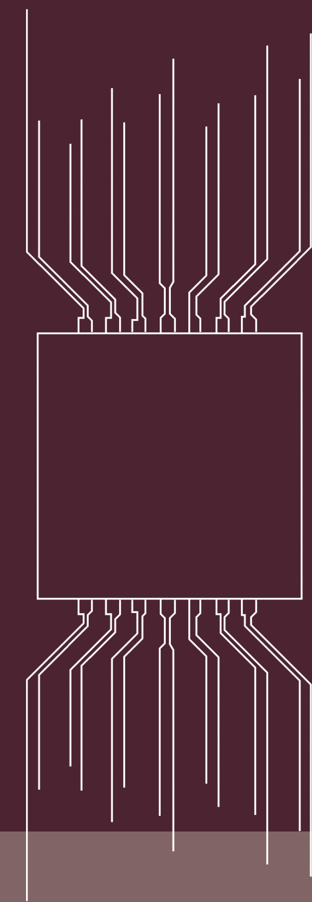

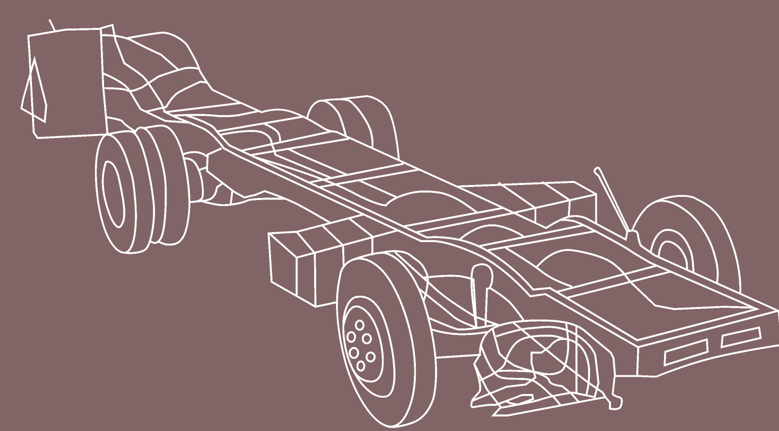

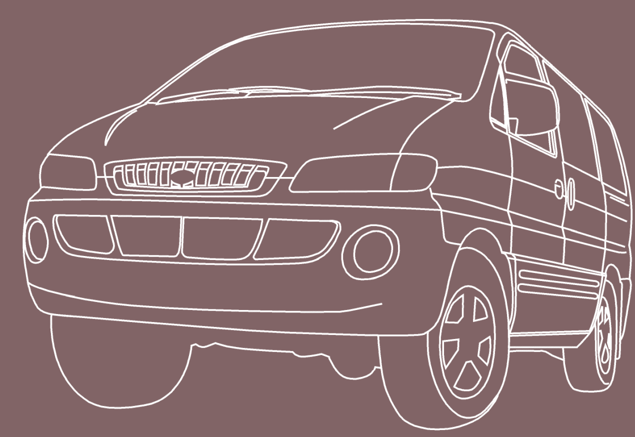

LION ASIAPAC LIMITED

(Co. Reg. No. 196800586R)

Annual Report 2005

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

10 Arumugam Road #10-00 Lion Industrial Building Singapore 409957
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DESIGNED BY...ZUCCHINI

Contents

LION ASIAPAC LIMITED Annual Report 2005

Chairman's Statement

The Group's strategy has been to review our businesses and undertake some restructuring with the aim of improving the opportunity for growth and profitability in the long term.

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements for the year ended 30 June 2005. It was another challenging year for the Group, and yet we did well to achieve a healthy increase in profit from last year. This was made possible through our continuous effort to improve competitiveness by enhancing our value-add, focusing on higher margin products and reducing costs.

In the face of such fierce market competition though, the Group's strategy has been to review our businesses and undertake some restructuring with the aim of improving the opportunity for growth and profitability in the long term.

BUSINESS HIGHLIGHTS

Our electronics business, operated by Advent Electronics Pte Ltd ("Advent"), continued to make good headway, remaining focused on expanding its range of higher margin products and value-added services. During the year, Advent added several new agency lines to its component distribution and networking businesses. It also secured production rights of an award-winning personal broadcaster gadget that is already enjoying much success in major retail stores in the USA - a business that is expected to contribute substantially to Advent's revenue.

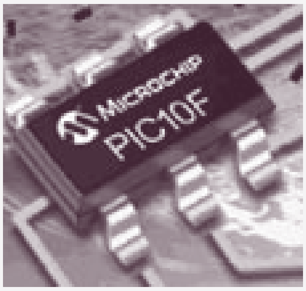
Advent expects to see an overall growth in revenue in the second half of the next financial year, if the semiconductor market shows an upswing, and when the several new projects in the project management business materialise. Also, the networking business in India is securing more projects as Advent gains its momentum in the IT infrastructure business. Barring any unforeseen circumstances, the electronics business will continue to be profitable during the next financial year.

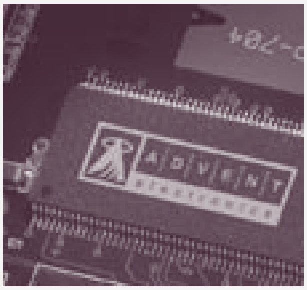
In the automobile manufacturing business, Anhui Jianghuai Automobile Co., Ltd ("Anhui Auto") continued to perform well and it achieved an increase in sales volume and profit, mainly as a result of its ability to penetrate the market further with its light trucks and improved MPV models.

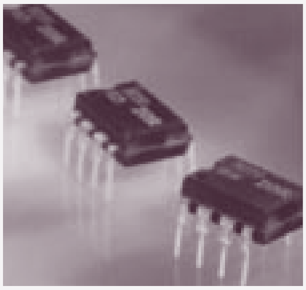
In the face of unrelenting competition in the vast PRC motorcycle market, the Group's motorcycle business, headed by Zhejiang Qianjiang Motorcycle Co., Ltd ("ZML"), achieved only a marginal increase in sales volume, yet managed to double its profit by making substantial cuts in expenditure.

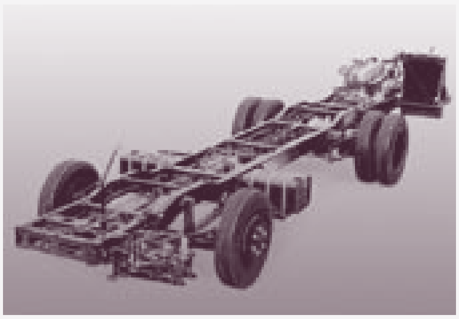
However, as part of our restructuring plans for the automotive businesses in the PRC, the Group is now in the process of disposing of its entire equity interests in the motorcycle manufacturing associated companies. The disposal of ZML has been completed and sales proceeds will be partly used to repay bank borrowings, rendering the Group financially stronger. The remaining proceeds will be available to fund an increase in the Group's interests in existing investments that have growth potential, or other investment opportunities. Since a large portion of the motorcycle division's profits comes from ZML, the Group expects to see a significantly lower contribution from its motorcycle business.

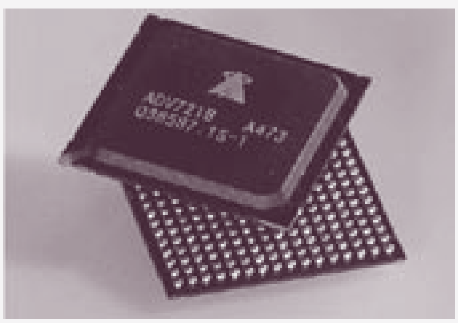
The Group's interest in Anhui Auto has been diluted during the financial year as a result of partial conversion of Anhui Auto's bonds into equity shares, and further dilution by the coming year-end is expected. This may result in the Group being unable to equity account the profit from Anhui Auto, which, together with the decreased contribution from the motorcycle business, could substantially reduce the Group's overall profit in the forthcoming financial year. In the meantime, the Group is exploring new business opportunities.











FINANCIAL HIGHLIGHTS

For the year ended 30 June 2005, the Group achieved a net profit after tax and minority interest of S$16.4 million, a 33% increase over the last corresponding year. This was attributable to continued stronger earnings from our automotive division. However, turnover reduced by 17% from S$75.0 million to S$62.3 million, following a decline in revenue by the electronics division.

The Group’s share of the results of the automotive division amounted to S$25.6 million during this reporting year, 31% higher than last year’s S$19.6 million. This was substantially contributed by the automotive chassis and automobile business operated by Anhui Auto, as our share of profit before tax of Anhui Auto was S$17.0 million this financial year, as compared to a share of S$13.4 million in the previous financial year.

During the year, there was a net gain of S$36,000 arising from the dilution of interest in Anhui Auto due to partial conversion of bonds into shares. Finance costs of the Group decreased by 21% from S$1.8 million to S$1.4 million, due to partial repayment of bank borrowings and lower interest rates. The Group’s taxation went down by 19% to S$6.3 million, mainly due to tax rebates received by Anhui Auto.

We maintained a healthy liquidity position during the year. Working capital (excluding investment in associates) decreased from S$56.1 million as at 30 June 2004 to S$49.6 million as at 30 June 2005, as a result of partial repayment of long-term bank borrowings.

Dividend

The Board is pleased to propose a first and final dividend of 7%, or 0.7 cents, per ordinary share less income tax for the year ended 30 June 2005. This proposed final dividend, if approved at the Company's Annual General Meeting to be held on 26 October 2005, will be paid on 18 November 2005.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank our management and staff for their dedication to the Company and their contributions to the Group's performance. I would also like to express sincere appreciation to our valued customers, business associates and shareholders for their continued support. I am grateful to my fellow Directors for their counsel and commitment in meeting the challenges ahead.

OTHMAN WOK
Chairman

Corporate Directory

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

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 Industrial Building
Singapore 409957
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Fax : (65) 6747 9493
Website : www.lionapac.com

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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)

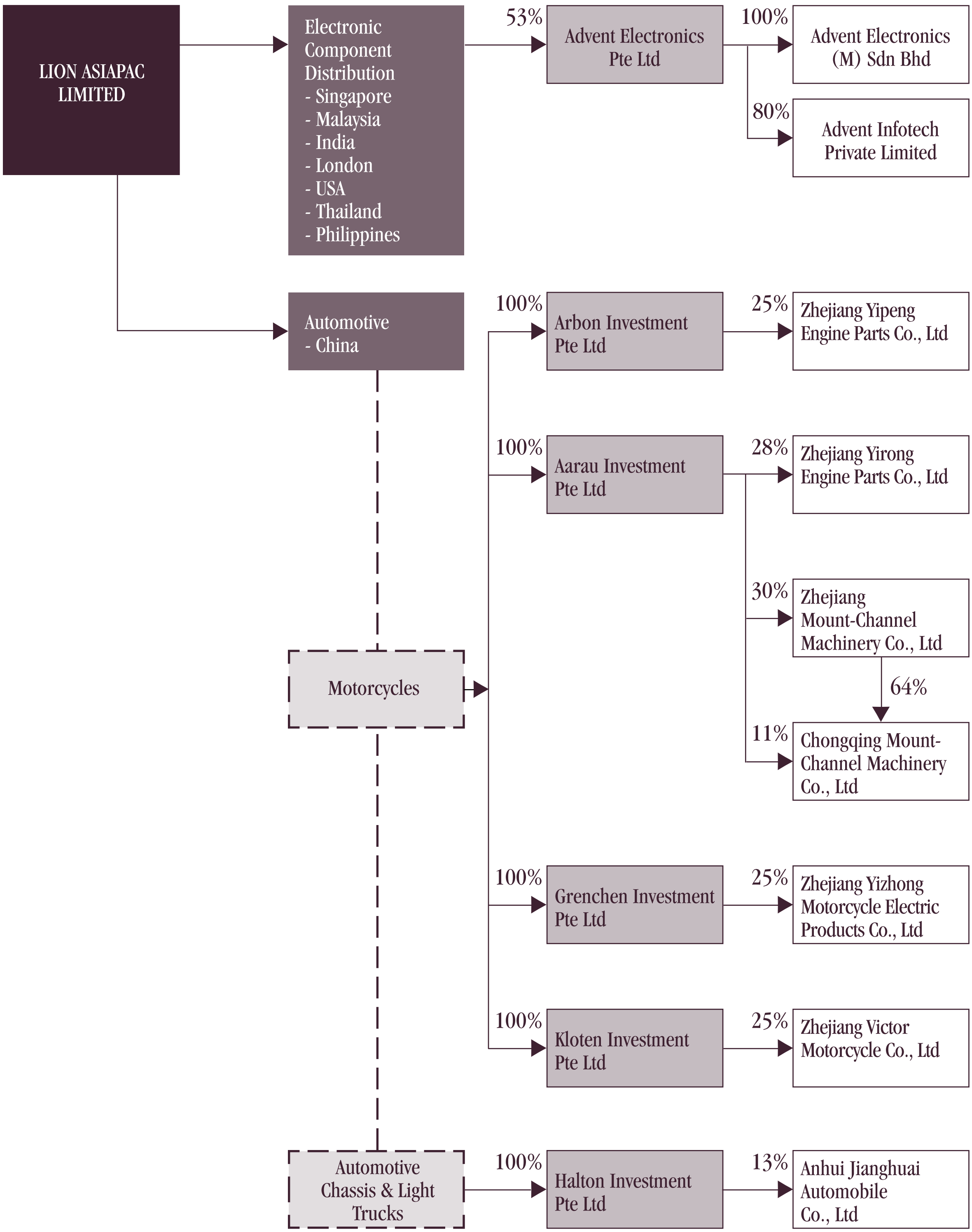
PRINCIPAL BANKERS
DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809

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

LAWYERS
Clifford Chance Wong Pte Ltd
One George Street
#20-01
Singapore 048624
Tel : (65) 6416 8000
Fax : (65) 5632 5711

Business Structure

As at 27 September 2005



Board of Directors

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 annual re-election as Director 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, and a member of the Remuneration Committee. He was last re-elected as a Director in November 2003.

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 also sits on the Boards of Zhejiang Qianjiang Motorcycle Co., Ltd and Anhui Jianghuai Automobile Co., Ltd, both of which are listed on the stock exchanges in Shenzhen and Shanghai respectively. He 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.

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 a member of the Audit Committee, Nominating Committee, Remuneration Committee and ESOS Committee. He is subject to annual re-election as Director 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 considered an Independent Director with effect from July 2005, and is a member of the Nominating Committee. He was last re-elected as a Director in November 2003.

Mr Sam is currently 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), of 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 1988 to 1991, Mr Sam was appointed by the government as the Political Secretary to the Minister for Education.

Mr Sam is currently an Independent Director on the Boards of Stamford Tyres Corporation Ltd and Xpress Holdings 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. He was last re-elected as a Director in November 2002. 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 26 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 Lion Teck Chiang Limited, since 1994. Prior to that, he has served as the Assistant General Manager (Production) of Amalgamated Steel Mills Bhd.

Mr Cheng also sits on the Board of Anhui Jianghuai Automobile Co., Ltd., a Shanghai-listed associate of the Company.

Othman Wok
Chairman

Cheng Yong Kwang
Executive Director

Ying Yoke Kwai
Director

Sam Chong Keen
Director

Cheng Theng How
Director

Key Management

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 Boards of Zhejiang Qianjiang Motorcycle Co Ltd and Anhui Jianghuai Automobile Co Ltd, both of which are listed on the stock exchanges in Shenzhen and Shanghai respectively. 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.

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 US 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.

CHUA THIAM LENG is a co-founder of Advent Electronics Pte Ltd, and its Director of Sales & Marketing since 1999. Mr Chua holds a Diploma in Electronics & Communication Engineering from the Singapore Polytechnic.

Mr Chua has extensive experience in the electronics industry. He started his working career in 1989 with Matsushita Electric Motor Pte Ltd and left as Senior Executive after two years. He then joined BBS Electronics Pte Ltd ("BBS"), a major distribution house in the semiconductor industry, as a Sales Engineer in 1991 and left as its Regional Marketing Manager in 1999. Other than implementing the regional marketing plans for BBS, Mr Chua was also assigned the business development role which included the introduction of new products.

LIM LAI YEE joined the Company in November 1999 as its Group Accountant, and is responsible for the Group's financial reporting. She is also involved in the finance, treasury, administration and taxation of the Group. Ms Lim holds a Bachelor in Accountancy degree from the Monash University and is a Certified Public Accountant registered with CPA Australia. Ms Lim started her career with an audit firm, then known as Soh Wong & Partners, in 1996 as an Audit Associate and left in 1999.

TAN YEN HUI joined the Company in August 2000 as its Company Secretary, and is primarily responsible for the Group's 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 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.

FOCUSING on key areas that would contribute most to business growth

Our two core businesses of automotive manufacturing and electronic component distribution continued to consolidate their market positions, focusing on key areas that would contribute most to business growth.

AUTOMOTIVE DIVISION

The automotive division operates in China with a product portfolio comprising motorcycles, light trucks for commercial and agricultural use, chassis for passenger vehicles, multi-purpose vehicles ("MPV") and gearbox components.

The motorcycle business is mainly handled by Zhejiang Qianjiang Motorcycle Co., Ltd ("ZML"), which assembles more than 15 models of motorcycle with a wide range of engine capacities from 50cc to 250cc. The other areas of the automotive division are handled by Anhui Jianghuai Automobile Co., Ltd ("Anhui Auto"). As one of the largest automotive chassis companies in China, it manufactures and distributes automotive chassis and gearbox components for manufacturers of bus, truck and chassis, as well as manufactures and sells light trucks for companies in the construction, public transport and commercial transport sectors, among others. It also manufactures and sells MPVs to government and commercial sectors.

MOTORCYCLE MANUFACTURING

During the year, the Group's share of the profit before tax of the motorcycle business in the PRC increased from S$4.2 million to S$8.7 million. Sales volume rose only slightly by 4% from 936,000 units to 976,000 units under competitive market conditions with smaller manufacturers holding stock clearances to wind up operations. Despite this, net profit doubled over the previous year due to significant cuts in expenditure, in particular, advertising and promotions, manpower, and research and development expenses.

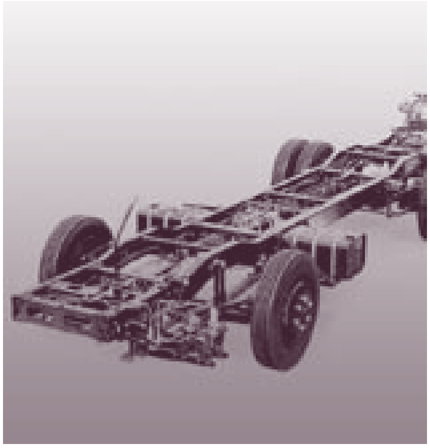
With the disposal of ZML having been completed in line with the Group's restructuring plans, the Group's share of profit from the motorcycle division in the coming financial year will be considerably reduced.

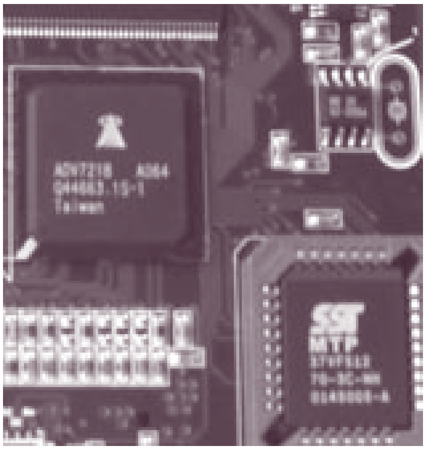
AUTOMOBILE MANUFACTURING

The Group's share of profit before tax of Anhui Auto for the year was S$17.0 million, a 27% increase from last year's S$13.4 million. The sales volume of Anhui Auto grew by 29% to approximately 133,000 units. This increase was contributed mainly by sales of light trucks and 'Refine' MPVs. Capitalising on its success at building brand awareness and enhancing sales service, Anhui Auto incorporated local content into certain MPV models, enabling them to be introduced at more competitive prices to the market, where they were well-received.

Anhui Auto also managed to secure continuous supply contracts with government departments. As a result, the MPV business replaced the automotive chassis business in second place, while the light truck business remained the largest contributor to sales volume.

In 2004, Anhui Auto issued convertible bonds amounting to Rmb 880 million which are convertible into equity shares at a price of Rmb 5.90 per share till 2009. Conversion has taken place since October 2004 and as at 30 June 2005, the Group's interest in Anhui Auto has been reduced to 13.82%. In the event that these bonds are fully converted by the end of this calendar year as anticipated by Anhui Auto's management, the Group





might not be able to equity account the results of Anhui Auto as the Group's equity interest in Anhui Auto will be diluted to 11.61%. In view of this, the Group's overall profits could be substantially reduced in the forthcoming financial year.

ELECTRONICS DIVISION

Our electronics business, under Advent Electronics Pte Ltd ("Advent"), is engaged in the distribution of semiconductors and related components, turnkey project management and finished product sales. Besides Singapore and Malaysia, Advent has established offices in India and London, and also Representative Offices in USA, Thailand and Philippines. Some of the semiconductor manufacturers that Advent has direct relationship with include world-class names such as International Rectifiers, National Semiconductors, Sony, Texas Instruments, Thomson and Microchip Technology. During the year, Advent added several new agency lines, namely, World Products Inc, Midcom Inc and Oxford Semiconductor to its component distribution business, and also Firetide Mesh Networks to its networking business.

For this financial year, Advent reported a 38% decrease in profit before tax from S$3.4 million to S$2.1 million, on a 17% reduction in turnover from S$75.0 million to S$62.3 million. The drop in revenue was mainly attributable to a decline in the project management business, in particular the loss of a major customer that was bought over by the world's largest contract manufacturer.

The component distribution sales turnover was flat compared to the previous year due to sluggish demand in the global electronics market, especially during the second half of the financial year. On the other hand, the networking business in India, in its second year of the operations, has made some progress over the previous year by garnering a sizeable amount of sales from local companies.

Despite the lacklustre market condition, Advent has managed to keep inventory level and gross margin above industry standards in order to get through this challenging period. It has achieved this through the meticulous monitoring of stocks and assessing viability of businesses, as well as making the strategic decision to forego potential loss-making accounts in order to safeguard the company's profitability.

As market competition continues unabated, Advent has taken steps to enhance its value-added service. Besides offering manufacturing services, it is promoting chips to customers to have them incorporated in their end products. Such design activities would be carried out in collaboration with research institutions.

Advent also continues to seek out new products to add to its portfolio. In early 2005, during its participation in the Consumer Electronics Show in Las Vegas, it secured production rights of an award-winning personal broadcaster gadget, which enables a viewer to watch his home TV anywhere in the world via broadband internet access. Such products are enjoying good growth in demand in major retail stores across the USA, and Advent has already seen a considerable increase in production volume. This business is expected to contribute substantially to the revenue of Advent.

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.

BOARD MATTERS

The Board's Conduct of its Affairs

The Board is responsible for the overall strategy and direction of the Group. It supervises executive management and ensures that the Company's strategies are in the interest of the Company and its shareholders.

During the financial year, the Board met 4 times. The Board reviews and approves appropriate strategic plans, key operational and financial matters, major acquisition and divestment plans, 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	

** Mr Sam Chong Keen is considered an Independent Director with effect from July 2005.*

Chairman of the Board

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

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 2005 are set out as follows :-

	Board	Audit	Nominating	Remuneration
Number of meetings	**4**	**3**	**1**	**1**
Othman Wok	4	3	1	1
Cheng Yong Kwang	4	n.a.	n.a.	1
Ying Yoke Kwai	4	3	1	1
Cheng Theng How	4	3	n.a.	n.a.
Sam Chong Keen	4	n.a.	1	n.a.

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)
** Mr Sam Chong Keen is considered an Independent Director with effect from July 2005.*

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.

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 and Ying Yoke Kwai are independent Directors. Mr Sam Chong Keen is considered an Independent Director with effect from July 2005. 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.

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 directors.

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 Scheme.

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.

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 the Company's compliance with the requirements of the Companies Act, rules of the SGX-ST listing manual and other applicable regulations.

REMUNERATION MATTERS

Remuneration Committee

The Remuneration Committee ("RC") comprises 3 members, 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 Yong Kwang	(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.

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 annual general meetings.

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 Executive Director abstains from participating in the determination of his own remuneration.

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 2005 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	83%	8%	9%	–	100%
Below $250,000	Othman Wok	–	–	–	100%	100%
	Ying Yoke Kwai	–	–	–	100%	100%
	Sam Chong Keen	–	–	–	100%	100%
	Cheng Theng How	–	–	–	100%	100%
	Lin Chung Dien *	–	–	–	100%	100%

** Mr Lin Chung Dien retired at the annual general meeting held on 25 October 2004.*

For competitive reasons, details of remuneration paid to the top 5 key executives of the Group for the year ended 30 June 2005 are not disclosed.

ACCOUNTABILITY AND AUDIT

Audit Committee

The Audit Committee ("AC") comprises 3 members, all non-executive Directors, 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 of Corporate Governance 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 of Corporate Governance.

During the financial year, the AC met 3 times with the presence of internal and external auditors and appropriate members of the management. 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 audit plan with the external auditors, and the scope and results of the internal audit procedures with the internal auditors. Interested person transactions are also reviewed by the AC. There are no material contracts of the Company or its subsidiaries involving the interests of any director or controlling shareholder of the Company, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

The AC ensures that a review of the effectiveness of the Company'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.

The AC is also responsible for nominating external auditors. It reviews the independence and objectivity of the external auditors, and also the nature and extent of non-audit services performed by external auditors. In the AC's opinion, the non-audit services performed would not affect the independence of the external auditors

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 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.

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 annual general meeting 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 general meeting and are available to answer questions from shareholders present.

SECURITIES TRANSACTIONS

The Company has issued a Compliance Code on Securities Transactions to all employees of the Group setting out the implication of insider trading and the recommendations of the Best Practices Guide so as to provide guidance to employees on dealing in the Company's shares. The Company has adopted a code of conduct on transactions in the Company's shares modelled after the Best Practices Guide on Dealings in Securities as issued by the SGX-ST with some modifications.

TURNOVER	30 June 2005 $'000	30 June 2004 $'000
Electronic component distribution	62,259	75,018
Automotive	n.a	n.a
Group total	62,259	75,018

INCOME STATEMENT	30 June 2005 $'000	30 June 2004 $'000
Electronic component distribution	2,092	3,420
Marine food processing*	–	377
Dry cargo containers*	162	(268)
Segmental result	2,254	3,529
Share of automotive division's results	25,637	19,644
Profit before tax	23,458	21,364
Net profit after tax	16,377	12,291

BALANCE SHEET	30 June 2005 $'000	30 June 2004 $'000
Fixed assets	627	503
Investments in associates	83,356	113,222
Other investments	15,657	16,693
Amount due from a shareholder of an associated company	7,905	8,100
Current assets	115,295	79,742
Current liabilities	(19,329)	(23,649)
Long term liability	(39,968)	(49,897)
Net assets	163,543	144,714
Represented by:		
Share capital	40,549	40,549
Capital reserves	13,648	13,648
Revenue reserves **	101,422	83,399
Reserve on consolidation	3,421	3,421
Minority interests	4,503	3,697
Shareholders' funds	163,543	144,714

	As at 30 June 2005 (cents)	As at 30 June 2004 (cents)
Earnings per share	4.04	3.03
Net tangible assets backing per ordinary share	39.22	34.78
First and Final Dividend per share (less tax)	7%	5%
Par value per share	10.00	10.00

* Ceased operations.

** Include general reserve, surplus on restructuring of motorcycle business and others.

Financial Contents

LION ASIAPAC LIMITED Annual Report 2005

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 30 June 2005 and the balance sheet of the Company at 30 June 2005.

DIRECTORS

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

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 except as disclosed under the section on "Share Options".

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 and 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 of $0.10 each under option held by director	
	At 30.6.2005	**At 1.7.2004**
2000 Options		
Cheng Yong Kwang	**20,000**	20,000
2005 Options		
Cheng Yong Kwang	**112,500**	–

(c) The directors' interests in the shares or options of the Company at 21 July 2005 were the same at 30 June 2005.

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 and the options granted in 2000 under the Scheme (hereinafter called the "2000 Options") were set out in the Directors' Report for the financial year ended 30 June 2001.

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.

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 expire on 26 May 2010.

(b) **Options outstanding**

The options on ordinary shares of the Company outstanding at 30 June 2005 were as follows:

	Number of unissued ordinary shares of $0.10 each under option	Exercise price	Expiry date
Options relating to LAP Share Option Scheme			
2000 Options	69,000	$0.25	20 October 2005
2005 Options	176,250	$0.16	26 May 2010
	245,250		

(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, it is reported that during the financial year:

(i) The Committee administering the share option schemes 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.

SHARE OPTIONS (cont'd)

(c) **Other information required by the Singapore Exchange Securities Trading Limited ("SGX–ST") (cont'd)**

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

	Number of unissued ordinary shares of $0.10 each under option			
Name of Director	**Options granted during financial year ended 30.6.2005**	**Granted since commencement of Scheme to 30.6.2005**	**Lapsed since commencement of Scheme to 30.6.2005**	**Outstanding as at 30.6.2005**
Cheng Yong Kwang	**112,500**	**202,500**	**70,000**	**132,500**

(d) Except for the above, no other 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.

(f) **Warrants outstanding**

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

Date issued	Number of warrants at date of issue	Number of warrants outstanding at 30.6.2005	Exercise price	Expiry date
29 November 2002	157,877,000	157,877,000	$0.25	28.11.2007

Each warrant will entitle 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 carried 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 auditors' 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.

AUDIT COMMITTEE (cont'd)

The Audit Committee has undertaken a review of all non-audit services provided by the auditors and these services would not, in the Audit Committee's opinion, affect the independence of the auditors.

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

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to accept reappointment.

On behalf of the directors

CHENG YONG KWANG	**CHENG THENG HOW**
Director	Director

Singapore
27 September 2005

In the opinion of the directors,

(a) the balance sheet of the Company and the financial statements of the Group as set out on pages 25 to 68 are drawn up 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 2005 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
27 September 2005

We have audited the accompanying financial statements of Lion Asiapac Limited for the financial year ended 30 June 2005 set out on pages 25 to 68, comprising the balance sheet of the Company and the consolidated financial statements of the Group. These financial statements are the responsibility of the Company's directors. 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 plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the accompanying balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Companies Act, Cap 50 ("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 2005, 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 auditors have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers
Certified Public Accountants

Singapore
27 September 2005

Consolidated Income Statement for the financial year ended 30 June 2005

	Notes	The Group 2005 $'000	The Group 2004 $'000
Sales	3	**62,259**	75,018
Changes in inventories of finished goods and work in progress		**52**	(391)
Raw materials and consumables used		**(55,665)**	(66,456)
Other operating income	3	**1,076**	1,396
Staff costs	4	**(4,266)**	(3,718)
Depreciation of property, plant and equipment		**(214)**	(252)
Other operating expenses		**(4,006)**	(4,511)
(Loss)/profit from operations	5	**(764)**	1,086
Finance cost	6	**(1,415)**	(1,799)
Share of results of associates		**25,637**	19,644
Exceptional items	7	**–**	2,433
Profit before tax		**23,458**	21,364
Income tax expense	8	**(6,316)**	(7,838)
Profit from ordinary activities after tax		**17,142**	13,526
Minority interests	25	**(765)**	(1,235)
Net profit		**16,377**	12,291
Earnings per share			
Basic	9	**4.04 cents**	3.03 cents
Diluted	9	**4.04 cents**	3.03 cents

The accompanying notes form an integral part of these financial statements.
Auditors' Report - Page 24

	Notes	The Group 2005 $'000	The Group 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
ASSETS					
Current assets					
Cash and cash equivalents	10	**43,385**	40,578	**15,245**	16,987
Receivables	11	**17,490**	31,886	**19,969**	5,761
Inventories	12	**6,035**	5,983	**–**	–
Other current assets	13	**2,036**	1,295	**33**	35
Investment in associates	16	**46,349**	–	**–**	–
		115,295	79,742	**35,247**	22,783
Non–current assets					
Receivables	14	**7,905**	8,100	**38,446**	42,353
Other investments	15	**15,657**	16,693	**–**	–
Investments in associates	16	**83,356**	113,222	**–**	–
Investments in subsidiaries	17	**–**	–	**47,749**	47,749
Property, plant and equipment	18	**627**	503	**200**	271
		107,545	138,518	**86,395**	90,373
Total assets		**222,840**	218,260	**121,642**	113,156
LIABILITIES					
Current liabilities					
Payables	19	**17,011**	14,416	**18,898**	10,788
Borrowings	20	**1,279**	8,154	**–**	7,218
Provisions	21	**1,039**	1,079	**332**	175
		19,329	23,649	**19,230**	18,181
Non–current liabilities					
Borrowings	20	**39,968**	49,897	**26,489**	36,086
		39,968	49,897	**26,489**	36,086
Total liabilities		**59,297**	73,546	**45,719**	54,267
NET ASSETS		**163,543**	144,714	**75,923**	58,889
SHAREHOLDERS' EQUITY					
Share capital	22	**40,549**	40,549	**40,549**	40,549
Share premium		**6,938**	6,938	**6,938**	6,938
Capital redemption reserve		**105**	105	**–**	–
Currency translation and other reserves	23	**52,131**	52,216	**4,751**	4,104
Retained earnings	24	**59,317**	41,209	**23,685**	7,298
Interests of shareholders of the Company		**159,040**	141,017	**75,923**	58,889
Minority interests	25	**4,503**	3,697	**–**	–
		163,543	144,714	**75,923**	58,889

The accompanying notes form an integral part of these financial statements.
Auditors' Report - Page 24

	Notes	Share capital $'000	Share premium $'000	Capital redemption reserve * $'000	Currency translation and other reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2004							
- As previously reported		40,549	6,938	105	52,216	41,209	141,017
- Effect of adopting FRS 103		–	–	–	–	6,273	6,273
- As restated		40,549	6,938	105	52,216	47,482	147,290
Currency translation differences not recognised in income statement	23(b)	–	–	–	(3,005)	–	(3,005)
Net profit for the financial year		–	–	–	–	16,377	16,377
Total recognised gains and losses for the financial year		–	–	–	**(3,005)**	**16,377**	**13,372**
Transfer from revenue reserve	23(b)	–	–	–	2,920	(2,920)	–
Dividend	26	–	–	–	–	(1,622)	(1,622)
Balance at 30 June 2005		40,549	6,938	105	52,131	59,317	159,040
Balance at 1 July 2003		101,372	6,938	105	40,092	(16,786)	131,721
Currency translation differences not recognised in income statement	23(b)	–	–	–	(2,995)	–	(2,995)
Net profit for the financial year		–	–	–	–	12,291	12,291
Total recognised gains and losses for the financial year		–	–	–	**(2,995)**	**12,291**	**9,296**
Reduction of par value of share	22(b)	(60,823)	–	–	13,543	47,280	–
Transfer from revenue reserve	23(b)	–	–	–	1,576	(1,576)	–
Balance at 30 June 2004		40,549	6,938	105	52,216	41,209	141,017

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

The accompanying notes form an integral part of these financial statements.
Auditors' Report - Page 24

	Notes	2005 $'000	2004 $'000
Cash flows from operating activities			
(Loss)/profit before tax and share of results of associates		**(2,179)**	1,720
Adjustments for:			
Depreciation of property, plant and equipment		**214**	252
Interest expense		**1,415**	1,799
Interest income		**(368)**	(242)
Gain on disposal of property, plant and equipment		**(76)**	(332)
Gain on dilution of interest in an associate		**(36)**	–
Gain on disposal of partial interest in associates		**–**	(2,644)
Gain on revaluation of marketable securities		**(4)**	–
Gain on disposal of marketable securities		**(2)**	–
Negative goodwill		**(1)**	–
Loss on disposal of other unquoted investments		**111**	–
Loss on disposal of partial interest in a subsidiary		**–**	211
Operating (loss)/profit before working capital changes		**(926)**	764
Change in operating assets and liabilities			
Receivables		**14,492**	(11,560)
Inventories		**(52)**	391
Other current assets		**3**	172
Payables		**(810)**	(15,053)
Currency translation adjustment		**812**	937
Net cash generated from/(used in) operations		**13,519**	(24,349)
Income tax paid		**(687)**	(1,007)
Net cash inflow/(outflow) from operating activities		**12,832**	(25,356)
Cash flows from investing activities			
Dividends received from associates		**6,822**	34,859
Purchase of property, plant and equipment		**(365)**	(50)
Proceeds from disposal of property, plant and equipment		**101**	4,109
Proceeds from sale of marketable securities		**88**	–
Interest received		**368**	242
Acquisition of subsidiary, net of cash acquired	10	**1**	–
Payments for other investments		**(22)**	–
Proceeds from disposal of partial interest in associates		**–**	22,273
Proceeds from disposal of partial interest in a subsidiary		**–**	22
Deposits received for disposal of interest in an associate		**4,786**	–
Net cash inflow from investing activities		**11,779**	61,455

	Notes	2005 $'000	2004 $'000
Cash flows from financing activities			
Capital contribution from minority shareholders		**41**	–
Dividend paid to shareholders		**(1,622)**	–
Dividend paid to minority shareholders		**(1,416)**	–
Repayment of bank loans		**(15,220)**	(10,664)
Repayment of trust receipts		**(257)**	(2,852)
Interest paid		**(1,380)**	(1,693)
Net cash outflow from financing activities		**(19,854)**	(15,209)
Net change in cash and cash equivalents		**4,757**	20,890
Cash and cash equivalents at the beginning of the financial year		**39,584**	19,113
Effects of exchange rate changes on cash and cash equivalents		**(956)**	(419)
Cash and cash equivalents at the end of the financial year	10	**43,385**	39,584

The accompanying notes form an integral part of these financial statements.
Auditors' Report - Page 24

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

1. GENERAL

Lion Asiapac Limited ("the Company") is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The address of its registered office is as follows: 10 Arumugam Road, #10–00 Lion Industrial Building, Singapore 409957.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries consist of investment holding as well as the design–in and distribution of semiconductors and related components. The dry cargo container business ceased in the financial year ended 30 June 2000 and the seafood processing and distribution business ceased in the financial year ended 30 June 2002. The assets relating to the dry cargo container business are in the process of being sold.

The principal activities of the associates consist of the manufacture of motorcycle components, the assembly and sale of motorcycles and the manufacture and sale of light trucks, automobile, automotive chassis and gearbox components.

There have been no significant changes in the nature of these activities during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) 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.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

In 2005, the Group adopted the following FRSs, which are effective for the financial period beginning 1 July 2005:

FRS 36 (2004)	Impairment of assets
FRS 38 (2004)	Intangible assets
FRS 103	Business combinations

Until 30 June 2004, negative goodwill was amortised on a straight–line basis over a useful life of five years. In accordance with the provisions of FRS 103, negative goodwill on acquisitions that occurred prior to 1 July 2004 has been derecognised by adjusting against the opening retained earnings.

The adoption of FRS 103 resulted in an increase in the Group's opening retained earnings and investment in associates as at 1 July 2004 by $6,273,000 and a decrease to the Group's net profits, basic and diluted earning per share for the financial year ended 30 June 2005, of $2,090,000, 0.51 cents and 0.51 cents respectively, arising from the derecognition of negative goodwill.

The adoption of FRS 36 (2004) and FRS 38 (2004) does not have material impact on the figures presented in the financial statements for the year ended 30 June 2004.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Revenue recognition

Revenue comprises the sale of goods and rendering of services, at fair value, net of goods and services tax, and after eliminating sales within the Group.

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

Revenue from services is recognised during the financial year in which the services are rendered.

Interest income is recognised on a time proportion basis using the effective interest method.

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

(c) Group accounting

(1) 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. 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 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.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is 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 fair values of the subsidiaries' identifiable assets and liabilities, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are taken to the consolidated income statement, unless the minority has a binding obligation to, and is able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority are taken to the consolidated income statement until the minority's share of losses previously taken to the consolidated income statement is fully recovered.

Please refer to Note 2(h) for the Company's accounting policy on investments in subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Group accounting (cont'd)

(2) Associates

The Group treats as associates those companies in which the Group has significant influence, but not control, over the financial and operating policy decisions.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting.

Equity accounting involves recording investments in associates initially at cost, and recognising the Group's share of its associates' post–acquisition results and its share of post–acquisition movements in reserves against the carrying amount of the investments. When the Group's share of losses in an associate equals or exceeds its investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

In applying the equity method, unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

Please refer to Note 2(h) for the Company's accounting policy on investments in associates.

(d) Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with financial institutions and bank overdrafts. Bank overdrafts are included in borrowings on the balance sheet.

(f) Trade receivables

Trade receivables are stated at cost less allowance for doubtful receivables based on a review of outstanding amounts at the balance sheet date. An allowance for doubtful receivables is made when there is objective evidence that the Group will not be able to collect amounts due according to original terms of receivables. Bad debts are written off when identified.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods includes 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 the costs of completion and selling expenses.

(h) Investments

Investments in subsidiaries and associates are stated at cost less accumulated impairment losses in the Company's balance sheet. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Investments in other non–current investments are stated at cost less allowance for diminution in value based on a review at the balance sheet date. An allowance for diminution is made where, in the opinion of the directors, there is a decline other than temporary in the value of such investments; such reduction being determined and made for each investment individually. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

Investment in marketable securities which are held for trading, are stated at market value.

On disposal of an investment, including subsidiaries and associates, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

(i) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses [Note 2(l)].

Depreciation is calculated using a straight line method to allocate the depreciable amounts of property, plant and equipment over their estimated useful lives. The annual depreciation rates applied are as follows:

Office equipment and vehicles	–	10% – 40%
Furniture and fittings	–	10% – 33.3%

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

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

(j) Negative goodwill

Negative goodwill represents the excess of the fair value of the Group's share of the identifiable net assets of the subsidiary/associate acquired over the cost of acquisition at the date of acquisition. Negative goodwill is recognised directly in the income statement, in the year of acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Negative goodwill (cont'd)

Prior to 1 July 2004, negative goodwill on acquisitions was included in investment in associates at cost less amortisation. Upon the adoption of FRS 103 Business Combinations, the carrying amount of negative goodwill as at 1 July 2004 was taken to opening retained earnings. The effect of the change in accounting policy following the adoption of FRS 103 is summarised in the Consolidated Statement of Changes in Equity and Note 16.

(k) Assets held for sale

Assets held for sale are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less selling expense.

(l) Impairment of assets

Goodwill is not subject to amortisation and is tested annually for impairment. Assets including property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of an asset's net selling price and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(m) Operating leases

Leases of assets in which 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 taken to the income statement on a straight–line basis over the period of the lease.

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 period in which termination takes place.

(n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(o) Borrowings

Borrowings are recognised initially, 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 taken to the income statement over the period of the borrowings using the effective interest method.

Borrowing costs are taken to the income statement over the period of borrowing using the effective interest method.

(p) Employee benefits

Defined contribution plans

Defined contribution plans are post–employment benefit plans under which the Group pays fixed contributions into separate entities such as Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds does not hold sufficient assets to pay all employee benefits relating to employee service in the current and preceding financial years. The Group's contribution to defined contribution plans are recognised in the financial year to which they relate.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Employee benefits (cont'd)

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Equity compensation benefits

Share options are granted to certain directors and to employees under various share option schemes of the Group. No compensation cost is recognised when share options are issued under the LAP Share Option Scheme. When the options are exercised, the proceeds received net of any transaction costs are taken to share capital (nominal value) and share premium.

(q) Currency translation

(1) Measurement currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the measurement currency"). The consolidated financial statements and balance sheet of the Company are presented in Singapore Dollars, which is the measurement currency of the Company.

(2) Transactions and balances

Transactions dominated in other than the measurement currency are translated into the measurement currency using the exchange rates prevailing at the date of transactions. Monetary assets and liabilities demoninated in other than measurement currency are translated into measurement currency at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year end exchange rates of monetary assets and liabilities denominated in other than the measurement currency are taken to the income statement.

(3) Translation of Group entities' financial statements

The results and financial position of group entities (none of which has the currency of a hyperinflationary economy) that are in measurement currencies other than Singapore Dollars are translated into Singapore Dollars as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) Income and expenses for each income statement are translated at average exchange rates (unless this 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 at the dates of the transactions); and

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

Currency exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is disposed of, such exchange differences are taken to the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as non–monetary foreign currency assets and liabilities of the acquirer and recorded at the exchange rate at the date of the transaction.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Segment reporting

A business segment is a group of assets and operations 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 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.

(s) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments, other than for the acquisition of businesses, are taken to equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issuance of new equity instruments for the acquisition of businesses are included in the cost of acquisition as part of the purchase consideration.

(t) Dividend

Interim dividends are recorded during 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.

3. REVENUE

	The Group	
	2005	**2004**
	$'000	**$'000**
Sale of goods	**62,160**	75,018
Rendering of services	**99**	–
	62,259	75,018
Other operating income:		
- Interest income – deposits at call and bank balances	**368**	242
- Management fee income	**134**	117
- Gain on disposal of property, plant and equipment (net)	**76**	332
- Currency exchange gain (net)	**–**	274
- Cash discount received	**80**	21
- Design fees received	**82**	–
- Licence fee	**50**	–
- Sundry income	**286**	410
	1,076	1,396
	63,335	76,414

4. STAFF COSTS

	The Group	
	2005	**2004**
	$'000	**$'000**
Wages and salaries	**3,914**	3,323
Employer's contribution to Central Provident Fund	**350**	314
Other benefits	**2**	81
	4,266	3,718

	The Group	
	2005	**2004**
The number of persons employed at the end of the financial year		
– Full time	**68**	69

5. (LOSS)/PROFIT FROM OPERATIONS

The following items have been included in arriving at (loss)/profit from operations:

	The Group	
	2005	**2004**
	$'000	**$'000**
Charging/(crediting):		
Auditors' remuneration		
- auditors of the Company	**156**	130
- other auditors *	**195**	214
Other fees paid/payable to auditors of the Company	**–**	57
Depreciation of property, plant and equipment		
- buildings	**–**	2
- plant and machinery	**–**	5
- office equipment and vehicles	**187**	195
- furniture and fittings	**27**	50
Currency exchange loss – net	**360**	–
Inventories		
- write–down of inventory	**116**	375
- reversal of part of inventory write–down made in previous financial years	**(343)**	(560)
Rental expense – operating lease	**212**	115
Loss on disposal of other unquoted investments	**111**	–
Gain on dilution of interest in an associate	**(36)**	–
Gain on revaluation of marketable securities	**(4)**	–
Gain on disposal of marketable securities	**(2)**	–
Negative goodwill	**(1)**	–

* Includes PricewaterhouseCoopers firms outside Singapore.

6. FINANCE COST

	The Group	
	2005	2004
	$'000	$'000
Interest expense		
– Overdrafts	**41**	24
– Bank term loans	**1,374**	1,775
	1,415	1,799

7. EXCEPTIONAL ITEMS

	The Group	
	2005	2004
	$'000	$'000
Gain on disposal of partial interest in associates	**–**	2,644
Loss on disposal of partial interest in a subsidiary	**–**	(211)
	–	2,433

8. INCOME TAX

(a) Income tax expense

	The Group	
	2005	2004
	$'000	$'000
Tax expense attributable to profit is made up of:		
Current income tax provision		
- Singapore	**631**	739
- Foreign	**8**	167
Share of taxes of associates	**5,669**	6,932
	6,308	7,838
Underprovision in preceding financial year [Note (b)]		
- current tax	**8**	–
	6,316	7,838

8. **INCOME TAX (cont'd)**

(a) Income tax expense (cont'd)

The income tax expense on profit differs from the amount that would arise from using the Singapore standard rate of income tax due to the following:

	The Group	
	2005	**2004**
	$'000	**$'000**
Profit before tax	**23,458**	21,364
Less: Share of results of associates	**(25,637)**	(19,644)
	(2,179)	1,720
Tax calculated at a tax rate of 20% (2004: 20%)	**(436)**	344
Tax effects of:		
- Singapore statutory stepped income exemption	**(21)**	(21)
- Different tax rates in other countries	**2**	63
- Income not subject to tax	**(88)**	(32)
Expenses not deductible for tax purposes	**1,182**	552
	639	906
Share of taxes of associates	**5,669**	6,932
	6,308	7,838

As at 30 June 2005, the Group had the following unutilised tax losses and capital allowances available for offsetting against future taxable income subject to compliance with the relevant provisions of the tax laws or regulations and agreement with the tax authorities in the respective jurisdictions:

	The Group	
	2005	**2004**
	$'000	**$'000**
Tax losses	**20,748**	21,243
Capital allowances	**6,478**	6,622

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.

8. INCOME TAX (cont'd)

(b) Movements in provision for current tax

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Balance at the beginning of the financial year	**1,079**	1,180	**137**	55
Payments during the financial year	**(687)**	(1,007)	**–**	–
Provision for the financial year	**639**	906	**195**	82
Underprovision in preceding financial year	**8**	–	**–**	–
Balance at the end of the financial year	**1,039**	1,079	**332**	137

Provision for current tax has been included in Note 21.

9. EARNINGS PER SHARE

	The Group	
	2005	**2004**
	$'000	**$'000**
Profit after tax attributable to members of the Company	**16,377**	12,291
Weighted average number of ordinary shares in issue for basic and diluted earnings per share ('000)	**405,488**	405,488

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue assuming the exercise of all dilutive warrants and shares options. A calculation is done to determine the number of shares that would 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 above 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 profit (numerator).

For the years ended 30 June 2005 and 30 June 2004, all outstanding warrants and share options are anti–dilutive and have been ignored in calculating diluted earnings per share.

10. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	**4,385**	25,194	**172**	5,136
Short–term bank deposits	**39,000**	15,384	**15,073**	11,851
	43,385	40,578	**15,245**	16,987

The carrying amounts of cash and cash equivalents approximate their fair values.

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Singapore Dollar	**327**	5,197	**172**	5,136
United States Dollar	**18,598**	17,565	**15,073**	11,851
Chinese Renminbi	**23,214**	16,602	**–**	–
Others	**1,246**	1,214	**–**	–
	43,385	40,578	**15,245**	16,987

Short–term bank deposits have an average maturity of 3 months (2004: 3 months) from the end of the financial year with the following weighted average interest rates:

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
United States Dollar	**2.71%**	1.09%	**2.71%**	1.09%
Chinese Renminbi	**1.56%**	1.43%	**–**	–
Others	**2.89%**	2.91%	**–**	–

For the purposes of the consolidated cash flow statement, the year end consolidated cash and cash equivalents comprise the following:

	The Group	
	2005	**2004**
	$'000	**$'000**
Cash and bank (as above)	**43,385**	40,578
Less: Bank overdrafts (Note 20)	**–**	(994)
Cash and cash equivalents per consolidated cash flow statement	**43,385**	39,584

10. CASH AND CASH EQUIVALENTS (cont'd)

Acquisition of a subsidiary

During the financial year, the Group acquired 80% of the issued shares in the capital of Advent Infotech Private Limited for a cash consideration of $1 (Note 17).

The aggregate effects of the acquisition of a subsidiary are as follows:

	The Group	
	2005 $'000	2004 $'000
Cash and cash equivalent	1	–
Negative goodwill	(1)	–
	–	–
Less: Cash and cash equivalents in subsidiary acquired	(1)	–
Net cash inflow from acquisition of a subsidiary	(1)	–

11. RECEIVABLES – CURRENT

	The Group		The Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Trade receivables				
- third parties	10,271	10,291	–	–
Less: Allowance for doubtful trade receivables	(37)	(133)	–	–
	10,234	10,158	–	–
Other receivables	1,462	1,391	953	1,189
Less: Allowance for other doubtful receivables	(952)	(322)	(952)	(322)
	510	1,069	1	867
Non–trade receivables				
- subsidiaries	–	–	19,859	4,822
- associates	5,737	19,664	21	22
- related parties (Note 31)	1,009	995	88	50
	6,746	20,659	19,968	4,894
	17,490	31,886	19,969	5,761

The non-trade amounts receivable from subsidiaries, associates and related parties are unsecured, interest free and repayable upon demand. The carrying amounts of the trade and non-trade receivables approximate their fair values.

11. RECEIVABLES – CURRENT (cont'd)

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

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Singapore Dollar	**468**	1,342	**19,948**	5,739
United States Dollar	**10,238**	10,137	**21**	22
Chinese Renminbi	**6,463**	20,407	**–**	–
Others	**321**	–	**–**	–
	17,490	31,886	**19,969**	5,761

12. INVENTORIES

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Finished goods				
- at net realisable value	**6,035**	5,983	**–**	–

During the year, the Group reversed $343,000 (2004: $560,000) being part of inventory write–down made in previous financial years as the inventories were sold above cost.

13. OTHER CURRENT ASSETS

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Tax recoverable	**30**	30	**14**	14
Deposits	**62**	67	**18**	18
Prepayments	**22**	20	1	3
Assets held for resale	**1,152**	1,178	**–**	–
Marketable securities at market value	**770**	–	**–**	–
	2,036	1,295	**33**	35

Marketable securities represent investment in quoted equity shares, which are held for sale. The market value of marketable securities is determined by reference to stock exchange quoted bid prices.

The carrying amounts of current deposits, assets held for resale and marketable securities approximate their fair values.

13. OTHER CURRENT ASSETS (cont'd)

Assets held for sale comprise freehold land and building held by the subsidiary, Lion Containers Sdn Bhd which has ceased operation during the financial year ended 30 June 2000. The assets held for sale are stated at their estimated net realisable value of $1,152,000 (RM2,600,000) [2004: $1,178,000 (RM2,600,000)]. The estimated net realisable value was determined by reference to the external valuation carried out in October and November 2002 by Mr Khor Boon Soo of Henry Butcher, Lim & Long (North) Sdn Bhd, a member of the Institution of Surveyors, Malaysia. The directors are of the opinion that the estimated net realisable values of these assets are not significantly different from the recoverable values as at the balance sheet date.

Subsequent to the balance sheet date, the subsidiary has entered into a sale and purchase agreement with a third party to dispose of the freehold land and building at a consideration of $1,190,000 (RM2,686,000).

14. RECEIVABLES – NON–CURRENT

	The Group		The Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Receivable from subsidiaries				
- Loans	–	–	**46,001**	49,446
Less: Allowance for doubtful receivables	–	–	**(9,384)**	(8,922)
- Advance	–	–	**41,983**	41,983
Less: Allowance for doubtful receivables	–	–	**(40,154)**	(40,154)
Receivable from a shareholder of an associate – non-trade	**7,905**	8,100	–	–
	7,905	8,100	**38,446**	42,353

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

	The Group		The Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Singapore Dollar	–	–	**38,446**	42,353
Chinese Renminbi	**7,905**	8,100	–	–
	7,905	8,100	**38,446**	42,353

The loans to subsidiaries are unsecured and there is no specified repayment date. However, the Company has indicated that it will not demand settlement of these loans within one year from 30 June 2005. Interest is charged at rates ranging from 3% to 7% (2004: 2% to 7%) per annum. The carrying values of these loans approximate their fair values.

14. RECEIVABLES – NON–CURRENT (cont'd)

The advance to a subsidiary is unsecured, interest–free and there is no specified repayment date. However, the Company has indicated that it will not demand settlement of the advance within one year from 30 June 2005.

The non–trade receivable from a shareholder of an associate is unsecured, interest–free and settlement is not expected within one year from 30 June 2005.

It is not practicable to determine the fair values of the advance to a subsidiary and receivable from a shareholder of an associate as these receivables have no fixed repayment terms and are interest–free. However, the carrying amounts recorded are not anticipated to be significantly different from their fair values at the balance sheet date.

15. OTHER INVESTMENTS

	The Group	
	2005	**2004**
	$'000	**$'000**
Unquoted investments, at cost		
Hefei Jianghuai Automotive Co., Ltd [Note (a) below]	**15,635**	15,635
Emuzed Inc. [Note (b) below]	**–**	1,058
Visioneering Inc. [Note (c) below]	**22**	–
	15,657	16,693

(a) The unquoted investment of $15,635,000 represents a 25% equity interest held by the Group in Hefei Jianghuai Automotive Co., Ltd. ("HFJH") as at 30 June 2005. The Group does not regard HFJH as an associate as it does not have significant influence over the financial and operating policy decisions of HFJH. Consequently, the investment in HFJH has been accounted for at cost.

This investment has been plegded in security for the bank term loan of a subsidiary [Note 20(b)(ii)].

(b) During the financial year, the Group disposed of its unquoted investment of $1,058,000 in Emuzed Inc., a company incorporated in the United States of America to a third party for a consideration of $947,000.

(c) The unquoted investment of $22,000 is made up of 26,000 ordinary shares at US$0.50 per share 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 2005.

(d) Fair value

It is not practicable to determine the fair values of other investments because the assumptions used in valuation models to value these investments cannot be reasonably determined on a practical basis. However, the carrying amounts recorded are not anticipated to be significantly different from their fair values at the balance sheet date.

16. INVESTMENTS IN ASSOCIATES

Interests in associates are held by six (2004: six) wholly–owned investment holding subsidiaries.

	The Group 2005 $'000	The Group 2004 $'000
At the beginning of the financial year		
– As previously reported	**113,222**	158,234
– Effect on adoption of FRS 103	**6,273**	–
– As restated	**119,495**	158,234
Currency exchange differences	**(2,972)**	(3,236)
Shares of results before tax	**25,637**	19,644
Share of tax	**(5,669)**	(6,932)
Shares of results after tax	**19,968**	12,712
Dividend received, net of tax	**(6,822)**	(34,859)
Disposal of partial interest in associates	**–**	(19,629)
Gain on dilution of interest in an associate	**36**	–
At the end of the financial year	**129,705**	113,222
Represented by:		
Current	**46,349**	–
Non–current	**83,356**	113,222
	129,705	113,222

Negative goodwill

	The Group 2005 $'000	The Group 2004 $'000
Balance at the beginning of the financial year	**6,273**	8,363
Effect of adopting FRS 103	**(6,273)**	–
Recognised as income during the financial year	**–**	(2,090)
Balance at the end of the financial year	**–**	6,273

The Group's accounting policy for negative goodwill is explained in Note 2(j).

16. INVESTMENTS IN ASSOCIATES (cont'd)

Details of associates are as follows:

Name of company	Country of incorporation and place of business	Principal activities	Effective ownership interest 2005 %	2004 %	Notes
Held by subsidiaries:					
Zhejiang Yipeng Engine Parts Co., Ltd ("Yipeng") *	The People's Republic of China	Manufacture of motorcycle engine parts and assembly of motorcycle engines	**42**	36	(a)
Zhejiang Yirong Engine Parts Co., Ltd ("Yirong") *	The People's Republic of China	Manufacture of fuel tanks and exhaust pipes, spray painting of fuel tanks	**44**	38	(a)
Zhejiang Yizhong Motorcycle Electric Products Co., Ltd ("Yizhong") *	The People's Republic of China	Manufacture of shock absorbers and body frame, assembly of various electrical instruments and components	**42**	36	(a)
Zhejiang Victor Motorcycle Co., Ltd ("Victor") *	The People's Republic of China	Assembly of motorcycles	**42**	42	
Zhejiang Mount–Channel Machinery Co., Ltd ("ZMC") *	The People's Republic of China	Manufacture of motorcycle clutches	**30**	30	
Zhejiang Qianjiang Motorcycle Co., Ltd ("ZML") *	The People's Republic of China	Manufacture and distribution of motorcycles and accessories and investment holding	**22**	22	(b)
Chongqing Mount–Channel Machinery Co., Ltd. ("CMC") *	The People's Republic of China	Manufacture of motorcycle clutches	**30**	30	(c)
Anhui Jianghuai Automobile Co., Ltd ("AHJA") **	The People's Republic of China	Manufacture and sale of light trucks, automobile, automotive chassis and gearbox components	**14**	16	(d)

*	Local statutory audit for these companies are performed by Zhejiang Pan China CPAs Co., Ltd.

**	Local statutory audit performed by Anhui Huapu Certified Public Accountants.

16. INVESTMENTS IN ASSOCIATES (cont'd)

(a) During the financial year, the Group increased its effective interest in Yipeng, Yirong and Yizhong to 42%, 44% and 42% respectively due to acquisition of additional interests by ZML from the other shareholder of Yipeng, Yirong and Yizhong.

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

i) 22.23% equity interest in an associate, ZML for a cash consideration of $49,359,000 (Rmb243.15 million)
ii) 25% equity interest in an associate, Victor for a cash consideration of $8,871,000 (Rmb43.73 million)
iii) 30% equity interest in an associate ZMC and 10.8% direct equity interest in CMC for a total cash consideration of $1,137,000 (Rmb5.60 million).

As at 30 June 2005, the disposals of these investments have not been completed and the effect of these disposals have not been accounted for in the financial statements for the year ended 30 June 2005.

At the date of approval of these financial statements by the directors, the disposal of ZML has been completed. Accordingly, the Group's interest in ZML including the Group's indirect equity interest in Yipeng (17%), Yirong (19%), Yizhong (17%) and Victor (17%), amounting to $47,565,000 has been presented under current assets in the balance sheet.

The directors are of the view that the disposal of Victor, ZMC and CMC is unlikely to complete within 12 months from 30 June 2005 and the interests in these associates continued to be presented under the non-current assets in the balance sheet.

(c) The Group's investment in ZML, held through Bright Steel Pte Ltd, of $20,045,000, represents a 22% (2004: 22%) shareholding in ZML whose shares are listed as "A" shares on the Shenzhen Stock Exchange of The People's Republic of China and these "A" shares can only be traded by Chinese nationals. The Group's holding represents promoter's shares which cannot be traded on the Exchange presently.

(d) The Group held a direct interest of 10.8% in CMC, a subsidiary of ZMC. This together with an indirect interest of 19.2% through ZMC gives the Group an effective interest of 30% in CMC.

(e) The Group's investment in AHJA is held through Halton Investment Pte Ltd. The shares in AHJA are listed as "A" shares on the Shanghai Stock Exchange of The People's Republic of China and these "A" shares can only by traded by Chinese nationals. The Group's holding represents promoter's shares which cannot be traded on the Exchange presently. The Group's equity interest in AHJA was reduced from 16% as at 1 July 2004 to 13.82% as at 30 June 2005 as additional shares were issued by AHJA with the conversion of convertible bonds to shares by certain bondholders during the financial year. The Group regards AHJA as an associate as it has significant influence over the financial and operating policy decisions of AHJA throughout the financial year and as at 30 June 2005.

(f) The financial year end of the associates is 31 December. The Group accounted for the results of the associates for 12 months ended 31 March. The Group's interest in the associates have been accounted for using the equity method based on the legal percentage of shareholdings as at 31 March 2005 as indicated above. This is to facilitate timely completion of the audit of these associates in view of the SGX–ST requirement that all listed companies are to announce their full year results within 60 days from the financial year end.

17. INVESTMENTS IN SUBSIDIARIES

	The Group 2005 $'000	The Group 2004 $'000
Investment in equity shares, at cost	**52,505**	52,505
Less: impairment losses	**(4,756)**	(4,756)
	47,749	47,749

Details of subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Equity holding 2005 %	Equity holding 2004 %	Cost of investment 2005 $'000	Cost of investment 2004 $'000
Held directly by the Company:						
Bright Steel Pte Ltd (1)	Investment holding	Singapore	**100**	100	**25**	25
Ternair Jaya Sdn Bhd (2)	Investment holding	Malaysia	**100**	100	***	***
Arbon Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100	**477**	477
Aarau Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100	**306**	306
Grenchen Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100	**279**	279
Kloten Investment Pte Pte Ltd (1)	Investment holding	Singapore	**100**	100	**47**	47
Sonlife International Pte Ltd (1)	Investment holding	Singapore	**86**	86	**4,750**	4,750
Advent Electronics Pte Ltd (1)	Design–in and distribution of semiconductors and related components	Singapore	**53**	53	**528**	528
Angkasa Transport Equipment Sdn Bhd (2)	Investment holding (Dormant during the year)	Malaysia	**100**	100	**45,757**	45,757

17. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of company	Principal activities	Country of incorporation and place of business	Equity holding 2005 %	Equity holding 2004 %	Cost of investment 2005 $'000	Cost of investment 2004 $'000
Clarington Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100	***	***
Halton Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100	***	***
LAP Investment Pte Ltd (4)	Investment holding (Dormant during the year)	Singapore	**100**	100	***	***
Lion Asiapac Management Consultancy (Shanghai) Co.Ltd (3)	Management consultancy	The People's Republic of China	**100**	100	**336**	336
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 Yangon Company Limited (5)	Trading of metal, mineral products and seafood (Ceased operations during the financial year ended 30 June 2002)	Myanmar	**–**	100	**–**	–
Sonfood Limited (5)	Seafood processing. (Ceased operations during the financial year ended 30 June 2002)	Myanmar	**–**	100	**–**	–
Sonlife Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100	**–**	–

17. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of company	Principal activities	Country of incorporation and place of business	Equity holding 2005 %	Equity holding 2004 %	Cost of investment 2005 $'000	Cost of investment 2004 $'000
Advent Electronics (M) Sdn Bhd [3]	Design-in and distribution of semiconductors and related components	Malaysia	**100**	100	**–**	–
Advent Infotech Private Limited. [3]	Trading and distribution of semiconductors and related components	India	**80**	–	**–**	–
					52,505	52,505

(1) Audited by PricewaterhouseCoopers, Singapore
(2) Audited by PricewaterhouseCoopers firms outside Singapore
(3) Audited by other firms. These companies are not significant subsidiaries as defined under Rule 718 of the SGX–ST Listing Manual.
(4) The company is not required to prepare audited financial statements under the laws of its country of incorporation in respect of the financial year ended 30 June 2005. This company is not a significant subsidiary as defined under Rule 718 of the SGX–ST Listing Manual.
(5) The companies have been wound up during the financial year.
*** Cost of investment less than $1,000

Acquisition of a subsidiary

(a) During the financial year, the Group acquired 80% of the issued share capital of Weitnauer India Private Limited, subsequently renamed to Advent Infotech Private Limited, for a cash consideration of $1. Subsequent to the acquisition, the subsidiary issued additional shares amounting to Rupees 5,400,000 (approximately $203,000), of which the Group subscribed for 80%.

(b) The acquired subsidiary contributed revenue of $633,000 and loss from operations of $24,000 to the Group for the financial year. The subsidiary's assets and liabilities at 30 June 2005 were $805,000 and $620,000 respectively. The effect of the acquisition to the Group's financial position is disclosed in Note 10.

18. PROPERTY, PLANT AND EQUIPMENT

	Office equipment and vehicles $'000	Furniture and fittings $'000	Total $'000
The Group			
Cost			
At 1 July 2004	1,069	229	1,298
Currency translation adjustments	(3)	–	(3)
Additions	347	18	365
Disposals	(263)	(17)	(280)
At 30 June 2005	1,150	230	1,380
Accumulated depreciation			
At 1 July 2004	612	183	795
Currency translation adjustments	(1)	–	(1)
Depreciation charge	187	27	214
Disposals	(247)	(8)	(255)
At 30 June 2005	551	202	753
Net book value			
At 30 June 2005	**599**	**28**	**627**
Net book value			
At 30 June 2004	457	46	503
The Company			
Cost			
At 1 July 2004	411	106	517
Additions	16	–	16
Disposals	(20)	–	(20)
At 30 June 2005	407	106	513
Accumulated depreciation			
At 1 July 2004	154	92	246
Depreciation charge	75	12	87
Disposals	(20)	–	(20)
At 30 June 2005	209	104	313
Net book value			
At 30 June 2005	**198**	**2**	**200**
Net book value			
At 30 June 2004	257	14	271

19. PAYABLES

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Trade creditors	**8,595**	9,550	**–**	–
Payable to subsidiaries				
- non-trade	**–**	–	**17,958**	9,571
Payable to related parties				
- non-trade	**1,026**	1,026	**122**	–
Dividend payable to minority shareholders	**–**	1,416	**–**	–
Accrual for operating expenses	**2,060**	1,777	**656**	719
Other creditors	**544**	647	**162**	498
Deposits received	**4,786**	–	**–**	–
	17,011	14,416	**18,898**	10,788

The non–trade balances payable to subsidiaries and related parties (Note 31) are unsecured, interest–free and repayable upon demand. The carrying amounts of current trade and other payables approximate their fair values.

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Singapore Dollar	**2,053**	4,137	**18,348**	10,257
United States Dollar	**8,991**	9,636	**550**	531
Chinese Renminbi	**5,253**	491	**–**	–
Others	**714**	152	**–**	–
	17,011	14,416	**18,898**	10,788

20. BORROWINGS

(a) Current

	The Group		The Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Trust receipts	**679**	936	**–**	–
Bank overdrafts (Note 10)	**–**	994	**–**	994
Bank loans	**600**	6,224	**–**	6,224
	1,279	8,154	**–**	7,218

Trust receipts of the Group are repayable within 120 days (2004: within 30 days) from the balance sheet date. Trust receipts issued by the subsidiaries are supported by corporate guarantees issued by the Company of $9,430,000 (2004: $9,632,000).

20. BORROWINGS (cont'd)

(a) Current (cont'd)

The bank loans of the Group as at 30 June 2005 are unsecured. The bank loans of the Group and the Company of $6,224,000 as at 30 June 2004 were supported by a corporate guarantee of $18,060,000 issued by a shareholder of the Company.

(b) Non–current

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Bank term loans (secured)	**39,968**	49,897	**26,489**	36,086

(i) As at 30 June 2005, the outstanding bank term loan of $26,489,000 (US$15,730,000) [2004: $36,086,000 (US$20,980,000)] of the Group and the Company bearing interest at 3.61% to 5.61% (2004: 3.61% to 3.76%) per annum is repayable in October 2006. The bank term loan is secured by:

(a) a first floating charge over all assets of a subsidiary;
(b) a first mortgage over a piece of land owned by a subsidiary;
(c) a first legal assignment over proceeds from conversion of warrants and issue of new shares of the Company; and
(d) a first mortgage over the Company's shares in another subsidiary.

(ii) The bank term loan of $13,479,000 (Rmb66,400,000) [2004: $13,811,000 (Rmb66,400,000)] of a subsidiary is repayable in full in the year 2007 and bears interest at 3% (2004: 3%) per annum. The bank term loan is secured by an unquoted investment [Note 15(a)].

(c) The carrying amounts of total borrowings are denominated in the following currencies:

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Singapore Dollar	**600**	4,638	**–**	4,638
United States Dollar	**27,168**	39,602	**26,489**	38,666
Chinese Renminbi	**13,479**	13,811	**–**	–
	41,247	58,051	**26,489**	43,304

20. BORROWINGS (cont'd)

(d) Effective interest rates

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

	2005 SGD	2005 USD	2005 RMB	2004 SGD	2004 USD	2004 RMB
The Group						
Trust receipts	**–**	**4.91%**	**–**	–	2.69%	–
Bank overdrafts	**–**	**–**	**–**	5.00%	–	–
Bank loans	**3.39%**	**–**	**–**	4.00%	5.25%	–
Bank term loans	**–**	**5.61%**	**3.00%**	–	3.61%	3.00%
The Company						
Bank overdrafts	**–**	**–**	**–**	5.00%	–	–
Bank loans	**–**	**–**	**–**	4.00%	5.25%	–
Bank term loans	**–**	**5.61%**	**–**	–	3.61%	–

The exposure of borrowings of the Group and Company to interest rate changes and the periods in which the borrowings reprice are as follows:

	Less than 6 months $'000	1 to 5 years $'000	Total $'000
The Group			
At 30 June 2005			
Total borrowings	**27,768**	**13,479**	**41,247**
At 30 June 2004			
Total borrowings	44,240	13,811	58,051
The Company			
At 30 June 2005			
Total borrowings	**26,489**	**–**	**26,489**
At 30 June 2004			
Total borrowings	43,304	–	43,304

(e) Carrying amounts and fair values

The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate which the directors expect would be available to the Group at balance sheet date. The carrying amounts of borrowings approximate their fair values.

21. PROVISIONS

	The Group 2005 $'000	The Group 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Taxation [Note 8(b)]	**1,039**	1,079	**332**	137
Provision for contingent losses	**–**	–	**–**	38
	1,039	1,079	**332**	175

The provision for contingent losses is in relation to corporate guarantees issued by the Company for credit facilities extended to a subsidiary, which ceased operations during the financial year ended 30 June 2002.

Movement in provision for contingent losses:

	The Group 2005 $'000	The Group 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Balance at the beginning of the financial year	**–**	–	**38**	2,000
Write–back of provision during the financial year	**–**	–	**(38)**	(1,962)
Balance at the end of the financial year	**–**	–	**–**	38

22. SHARE CAPITAL OF THE COMPANY

(a) Authorised ordinary share capital

The authorised number of ordinary shares is 8,000,000,000 shares (2004: 8,000,000,000 shares) with a par value of $0.10 per share (2004: $0.10 per share).

(b) Issued and fully paid ordinary share capital

	2005 Number of shares '000	2004 Number of shares '000	2005 $'000	2004 $'000
Balance at the beginning of the financial year	**405,488**	405,488	**40,549**	101,372
Reduction of par value of shares	**–**	–	**–**	(60,823)
Balance at the end of the financial year	**405,488**	405,488	**40,549**	40,549

22. SHARE CAPITAL OF THE COMPANY (cont'd)

(c) Share options

Options to subscribe for ordinary shares of $0.10 each in the Company are granted to executives and directors of the Company pursuant to the LAP Share Option Scheme.

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

	2005	2004
Outstanding at beginning of the financial year	**69,000**	137,000
Granted during the financial year	**176,250**	–
Lapsed during the financial year	**–**	(68,000)
Outstanding at end of the financial year	**245,250**	69,000

Details of the unissued ordinary shares of $0.10 each 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 2005	2004
2000 Options	$0.25	20 October 2005	**69,000**	69,000
2005 Options	$0.16	26 May 2010	**176,250**	–
			245,250	69,000

(d) Warrants

	2005 '000	2004 '000
Number of Warrants outstanding at beginning and end of the 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.

23. CURRENCY TRANSLATION AND OTHER RESERVES

(a) Composition:

	The Group 2005 $'000	The Group 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Currency translation reserve	**(2,622)**	383	**(8,792)**	(9,439)
Enterprise development reserve	**2,712**	2,662	**–**	–
General reserve	**14,340**	11,470	**–**	–
Capital reduction reserve	**13,543**	13,543	**13,543**	13,543
Consolidation reserve	**3,421**	3,421	**–**	–
Others – surplus on restructuring of motorcycle business	**20,737**	20,737	**–**	–
	52,131	52,216	**4,751**	4,104

(b) Movements:

	The Group 2005 $'000	The Group 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Currency translation reserve				
Balance at the beginning of the financial year	**383**	3,378	**(9,439)**	(11,783)
Adjustments during the financial year:				
Arising from translation of financial statements of foreign subsidiaries and associates	**(3,459)**	(3,996)	**–**	–
Arising from foreign currency liability accounted for as a hedge of the Company's net investment in foreign associates	**454**	1,001	**647**	2,344
	(3,005)	(2,995)	**647**	2,344
Balance at the end of the financial year	**(2,622)**	383	**(8,792)**	(9,439)
Enterprise development reserve				
Balance at the beginning of the financial year	**2,662**	2,863	**–**	–
Transfer from/(to) revenue reserve	**50**	(201)	**–**	–
Balance at the end of the financial year	**2,712**	2,662	**–**	–
General reserve				
Balance at the beginning of the financial year	**11,470**	9,693	**–**	–
Transfer from revenue reserve	**2,870**	1,777	**–**	–
Balance at the end of the financial year	**14,340**	11,470	**–**	–

23. CURRENCY TRANSLATION AND OTHER RESERVES (cont'd)

(b) Movements (cont'd):

	The Group 2005 $'000	The Group 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Capital reduction reserve				
Balance at the beginning of the financial year	**13,543**	–	**13,543**	–
Excess of reduction of par value of shares	**–**	13,543	**–**	13,543
Balance at the end of the financial year	**13,543**	13,543	**13,543**	13,543
Consolidation reserve				
Balance at beginning and end of the financial year	**3,421**	3,421	**–**	–
Others – surplus on restructuring of motorcycle business				
Balance at beginning and end of the financial year	**20,737**	20,737	**–**	–
Total	**52,131**	52,216	**4,751**	4,104

Total transfers from retained earnings for the year

	The Group 2005 $'000	The Group 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Transfer to/(from) enterprise development reserve	**50**	(201)	**–**	–
Transfer to general reserve	**2,870**	1,777	**–**	–
	2,920	1,576	**–**	–

The enterprise development reserve and the general reserve are maintained by the Group's associates 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.

The consolidation reserve arose from acquisition of interests in subsidiaries and associates.

24. RETAINED EARNINGS

Movements in retained earnings for the Company are as follows:

	2005 $'000	2004 $'000
At the beginning of the financial year	**7,298**	(47,280)
Net profit during the financial year	**18,009**	7,298
Dividends relating to the previous financial year	**(1,622)**	–
Reduction of par value of shares	**–**	47,280
At the end of the financial year	**23,685**	7,298

Movements in retained earnings for the Group are shown in the Consolidated Statement of Changes in Equity.

25. MINORITY INTERESTS

	The Group	
	2005 $'000	2004 $'000
At the beginning of the financial year	**3,697**	3,644
Share of results of subsidiaries	**765**	1,235
Capital contribution	**41**	–
Share of net identifiable assets relating to interest acquired by minority shareholders during the financial year	**–**	234
Dividend payable	**–**	(1,416)
At the end of the financial year	**4,503**	3,697

26. DIVIDEND

	The Group and Company	
	2005 $'000	2004 $'000
Ordinary dividends paid or proposed		
Final taxable dividend paid in respect of the previous financial year of 0.5 cents (2004: Nil) per share net of tax at 20%	**1,622**	–

At the Annual General Meeting to be held on 26 October 2005, a final dividend of 0.7 cents per share amounting to a total of $2,271,000 (net of tax at 20%) is to be recommended. These financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the year ending 30 June 2006.

27. 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 2005 and 30 June 2004.

28. CONTINGENT LIABILITIES

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	$'000	**$'000**	**$'000**	**$'000**
Unsecured guarantees given to banks and suppliers in respect of trade obligations of the subsidiaries	**–**	–	**32,417**	41,231
Unsecured guarantees given to third party in respect of disposal of an unquoted investment	**95**	–	**–**	–
	95	–	**32,417**	41,231

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.

29. COMMITMENTS FOR EXPENDITURE

Commitments not provided for in the financial statements:

Operating lease commitments

Commitments in relation to non–cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:

	The Group	
	2005	**2004**
	$'000	**$'000**
Not later than one financial year	**115**	95
Later than one financial year but not later than five financial years	**13**	19
	128	114

30. 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 foreign subsidiaries and associates, whose value is exposed to movements in foreign exchange rates.

30. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Foreign exchange risk (cont'd)

The Group utilises foreign currency borrowings as a hedge of its net investments in foreign associates to a certain extent.

As the Group's major contributor to its results is the automotive segment in China, the strength of Chinese Renminbi has an effect on the Group's overall performance.

(ii) Interest rate risk

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

Cash and fixed 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.

31. RELATED PARTY TRANSACTIONS

In addition to the related party information shown elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the year at terms agreed between the parties:

(a) Services rendered

	The Group	
	2005	**2004**
	$'000	**$'000**
Management fees received from a related party	**134**	117
Rental income from a related party	**62**	61
Rental charges paid to a related party	**164**	163

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

All interested person transactions during the financial year under review are individually less than $100,000.

(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 112,500 (2004: Nil). The share options were given on the same terms and conditions as those offered to other employees of the Company [Note 22(c)]. The number of shares under options granted to key management of the Group that are outstanding at the end of the financial year was 132,500 (2004: 20,000).

31. RELATED PARTY TRANSACTIONS (cont'd)

(c) Key management's remuneration

Key management's remuneration included fee, salary, bonus, commission and other emoluments (including benefits–in–kind) computed based on the cost incurred by the Group and the Company, and where the Group or Company did not incur any costs, the value of the benefits is included. The key management's remuneration is as follows:

	The Group	
	2005	2004
	$'000	$'000
Key management of the Group:		
- directors of the Company	**422**	296
- directors of subsidiaries	**582**	817
	1,004	1,113

	The Company	
	2005	2004
Number of directors in remuneration bands		
- $500,000 and above	**–**	–
- $250,000 to below $500,000	**1**	–
- below $250,000	**5**	6
	6	6

32. 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 at the time of disposal. The disposal of the assets would continue to be carried out over a period of time. The remaining assets are written down to their estimated net realisable value as at 30 June 2005.

(b) Marine food processing business

The marine food processing business carried out by the subsidiaries of Sonlife International Pte Ltd was terminated during the financial year ended 30 June 2002.

Following the cessation of the marine food processing business, the assets including raw materials, plant and machinery, as well as land and building had been disposed of in the financial year ended 30 June 2004.

32. DISCONTINUED OPERATIONS (cont'd)

(c) 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 operation (Container business)		Discontinued operation (Seafood business)		Group as a whole	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**	**2005 $'000**	**2004 $'000**	**2005 $'000**	**2004 $'000**
Revenue	**62,259**	75,018	–	–	–	–	**62,259**	75,018
Net operating (expenses)/ income	**(63,184)**	(74,041)	**162**	(268)	–	377	**(63,022)**	(73,932)
Operating (loss)/profit	**(925)**	977	**162**	(268)	–	377	**(763)**	1,086
Finance costs	**(1,415)**	(1,799)	–	–	–	–	**(1,415)**	(1,799)
Share of results of Associates	**25,637**	19,644	–	–	–	–	**25,637**	19,644
Exceptional items	–	2,433	–	–	–	–	–	2,433
Profit/(loss) before tax	**23,297**	21,255	**162**	(268)	–	377	**23,459**	21,364
Tax	**(6,316)**	(7,838)	–	–	–	–	**(6,316)**	(7,838)
Profit/(loss) after tax	**16,981**	13,417	**162**	(268)	–	377	**17,143**	13,526
Minority interest	**(765)**	(1,235)	–	–	–	–	**(765)**	(1,235)
Net profit/ (loss)	**16,216**	12,182	**162**	(268)	–	377	**16,378**	12,291
Total assets	**220,969**	216,061	**1,871**	1,938	–	261	**222,840**	218,260
Total liabilities	**(59,149)**	(72,604)	**(148)**	(153)	–	(789)	**(59,297)**	(73,546)
	161,820	143,457	**1,723**	1,785	–	(528)	**163,543**	144,714
Cashflows								
Net cash inflow/ (outflow) from operating activities	**12,856**	(23,567)	**(24)**	(1,874)	–	85	**12,832**	(25,356)
Net cash inflow from investing activities	**11,779**	57,259	–	3,080	–	1,116	**11,779**	61,455
Net cash outflow from financing activities	**(19,854)**	(14,267)	–	–	–	(942)	**(19,854)**	(15,209)
	4,781	19,425	**(24)**	1,206	–	259	**4,757**	20,890

33. SEGMENT INFORMATION

Primary reporting format – business segments

	Automotive $'000	Electronic component distribution $'000	Others $'000	Group $'000
Year ended 30 June 2005				
Revenue	–	62,259	–	62,259
Segment result	–	2,092	162	2,254
Unallocated costs				(3,018)
Operating profit				(764)
Finance costs				(1,415)
Share of results of Associates				25,637
Exceptional items				–
Profit before tax				23,458
Tax				(6,316)
Profit after tax				17,142
Minority interest				(765)
Net profit				16,377
Segment assets	5,717	21,493	1,871	29,081
Associates	129,705	–	–	129,705
Unallocated assets				64,054
Consolidated total assets				222,840
Segment liabilities	–	11,306	148	11,454
Borrowings				41,247
Tax				1,039
Unallocated liabilities				5,557
Consolidated total liabilities				59,297
Capital expenditure				
- segment	–	76	–	76
- unallocated				289
				365
Depreciation				
- segment	–	106	–	106
- unallocated				108
				214

33. SEGMENT INFORMATION (cont'd)
Primary reporting format – business segments (cont'd)

	Automotive $'000	Electronic component distribution $'000	Others $'000	Group $'000
Year ended 30 June 2004				
Revenue	–	75,018	–	75,018
Segment result	–	3,420	109	3,529
Unallocated costs				(2,443)
Operating profit				1,086
Finance costs				(1,799)
Share of results of associates				19,644
Exceptional items	2,644	(211)	–	2,433
Profit before tax				21,364
Tax				(7,838)
Profit after tax				13,526
Minority interest				(1,235)
Net profit				12,291
Segment assets	19,642	23,039	2,199	44,880
Associates	113,222	–	–	113,222
Unallocated assets				60,158
Consolidated total assets				218,260
Segment liabilities	–	11,961	723	12,684
Borrowings				58,051
Tax				1,079
Unallocated liabilities				1,732
Consolidated total liabilities				73,546
Capital expenditure				
- segment	–	41	–	41
- unallocated				9
				50
Depreciation				
- segment	–	122	11	133
- unallocated				119
				252
Amortisation of negative goodwill	2,090	–	–	2,090

33. SEGMENT INFORMATION (cont'd)

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

- Automotive – 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

Others refer to two other business segments (Note 32), whose activities were discontinued in prior financial years with remaining assets still in the process of being disposed of.

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 four geographical areas:

China - the main activities are the manufacture and sale of motorcycles and motorcycle components, and the manufacture and sale of light trucks, automobile, automotive chassis and gearbox components

The United States - the main activity is electronic component distribution

Singapore - the main activity is electronic component distribution

Other countries - the main activity is electronic component distribution

	Sales		**Total assets**		**Capital expenditure**	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**	**2005 $'000**	**2004 $'000**
China	**1,325**	1,767	**152,965**	130,170	**–**	6
Singapore	**22,593**	23,176	**66,007**	86,126	**365**	44
The United States	**7,911**	19,420	**–**	–	**–**	–
Other countries	**30,430**	30,655	**3,868**	1,964	**–**	–
	62,259	75,018	**222,840**	218,260	**365**	50

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

34. EVENT OCCURRING AFTER BALANCE SHEET DATE

Subsequent to the balance sheet date, the Group has completed its disposal of an associate, ZML, to a third party for a cash consideration of $49,359,000 (Rmb243,149,830). The gain on disposal of ZML (amounting to $3,010,000 if computed based on the carrying amount of investment in ZML as at 30 June 2005 of $46,349,000) will be accounted for in the Group's financial statements for the year ending 30 June 2006.

35. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the directors on 27 September 2005.

Authorised Share Capital	:	S$800,000,000.00
Issued and Fully Paid-up Capital	:	S$40,548,772.40
Class of Shares	:	Ordinary Shares of S$0.10 each
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	3,433	66.78	20,210,360	4.98
10,001 - 1,000,000	1,695	32.97	80,312,000	19.81
1,000,001 & Above	13	0.25	304,965,364	75.21
Total	5,141	100.00	405,487,724	100.00

TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Shares
UOB Kay Hian Pte Ltd	275,288,488	67.89
Andar Investment Pte Ltd	8,853,876	2.18
DBS Nominees Pte Ltd	3,380,000	0.83
DBS Vickers Securities (S) Pte Ltd	2,590,000	0.64
OCBC Securities Private Ltd	2,442,000	0.60
United Overseas Bank Nominees Pte Ltd	2,160,000	0.53
Phillip Securities Pte Ltd	1,955,000	0.48
Cheong Soh Chin Julie	1,600,000	0.39
OCBC Nominess Singapore Pte Ltd	1,549,000	0.38
Kim Eng Securities Pte Ltd	1,489,000	0.37
Tan Huat	1,463,000	0.36
HL Bank Nominees (S) Pte Ltd	1,115,000	0.27
Raffles Nominees Pte Ltd	1,080,000	0.27
Hoo Len Yuh	908,000	0.22
Citibank Consumer Nominees Pte Ltd	887,000	0.22
Hong Leong Finance Nominees Pte Ltd	861,000	0.21
Lem (Lim) Ah Lek	800,000	0.20
Eng Hup Seng Co Sdn Bhd	764,000	0.19
Low Chor Chuan	700,000	0.17
Chee Kooi Fun	600,000	0.15
Total	310,485,364	76.55

SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

Name of Shareholder	Direct Interest No. of Shares	%	Deemed Interest * No. of Shares	%
Omali Corporation Sdn Bhd [(1)]	124,262,760	30.65	–	–
Bright Steel Sdn Bhd [(1)]	–	–	124,262,760	30.65
Amalgamated Containers Bhd [(1)]	–	–	124,262,760	30.65
AMB Venture Sdn Bhd [(2)]	148,750,644	36.68	–	–
Silverstone Corporation Bhd [(2)]	–	–	148,750,644	36.68
Amsteel Corporation Bhd [(3)]	–	–	273,013,404	67.33

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

(1) Omali Corporation is a wholly-owned subsidiary of Bright Steel Sdn Bhd, which in turn is a wholly-owned subsidiary of Amalgamated Containers Bhd.

(2) AMB Venture Sdn Bhd is a wholly-owned subsidiary of Silverstone Corporation Bhd.

(3) Amsteel Corporation Bhd controls approximately 28.9% and 47.82% of Amalgamated Containers Bhd and Silverstone Corporation Bhd respectively.

SHAREHOLDING IN THE HANDS OF PUBLIC

The percentage of shareholding in the hands of public was approximately 30.42% 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.

NOTICE IS HEREBY GIVEN THAT the 35th Annual General Meeting of Lion Asiapac Limited (the "Company") will be held at The Conference Room at 10 Arumugam Road #10-00 Lion Industrial Building Singapore 409957 on Wednesday, 26 October 2005 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 2005.

2. To declare a first and final dividend of 7% per ordinary share less income tax for the year ended 30 June 2005.

3. To re-elect Mr Cheng Theng How, 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 Cheng Theng How, if re-elected, will remain as an Audit Committee Member and will not 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$112,667/- as Directors' fees for the year ended 30 June 2005.

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

As Special Business

7. 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 was 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 for the time being in force (unless such compliance is waived by the Singapore Exchange Securities Trading Limited) 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. 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. 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, 7 October 2005

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 the 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, varied or substituted by a fresh Shareholders' Mandate 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.

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 Industrial Building 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 7 November 2005, for the purpose of determining shareholders' entitlements to the proposed first and final dividend of 7% less income tax for the financial year ended 30 June 2005.

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 4 November 2005 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 4 November 2005 will be entitled to the proposed dividend.

The proposed dividend, if approved by shareholders at the 35th Annual General Meeting to be held on 26 October 2005, will be paid on 18 November 2005.

Proxy Form

LION ASIAPAC LIMITED

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

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.

I/We, ______________________________ (Name)

of ______________________________ (Address)

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

Name	Address	NRIC/Passport Number	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 35th Annual General Meeting of the Company to be held at The Conference Room, 10 Arumugam Road #10-00 Lion Industrial Building Singapore 409957 on Wednesday, 26 October 2005 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 2005		
2.	Declaration of a First and Final Dividend of 7% per ordinary share less income tax		
3.	Re-election of Mr Cheng Theng How 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.	Authority for the Directors to issue shares and convertible securities pursuant to Section 161 of the Companies Act, Cap. 50 and Article 8(B) of the Company's Articles of Association		
8	Authority for the Directors to offer and grant options and issue shares in accordance with the provisions of the Scheme 2000		

Dated this ______________ day of ______________ 2005

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 Industrial Building, 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.

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