction reserve [Note (c) below]				
Beginning and end of financial year	**13,543**	13,543	**13,543**	13,543
(vii) Consolidation reserve [Note (d) below]				
Beginning of financial year	**3,421**	3,421	**–**	–
Transfer to retained earnings upon disposal of associated companies	**4,162**	–	**–**	–
End of financial year	**7,583**	3,421	**–**	–
(viii) Capital reserve [Note (e) below]				
Beginning of financial year	**–**	–	**–**	–
Arising from bonus shares issued by a subsidiary	**2,112**	–	**–**	–
End of financial year	**2,112**	–	**–**	–
(ix) Others – surplus on restructuring of motorcycle business [Note (f) below]				
Beginning of financial year	**–**	20,737	**–**	–
Release to income statement upon disposal of an associated company	**–**	(20,737)	**–**	–
End of financial year	**–**	–	**–**	–
Total	**112,852**	38,318	**13,543**	13,543

29. Other reserves (continued)

(b) Movements (continued)

Total transfers from/(to) retained earnings for the year:

	The Group		The Company	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Transfer from enterprise development reserve	**(806)**	–	**–**	–
Transfer from general reserve	**(1,460)**	(1,437)	**–**	–
Transfer to consolidation reserve	**4,162**	–	**–**	–
Transfer to capital reserve	**2,112**	–	**–**	–
	4,008	(1,437)	**–**	–

Notes:

(a) The capital redemption reserve pertains to redemption of redeemable preference shares by a subsidiary and is not available for payment of dividends.

(b) The enterprise development reserve and the general reserve are maintained by the Group's associated companies in accordance with the accounting regulations in The People's Republic of China and are not available for the payment of cash dividends. The amounts shown represent the Group's share of the reserves.

(c) In the financial year ended 30 June 2004, the Company had a capital reduction to write off the accumulated losses of the Company as at 30 June 2003. The excess of such write off is taken directly to the capital reduction reserve.

(d) The consolidation reserve arose from acquisition of interests in subsidiaries and associated companies.

(e) The capital reserve arose from bonus share issue through retained earnings by a subsidiary.

(f) The surplus on restructuring arose in 1999 as a result of the restructuring of the motorcycle business for the purpose of the listing of a previous associated company, ZML on the Shenzhen Stock Exchange.

30. Retained earnings

Movements in retained earnings for the Company are as follows:

	The Company	
	2007	2006
	$'000	$'000
Beginning of financial year	**3,529**	14,893
Total profit	**16,114**	10,208
Dividends paid (Note 31)	**–**	(21,572)
End of financial year	**19,643**	3,529

Movement in retained earnings for the Group is shown in the Consolidated Statement of Changes in Equity.

31. Dividends

	The Group and The Company 2007 $'000	2006 $'000
Ordinary dividends paid or proposed		
Final taxable dividend paid in respect of the 2005 financial year of 0.7 cents per share net of tax at 20%	–	2,271
Interim taxable dividend paid in respect of the 2006 financial year of 1.2 cents per share net of tax at 20%	–	3,893
Interim exempt (one-tier) dividend paid in respect of the 2006 financial year of 3.8 cents per share	–	15,408
	–	21,572

At the Annual General Meeting of the Company to be held on 24 October 2007, a final exempt (one-tier) ordinary dividend of 1.0 cent per share amounting to $4,054,000 will be declared, subject to approval by shareholders. The amount will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 June 2008.

32. Commitments

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are analysed as follows:

	The Group 2007 $'000	2006 $'000
Property, plant and equipment		
- Approved and contracted for	–	5,486
- Approved but not contracted for	**113**	9,272
	113	14,758

(b) Operating lease commitments

The future aggregate minimum lease payments under non–cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are analysed as follows:

	The Group 2007 $'000	2006 $'000
Not later than one year	**251**	90
Between two and five years	**676**	94
Later than five years	**2,246**	–
	3,173	184

32. Commitments (continued)

(c) Guarantees issued

	The Company	
	2007	2006
	$'000	$'000
Unsecured guarantee given to banks and suppliers in respect of trade obligations of a subsidiary	**21,525**	30,232

The Company had also issued letters of financial support to certain subsidiaries so as to enable them to operate as going concerns for the foreseeable future and to meet their liabilities as and when they fall due within the next twelve months. The directors are of the view that no material liabilities will arise from the guarantees.

33. Financial risk management

The Group's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the Group.

(i) Foreign exchange risk

The Group operates internationally and is therefore exposed to foreign exchange risk. The Group's major currency exposures are in United States Dollar, Chinese Renminbi and Malaysian Ringgit.

The Group has a number of investments in available-for-sale financial assets whose values are exposed to movements in foreign exchange rates.

(ii) Interest rate risk

The Group is exposed to interest rate risks arising from the impact of interest rate changes on bank borrowings, cash at bank and short term bank deposits.

The interest rates on borrowings are monitored closely to ensure that borrowings are maintained at favourable rates.

(iii) Credit risk

The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers who are internationally dispersed, covering a large spectrum of industries and having a variety of end markets in which they sell. Due to these factors, management believes that no additional credit risk beyond the amount of allowance for impairment made is inherent in the Group's trade receivables.

Cash and short term deposits are placed with credit-worthy institutions.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by keeping sufficient cash balances and committed credit lines available.

34. Immediate and ultimate holding corporations

There is no entity which holds more than 50% equity shares or control in the Company. Thus the Company does not have any immediate or ultimate holding corporation as at 30 June 2007 and 30 June 2006.

35. Related party transactions

The following transactions took place between the Group and related parties during the year:

(a) Services rendered or received

	The Group	
	2007	2006
	$'000	$'000
Sales to related parties	**4,658**	–
Purchases from related parties	**1,273**	–
Interest income received/receivable from a related party	**217**	–
Management fees received from a related party	**74**	136
Rental income from a related party	**58**	58
Rental charges paid to a related party	**232**	176
Consultancy fees paid to a director	**32**	33
Salary recharges paid to related parties	**257**	199

Related parties refer to companies which are connected to the Company through certain common directors or through indirect common shareholding.

(b) Share options granted to key management

The aggregate number of share options granted to key management of the Group during the financial year was nil (2006: nil). The number of shares under option granted to key management of the Group that are outstanding at the end of the financial year was 112,500 (2006: 112,500). The share options were given on the same terms and conditions as those offered to other employees of the Company.

(c) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	The Group	
	2007	2006
	$'000	$'000
Salaries and other short term employee benefits	**1,117**	1,032
Post-employment benefit - contribution to CPF	**23**	39
- other	**79**	–
	1,219	1,071

The above key management personnel compensation pertains to directors of the Company and subsidiaries within the Group.

Included in above, was total compensation to directors of the Company amounting to $478,000 (2006: $411,000).

	The Company	
	2007	2006
Number of directors in remuneration bands		
- $250,000 to below $500,000	**1**	1
- below $250,000	**4**	4
	5	5

36. Discontinued operations

(a) Dry cargo container business

The dry cargo container business ("Container Business") carried out by Lion Containers Sdn Bhd, a wholly-owned subsidiary of the Company, was terminated during the financial year ended 30 June 2000.

Shareholders' approval for the disposal of assets relating thereto was obtained at an Extraordinary General Meeting of the Company held on 20 September 2000.

Following the cessation of the Container Business, its assets including raw materials, plant and machinery, as well as land and building, were disposed of in a piece-meal manner. The remaining assets were disposed of during the current financial year.

(b) The income statement, total assets, total liabilities and cashflows of the Group for the continuing and discontinued operations are presented as follows:

	Continuing operations		Discontinued operations (Container Business)		Group as a whole	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000
Revenue	**93,563**	69,933	**–**	–	**93,563**	69,933
Other gains – net	**19,931**	11,776	**–**	–	**19,931**	11,776
Expenses	**(88,629)**	(76,963)	**–**	(143)	**(88,629)**	(77,106)
	24,865	4,746	**–**	(143)	**24,865**	4,603
Finance cost	**(68)**	(255)	**–**	–	**(68)**	(255)
Share of results of associated companies	**–**	6,761	**–**	–	**–**	6,761
Profit/(loss) before tax	**24,797**	11,252	**–**	(143)	**24,797**	11,109
Income tax expense	**(2,552)**	(3,080)	**–**	–	**(2,552)**	(3,080)
Total profit/(loss)	**22,245**	8,172	**–**	(143)	**22,245**	8,029
Total assets	**268,122**	198,099	**–**	2,064	**268,122**	200,163
Total liabilities	**(39,168)**	(63,003)	**–**	(382)	**(39,168)**	(63,385)
	228,954	135,096	**–**	1,682	**228,954**	136,778
Cashflows						
Net cash inflow/(outflow) from operating activities	**8,369**	(5,450)	**–**	237	**8,369**	(5,213)
Net cash inflow from investing activities	**7,119**	73,576	**–**	–	**7,119**	73,576
Net cash outflow from financing activities	**(15,209)**	(47,791)	**–**	–	**(15,209)**	(47,791)
	279	20,335	**–**	237	**279**	20,572

37. Segment information

Primary reporting format - business segments

	Investment holding/ others $'000	Electronic component distribution $'000	Limestone processing $'000	Automotive component trading $'000	Total for continuing operations $'000
Year ended 30 June 2007					
Revenue	6,549	82,356	2,947	1,711	93,563
Segment result	6,454	817	(368)	20	6,923
Other gains – net					19,931
Unallocated costs					(1,989)
					24,865
Finance expense					(68)
Profit before tax					24,797
Income tax expense					(2,552)
Total profit					22,245
Segment assets	4,958	23,398	22,676	1,513	52,545
Assets held for sale	6,805	–	–	–	6,805
Financial assets, available-for-sale	149,958	22	–	–	149,980
Unallocated assets					58,792
Consolidated total assets					268,122
Segment liabilities	7,668	12,205	3,690	264	23,827
Borrowings					850
Current tax liabilities					3,234
Deferred tax liabilities					10,762
Unallocated liabilities					495
Consolidated total liabilities					39,168
Other segment items					
Capital expenditure					
- segment	–	90	17,282	–	17,372
- unallocated					5
					17,377
Depreciation					
- segment	–	50	367	–	417
- unallocated					133
					550
Reversal of impairment of receivables	7,070	–	–	–	7,070

37. Segment information (continued)

Primary reporting format - business segments (continued)

	Investment holding/ others $'000	Electronic component distribution $'000	Limestone processing $'000	Total for continuing operations $'000	Discontinued operations - dry cargo container $'000
Year ended 30 June 2006					
Revenue	–	69,933	–	69,933	–
Segment result	(91)	2,239	(2)	2,146	(143)
Other gains – net				11,776	–
Unallocated costs				(9,176)	–
				4,746	(143)
Finance expense				(255)	–
Share of results of associated companies				6,761	–
Profit/(loss) before tax				11,252	(143)
Income tax expense				(3,080)	–
Total profit/(loss)				8,172	(143)
Segment assets	2,817	26,793	1,873	31,483	941
Assets held for sale	30,505	–	–	30,505	1,123
Financial assets, available-for-sale	73,949	22	–	73,971	–
Unallocated assets				62,140	–
Consolidated total assets				198,099	2,064
Segment liabilities	23,972	15,504	2	39,478	382
Borrowings				15,668	–
Current tax liabilities				3,763	–
Deferred tax liabilities				3,773	–
Unallocated liabilities				321	–
Consolidated total liabilities				63,003	382
Other segment items					
Capital expenditure					
- segment	–	22	1,444	1,466	–
- unallocated				18	–
				1,484	–
Depreciation					
- segment	–	77	–	77	–
- unallocated				146	–
				223	–
Impairment of receivables	6,650	81	–	6,731	–

37. Segment information (continued)

Primary reporting format - business segments (continued)

The Group is organised into four main business segments as follows:

- Investment holding/others – investment holding in available-for-sale financial assets and assets held for sale (previously associated companies) that are involved in the manufacture of motorcycle components and the assembly and sale of motorcycles, and the manufacture and sale of light trucks, automobile, automotive chassis and gearbox components;
- Electronic component distribution – design-in and distribution of semiconductors and related components;
- Limestone processing; and
- Automotive component trading.

There are no sales or other transactions between the business segments. Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, inventories, receivables and cash. Segment liabilities comprise operating liabilities and exclude items such as taxation and corporate borrowings. Capital expenditure comprises additions to property, plant and equipment.

Secondary reporting format - geographical segments

The Group's four business segments operate in seven geographical areas:

China - the main activities are the investment holding in available-for-sale financial assets and assets held for sale (previously associated companies) that are involved in the manufacture of motorcycle components and the assembly and sale of motorcycles, and the manufacture and sale of light trucks, automobile, automotive chassis and gearbox components;

Singapore - the main activity is electronic component distribution;

United States - the main activity is electronic component distribution;

India - the main activity is electronic component distribution;

Malaysia - the main activities are electronic component distribution, automotive component trading and limestone processing. In the previous financial year, it was mainly electronic component distribution;

Indonesia - the main activity is electronic component distribution; and

Other countries - the main activity is electronic component distribution.

	Sales		Total assets		Capital expenditure	
	2007	2006	**2007**	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
China	**8,533**	1,447	**182,372**	149,145	**–**	–
Singapore	**13,001**	16,654	**60,043**	44,724	**75**	40
United States	**19,742**	14,073	**22**	22	**–**	–
India	**10,968**	11,193	**1,502**	1,183	**20**	–
Malaysia	**14,062**	7,496	**24,183**	5,089	**17,282**	1,444
Indonesia	**17,397**	12,241	**–**	–	**–**	–
Other countries	**9,860**	6,829	**–**	–	**–**	–
	93,563	69,933	**268,122**	200,163	**17,377**	1,484

With the exception of China, Singapore and Malaysia, no other individual country contributed more than 10% of consolidated revenue and assets.

Sales revenue is based on the country in which the customer is located. Total assets and capital expenditure are shown by geographical area in which the assets are located.

38. Comparative information

Comparatives in the financial statements have been reclassified to conform with the current year's presentation which is a fairer representation of the nature of these balances:

	The Group	
	Previously Reported 2006 $'000	**After Reclassification** 2006 $'000
Consolidated Income Statement		
Other gains – net	–	11,776
- Miscellaneous	2,128	–
- Exceptional gains	9,965	–
Expenses		
- Others	(9,779)	(9,462)
	2,314	2,314
Primary reporting format – business segments		
Segment result – Investment holding/others (previously reported as "Automotive")	–	(91)
Other gains – net	–	11,776
Unallocated costs	(7,456)	(9,176)
Exceptional items	9,965	–
	2,509	2,509
Segment assets		
- Investment holding/others	76,766	2,817
- Electronic component distribution	26,815	26,793
Financial assets, available-for-sale		
- Investment holding/others	–	73,949
- Electronic component distribution	–	22
Segment liabilities		
- Investment holding/others	–	(23,972)
- Electronic component distribution	(16,320)	(15,504)
Unallocated liabilities	(23,477)	(321)
	63,784	63,784
Secondary reporting format – geographical segments		
- India (sales)	–	11,193
- Malaysia (sales)	–	7,496
- Indonesia (sales)	–	12,241
- Other countries (sales)	37,759	6,829
	37,759	37,759

39. New accounting standards and FRS interpretations

Certain new standards, amendments and interpretations to existing standards have been published and they are mandatory for the Group's accounting periods beginning on or after 1 July 2007 or later periods which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

(a) FRS 107 Financial Instruments: Disclosures, and a complementary Amendment to FRS 1 Presentation of Financial Statements: Capital Disclosures

The Group will adopt FRS 107 on 1 July 2007.

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including minimum disclosures about credit risk, liquidity risk and market risk (including sensitivity analysis to market risk). It replaces the disclosure requirements in FRS 32 *Financial Instruments: Disclosure and Presentation.*

The amendment to FRS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group has assessed the impact of FRS 107 and the amendment to FRS 1 and concluded that the main additional disclosures will be sensitivity analysis to market risk and the capital disclosures required by the amendment of FRS 1.

(b) FRS 108 Operating Segments (effective for annual periods beginning on or after 1 January 2009)

FRS 108 supersedes FRS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed.

The Group will apply FRS 108 from 1 July 2009 and provide comparative information that conforms to the requirements of FRS 108. The Group does not expect the new operating segments to be significantly different from business segments currently disclosed.

(c) Revised FRS 23 Borrowing Costs (effective for annual periods beginning on or after 1 January 2009)

The revised standard removes the option to recognise immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis.

The Group will apply the revised FRS 23 from 1 July 2009 and the revised standard is not expected to have any impact to the Group.

40. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Lion Asiapac Limited on 28 September 2007.

Shareholding Statistics
As at 17 September 2007

Issued and Fully Paid-up Capital	:	S$47,486,565.40
No. of Shares Issued	:	405,487,724
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) Vote per share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 999	0	0.00	0	0.00
1,000 - 10,000	2,947	64.33	17,242,694	4.25
10,001 - 1,000,000	1,622	35.41	81,535,666	20.11
1,000,001 & Above	12	0.26	306,709,364	75.64
Total	4,581	100.00	405,487,724	100.00

TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Shares
UOB Kay Hian Pte Ltd	273,264,488	67.39
Andar Investment Pte Ltd	8,853,876	2.18
OCBC Securities Private Ltd	4,085,000	1.01
Kim Eng Securities Pte Ltd	3,329,000	0.82
CIMB-GK Securities Pte Ltd	2,830,000	0.70
Phillip Securities Pte Ltd	2,791,000	0.69
United Overseas Bank Nominees Pte Ltd	2,756,000	0.68
DBS Nominees Pte Ltd	2,657,000	0.66
DBS Vickers Securities (S) Pte Ltd	2,015,000	0.50
Cheong Soh Chin Julie	1,600,000	0.39
Tan Boon Kay	1,500,000	0.37
Lim Cher Heng	1,028,000	0.25
Guo Wei Ping	950,000	0.23
Wen Chow Wei Khan	920,000	0.23
Tan Huat	835,000	0.21
Hoo Len Yuh	827,000	0.20
Ng Heng Soon	827,000	0.20
Lem (Lim) Ah Lek	800,000	0.20
Eng Hup Seng Co Sdn Bhd	764,000	0.19
Lee Seow Chye Ezekiel Alick	549,000	0.14
Total	313,181,364	77.24

SHAREHOLDING IN THE HANDS OF PUBLIC

The percentage of shareholding in the hands of public was approximately 31.09%, and hence the Company has complied with Rule 723 of the SGX-ST Listing Manual which states that an issuer must ensure that at least 10% of its listed securities is at all time held by the public.

Substantial Shareholders

(as shown in the Register of Substantial Shareholders as at 19 September 2007)

Name of Substantial Shareholder	Direct Interest No. of Shares	%	Deemed Interest * No. of Shares	%
Omali Corporation Sdn Bhd (1)	121,562,760	29.98	–	–
Bright Steel Sdn Bhd (2)	–	–	121,562,760	29.98
Total Triumph Investments Limited (2)	–	–	121,562,760	29.98
Lion Corporation Berhad (2)	–	–	121,562,760	29.98
Horizon Towers Sdn Bhd (3)	–	–	121,562,760	29.98
Lion Development (Penang) Sdn Bhd (3)	–	–	121,562,760	29.98
LDH (S) Pte Ltd (3)	–	–	121,562,760	29.98
Lion Diversified Holdings Berhad (3)	–	–	121,562,760	29.98
AMB Venture Sdn Bhd (4)	148,750,644	36.68	–	–
Silverstone Corporation Berhad (5)	–	–	148,750,644	36.68
Amsteel Corporation Berhad (6)	–	–	148,750,644	36.68

Notes:-

* Deemed interests pursuant to Section 7 of the Companies Act, Cap. 50.

(1) Omali Corporation Sdn Bhd ("Omali") is the beneficial owner of 121,562,760 shares registered under UOB Kay Hian Pte Ltd.

(2) Bright Steel Sdn Bhd, Total Triumph Investments Limited and Lion Corporation Berhad ("LCB") are deemed to be interested in the 121,562,760 shares held by Omali.

(3) Horizon Towers Sdn Bhd, Lion Development (Penang) Sdn Bhd, LDH (S) Pte Ltd and Lion Diversified Holdings Berhad are deemed to be interested in the 121,562,760 shares held by Omali by virtue of their interests in LCB.

(4) AMB Venture Sdn Bhd ("AMB") is the beneficial owner of 148,750,644 shares registered under UOB Kay Hian Pte Ltd.

(5) Silverstone Corporation Berhad ("SCB") is deemed to be interested in the 148,750,644 shares held by AMB.

(6) Amsteel Corporation Berhad is deemed to be interested in the 148,750,644 shares held by AMB by virtue of its interest in SCB.

NOTICE IS HEREBY GIVEN THAT the 37th Annual General Meeting of Lion Asiapac Limited (the "Company") will be held at The Conference Room at 10 Arumugam Road #10-00 Lion Building A Singapore 409957 on Wednesday, 24 October 2007 at 11.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts and Report of the Directors and Auditors of the Company for the year ended 30 June 2007.

2. To declare a first and final dividend of 1.0 cent per ordinary share (tax-exempt) for the year ended 30 June 2007.

3. To re-elect Mr Sam Chong Keen, a Director retiring pursuant to Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

   (Note: Mr Sam Chong Keen, if re-elected, will remain as a member of the Nominating Committee and will be considered an independent Director.)

4. To consider and, if thought fit, to pass the following resolutions under Section 153(6) of the Companies Act, Cap. 50:-

   (a) "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Othman Wok be and is hereby re-elected as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."

   (Note: Mr Othman Wok, if re-elected, will remain as Chairman of the Audit Committee, Nominating Committee and Remuneration Committee and will be considered an independent Director.)

   (b) "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Ying Yoke Kwai be and is hereby re-elected as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."

   (Note: Mr Ying Yoke Kwai, if re-elected, will remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee and will be considered an independent Director.)

5. To approve the payment of S$112,500/- as Directors' fees for the year ended 30 June 2007.

6. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

7. **General Mandate to Directors to Issue Shares and Convertible Securities**

   To consider and, if thought fit, to pass, with or without amendments, the following resolution as Ordinary Resolution:-

   "That pursuant to Section 161 of the Companies Act, Chapter 50 and Article 8(B) of the Company's Articles of Association, authority be and is hereby given to the Directors of the Company to:-

   (a) (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares;

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution is in force,

Provided That:-

(1) the aggregate number of shares to be issued pursuant to such authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) does not exceed 50% of the issued share capital of the Company for the time being (as determined in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company for the time being (as determined in accordance with sub-paragraph (2) below);

(2) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time that this Ordinary Resolution is passed, after adjusting for:-

   (i) new shares arising upon the conversion or exercise of any convertible securities or employee share options or vesting of share awards which are outstanding or subsisting at the time that this Ordinary Resolution is passed; and

   (ii) any subsequent consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") for the time being in force (unless such compliance is waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless previously revoked or varied by the Company in general meeting) the authority conferred by this Ordinary Resolution to issue shares shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which such Annual General Meeting is required by law to be held (whichever is the earlier)."

8. **Authority for the Directors to Offer and Grant Options and Issue Shares pursuant to the LAP Share Option Scheme 2000**

To consider and, if thought fit, to pass, with or without amendments, the following resolution as Ordinary Resolution:-

"That the Directors of the Company be and are hereby authorised to offer and grant Options in accordance with the provisions of the LAP Share Option Scheme 2000 approved by the Company on 20 September 2000 (the "Scheme 2000") and pursuant to Section 161 of the Companies Act, Chapter 50 to allot and issue from time to time such number of shares in the capital of the Company (the "Shares") as may be required to be issued pursuant to the exercise of the Options under the Scheme 2000 (notwithstanding that the authority conferred by this Ordinary Resolution may have ceased to be in force) provided always that the aggregate number of Shares to be issued pursuant to the Scheme 2000 shall not exceed 10% of the total issued share capital of the Company from time to time."

9. **Renewal of the Shareholders' Mandate for Interested Person Transactions**

To consider and, if thought fit, to pass, with or without amendments, the following resolution as Ordinary Resolution:-

"That for the purpose of Chapter 9 of the Listing Manual of the SGX-ST:-

(a) approval be and is hereby given for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the categories of Interested Person Transactions as described in page 19 of this Annual Report, with any party who is of the class or classes of Interested Persons described in page 18 of this Annual Report, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority Shareholders, and are in accordance with the review procedures for Interested Person Transactions as described in pages 20 to 23 of this Annual Report (the "IPT Mandate");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company and each of them be and are hereby authorised to do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Ordinary Resolution."

10. To transact such other ordinary business as can be transacted at an Annual General Meeting of the Company.

By Order of the Board

Tan Yen Hui
Company Secretary

Singapore, 8 October 2007

Statement pursuant to Article 54(A) of the Articles of Association of the Company:-

The effect of the resolutions under the heading "Special Business" in the Notice of Annual General Meeting is as follows:-

(a) The Ordinary Resolution proposed in item 7 above, if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company up to and not exceeding in aggregate 50% of the issued share capital of the Company provided that the issue of shares and convertible securities other than on a pro-rata basis shall not exceed 20% of the issued share capital of the Company, for such purposes as they consider would be in the interest of the Company. The percentage of issued share capital is based on the Company's issued share capital at the time this resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed, and any subsequent consolidation or subdivision of shares. This authority will, unless revoked or varied by the Company at a general meeting, expire at the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

(b) The Ordinary Resolution proposed in item 8 above, if passed, will empower the Directors of the Company to offer and grant options under the Scheme 2000 and to allot and issue shares in the capital of the Company pursuant to the exercise of the options under the Scheme 2000.

(c) The Ordinary Resolution proposed in item 9 above, if passed, will renew the IPT Mandate and allow the Company, its subsidiaries and associated companies or any of them to enter into certain interested person transactions as described in page 19 of this Annual Report, and will empower the Directors to do all acts necessary to give effect to the IPT Mandate. This authority will, unless revoked or varied by the Company at a general meeting, expire at the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

Notes:-

A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend at the same meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy need not be a member of the Company.

The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 10 Arumugam Road #10-00 Lion Building A Singapore 409957 not less than 48 hours before the time appointed for holding the meeting.

NOTICE OF BOOKS CLOSURE DATE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 2 November 2007, for the purpose of determining shareholders' entitlements to the proposed first and final dividend of 1.0 cent per ordinary share (tax-exempt) for the financial year ended 30 June 2007.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited at 63 Cantonment Road Singapore 089758 up to 5.00 p.m. on 1 November 2007 will be registered before entitlements to the proposed dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 1 November 2007 will be entitled to the proposed dividend.

The proposed dividend, if approved by shareholders at the 37th Annual General Meeting to be held on 24 October 2007, will be paid on 16 November 2007.

PROXY FORM

IMPORTANT : FOR CPF INVESTORS ONLY

1. This Annual Report is forwarded to you at the request of your CPF Approved Nominees and is sent solely for YOUR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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

I/We, ____ (Name)

of ____ (Address)

being a member(s) of LION ASIAPAC LIMITED (the "Company") hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and vote on my/our behalf and, if necessary, to demand a poll, at the 37th Annual General Meeting of the Company to be held at The Conference Room, 10 Arumugam Road #10-00 Lion Building A Singapore 409957 on Wednesday, 24 October 2007 at 11:00 am and at any adjournment thereof in the following manner.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific direction, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting).

No.	Resolutions	For	Against
	Ordinary Business		
1.	Adoption of Directors' Report, Accounts and Auditors' Report for the year ended 30 June 2007		
2.	Declaration of a first and final dividend of 1.0 cent per share (tax-exempt)		
3.	Re-election of Mr Sam Chong Keen as Director pursuant to Article 91 of the Company's Articles of Association		
4(a)	Re-election of Mr Othman Wok as Director pursuant to Section 153(6) of the Companies Act, Cap. 50		
4(b)	Re-election of Mr Ying Yoke Kwai as Director pursuant to Section 153(6) of the Companies Act, Cap. 50		
5.	Approval of payment of Directors' fees		
6.	Re-appointment of Messrs PricewaterhouseCoopers as Auditors		
	Special Business		
7.	General Mandate to Directors to issue shares and convertible securities		
8.	Authority for the Directors to offer and grant options and issue shares pursuant to the Scheme 2000		
9.	Renewal of the Shareholders' Mandate for Interested Person Transactions		

Dated this ____________________ day of October, 2007.

Total No. of Shares in:	No. of Shares
(1) CDP Register	
(2) Register of Members	

____

Signature(s) or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:-

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore) you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy/proxies shall be deemed to relate to the entire number of shares registered in your name in the Depository Register and the Register of Members.

2. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead and such proxy or proxies need not be a member of the Company.

3. Where a member of the Company appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 10 Arumugam Road #10-00, Lion Building A, Singapore 409957 not less than 48 hours before the time appointed for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or an officer duly authorised.

6. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Cap. 50.

GENERAL:-

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member of the Company, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

DESIGNED BY... PINKOCCHIO

LION ASIAPAC LIMITED
(Co. Reg. No. 196800586R)

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