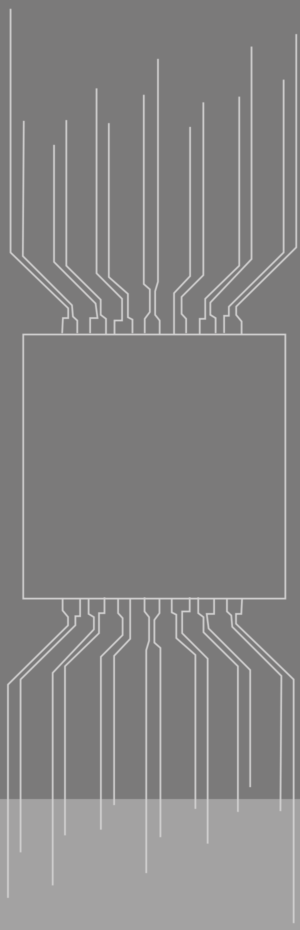
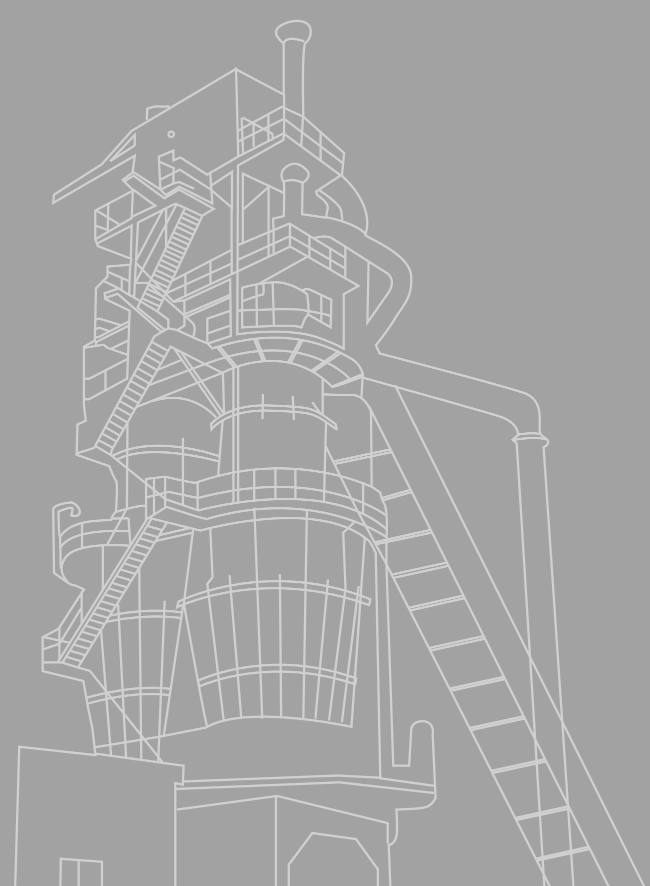


LION ASIAPAC LIMITED

(Co. Reg. No.196800586R)

ANNUAL REPORT 2006



CONTENTS

Chairman's Statement	02
Corporate Directory	06
Business Structure	07
Board of Directors	08
Key Management	09
Business Review	10
Corporate Governance	12
Financial Highlights	17
Financial Contents	18

Having made necessary changes to our core business structure, the Group is now in a better position to grow our electronics division and undertake new businesses. We are also now strategically positioned to penetrate new markets and we look forward to creating more revenue streams for the Group through our new businesses.

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements for the year ended 30 June 2006. The year was marked by some major restructuring of our businesses, namely the disposal of the Group's motorcycle business in PRC, the dilution of interest in our automobile manufacturing business, and the setting up of a new subsidiary.

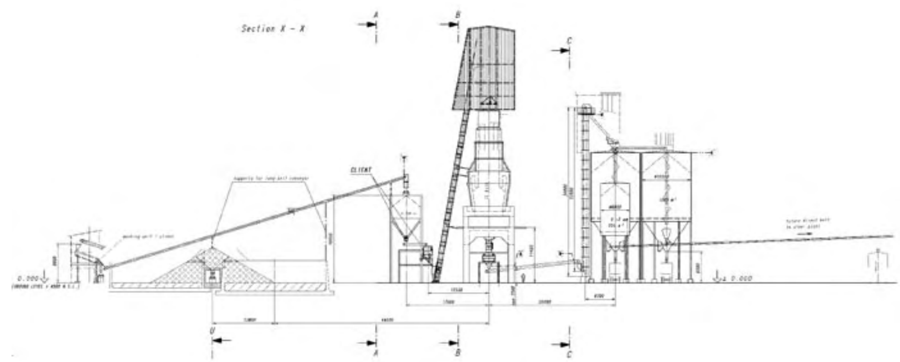
In this coming year, we will continue to develop our electronics division while building new businesses in areas that can offer greater potential for profit.

Business Highlights

Despite a challenging electronics market, our electronics business, operated by Advent Electronics Pte Ltd ("Advent"), continued to achieve steady growth and an increase in profit by securing new projects and clients in its turnkey project business.

In the area of component distribution, Advent targets niche businesses with higher margins. This has enabled it to maintain its margins even as major manufacturing customers turn to lower cost countries.

Advent has also established a good foothold in India with its networking business, generating a steady growth in sales revenue over the past two years. Barring unforeseen circumstances, the electronics business will continue on its path of growth and profitability during the coming financial year.



Layout of limestone processing plant

Kiln structure in progress

With regard to the motorcycle business in PRC, the disposal of Zhejiang Qianjiang Motorcycle Co., Ltd ("ZML") was completed in August 2005, while the remaining associated companies are still in the process of disposal. Proceeds from the disposal of ZML enabled the Group to repay bank borrowings and substantially reduce finance costs.

In the same period, there was a dilution of interest in the Group's PRC automobile manufacturing business, Anhui Jianghuai Automobile Co., Ltd ("Anhui Auto"). This was due to the conversion of Anhui Auto's bonds into equity shares by other bondholders, and the issuance of bonus shares in which the founder shareholders (including the Group) gave up their entitlements to the public shareholders for the purpose of listing founder shares on the Shanghai Stock Exchange.

In November 2005, the Group took a step in a new direction, by setting up a wholly-owned subsidiary, Compact Energy Sdn Bhd, in Malaysia whose principal activity is limestone processing. Plans have been set in motion for a new plant in Selangor which will produce and supply quicklime mainly to the Malaysian construction industry and steel mills. Other consumers of quicklime include paper mills, water treatment plants, incineration plants, aqua farms and agriculture industry. The limestone processing business is expected to commence in early 2007, allowing the Group to take advantage of high demand in this growing market.

In addition, the Group intends to expand into two new areas – automotive component trading and scrap metal trading. In the automotive component trading business, the Group will purchase automotive chassis and components from Anhui Auto for supply to a third party plant in Malaysia, which assembles the components into vehicles for distribution to the local market. This business is expected to enhance the value of the Group's investment in Anhui Auto by helping to boost its overseas business.

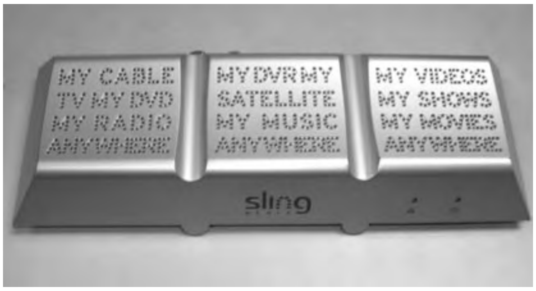
Together, these new businesses should increase the Group's overall revenue, although this is unlikely to materialise within the next financial year.

Financial Highlights

Turnover for the year ended 30 June 2006 increased by 12% from S$62.3 million to $69.9 million, due to the improved performance of the electronics division. Amid fierce competition, Advent achieved a 4% increase in profit before tax to S$2.2 million for the year. However, the Group's net profit after tax and minority interest was reduced by 56% from S$16.4 million last year to S$7.2 million this year. This was mainly a result of the disposal of ZML and associated companies, as well as the dilution of interest in Anhui Auto from 13.82% to 7.26%. The Group shared the results of the associated companies in the motorcycle division for a period of five months only, which amounted to S$29,000. Similarly, the Group shared the profit after tax of Anhui Auto for just the first six months, which amounted to S$6.7 million.

As the Group ceased to equity account the results of these associates in the second half of the financial year, its share of the results of these associated companies was sharply decreased from the previous year by 66% from S$20 million to S$6.8 million.

Gain on disposal of ZML amounted to S$22.5 million. However, a loss of S$12.6 million was recorded for the dilution of interest in Anhui Auto. The result was a net exceptional gain of S$9.9 million. Other miscellaneous gains doubled from S$1 million to S$2.1 million, attributable mainly to interest income earned on bank fixed deposits. Finance costs decreased by 82% to S$0.3 million following the settlement of long-term borrowings. The Group's taxation increased from S$0.6 million to S$3.1 million, mainly due to a provision for taxation relating to the gain on disposal of an associated company. In addition, an allowance of S$6.6 million made for doubtful debts due from a joint venture partner increased operating expenses by S$6 million to S$10 million.



Our liquidity position remained healthy during the year. Cash balances went up with the receipt of sale proceeds from the motorcycle division, partially offset by repayment of bank borrowings and payment of dividends to shareholders. Payables also increased due to deposits received for the sale of other associates in the motorcycle division. Working capital decreased from S$96 million as at 30 June 2005 to S$60.7 million as at 30 June 2006.

Looking Ahead

Having made necessary changes to our core business structure, the Group is now in a better position to grow our electronics division and undertake new businesses. We are also now strategically positioned to penetrate new markets and we look forward to creating more revenue streams for the Group through our new businesses.

On behalf of the Board, I would like to thank our dedicated management and staff for their tireless efforts. I would also like to express my sincere appreciation to our valued customers, business associates and shareholders for their enduring support, and to my fellow Directors for their valuable counsel and commitment. Together, let's succeed in meeting the challenges ahead.

OTHMAN WOK
Chairman

Board of Directors
Othman Wok, Chairman
Cheng Yong Kwang, Executive Director
Ying Yoke Kwai
Sam Chong Keen
Cheng Theng How

Audit Committee
Othman Wok, Chairman
Ying Yoke Kwai
Cheng Theng How

Nominating Committee
Othman Wok, Chairman
Ying Yoke Kwai
Sam Chong Keen

Remuneration Committee
Othman Wok, Chairman
Ying Yoke Kwai
Cheng Theng How

Executives' Share Option Scheme Committee
Othman Wok
Ying Yoke Kwai

Company Secretaries
Tan Yen Hui, ACIS
Silvester Bernard Grant, ACIS

Registered Office
10 Arumugam Road
#10-00 Lion Building A
Singapore 409957
Tel: (65) 6745 9677
Fax: (65) 6747 9493
Website: www.lionapac.com

Registrars
B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758
Tel: (65) 6323 6200
Fax: (65) 6323 6990

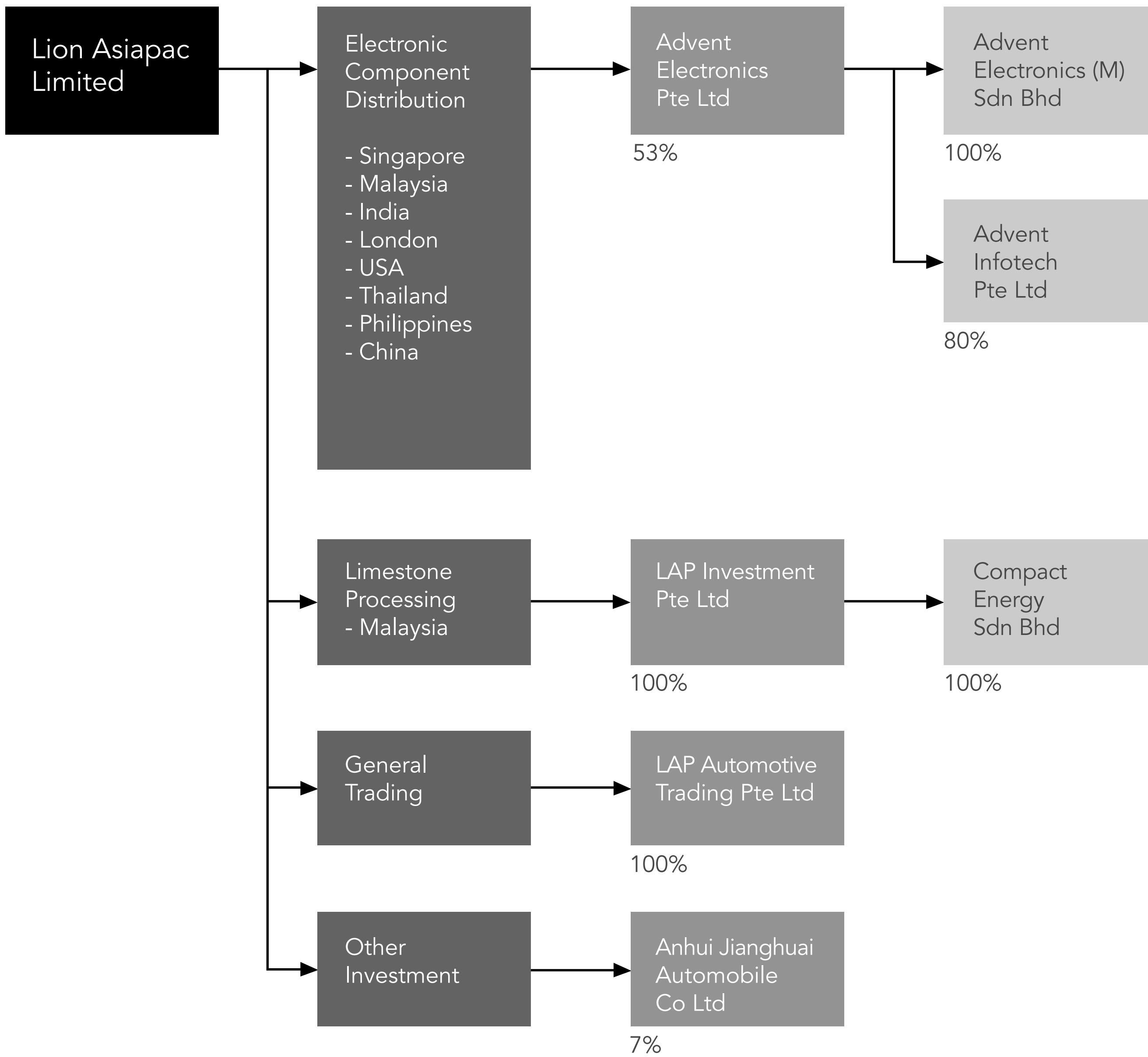
Auditors
PricewaterhouseCoopers
8 Cross Street #17-00
PWC Building
Singapore 048424
Tel: (65) 6236 3388

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

Principal Bankers
Oversea-Chinese Banking Corporation
Limited
65 Chulia Street
OCBC Centre
Singapore 049513

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

Lawyers
Clifford Chance Wong Pte Ltd
One George Street
#20-01
Singapore 049145
Tel: (65) 6416 8000
Fax: (65) 6532 5711


Lion Asiapac Limited
Electronic Component Distribution
- Singapore
- Malaysia
- India
- London
- USA
- Thailand
- Philippines
- China
Advent Electronics Pte Ltd
53%
Advent Electronics (M) Sdn Bhd
100%
Advent Infotech Pte Ltd
80%
Limestone Processing - Malaysia
LAP Investment Pte Ltd
100%
Compact Energy Sdn Bhd
100%
General Trading
LAP Automotive Trading Pte Ltd
100%
Other Investment
Anhui Jianghuai Automobile Co Ltd
7%

Othman Wok
Chairman

Cheng Yong Kwang
Executive Director

Ying Yoke Kwai
Director

Sam Chong Keen
Director

Cheng Theng How
Director

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

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

Cheng Yong Kwang, Executive Director
Mr Cheng Yong Kwang is a Fellow of the Institute of Chartered Secretaries and Administrators, United Kingdom. Mr Cheng is an Executive Director since February 1996, and stepped down as a member of the Remuneration Committee in August 2006. He was last re-elected as a Director in November 2003. 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 30 October 2006.

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

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

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

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

Sam Chong Keen, Director
Mr Sam Chong Keen holds a Bachelor of Arts (Engineering Science and Economics) (Honours) degree and a Master of Arts degree from the University of Oxford, and a Diploma from the Institute of Marketing, United Kingdom. Mr Sam is an Independent Director of the Company, and is a member of the Nominating Committee. He was last re-elected as a Director in November 2003.

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

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

Cheng Theng How, Director
Mr Cheng Theng How holds a Diploma in Mechanical Engineering from Singapore Polytechnic. Mr Cheng is a Non-Executive Director since February 1997, and a member of the Audit Committee and Remuneration Committee. He was last re-elected as a Director in November 2002.

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

Key Management

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

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

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.

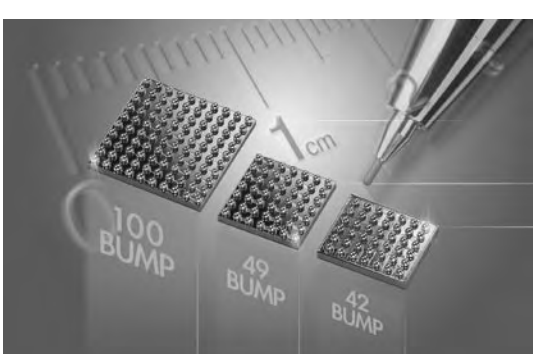
Mr Chua has extensive experience in the electronics industry. He started his working career in 1989 with Matsushita Electric Motor Pte Ltd and left as Senior Executive after two years. He then joined BBS Electronics Pte Ltd ("BBS"), a major distribution house in the semiconductor industry, as a Sales 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.

In August 2005, the Group's disposal of Zhejiang Qianjiang Motorcycle Co Ltd was completed.

The remaining associates in the PRC motorcycle business are still in the process of disposal. The Group also diluted its interest in Anhui Auto to 7.26%. Its board representation in the company has been reduced and Anhui Auto has ceased to be an associate of the Group.



BUILDING ON OUR STRENGTHS IN ELECTRONICS

Following the restructuring of our businesses, we will continue to grow our electronics division, which is headed by Advent Electronics Pte Ltd ("Advent"). In a market that remains highly competitive, Advent's strategy is to concentrate on higher margin products and value-added services in its three business segments: distribution of semiconductor and related components, turnkey project management and network product sales. This strategy continues to reap rewards with the division achieving a 4% increase in profit before tax from S$2.1 million to S$2.2 million, on a 12% rise in turnover from S$62.3 million to S$69.9 million. Together with its excellent project management skills and strict quality control of manufacturing processes by sub-contractors, Advent maintains its competitive edge.

Regional Expansion

In 2005, Advent was listed in the report published jointly by DP Information Group and Ernest & Young as a Singapore 1000 company based on sales turnover, return on capital employed and return on shareholder funds, and was ranked one of Singapore's top 100 electrical/electronics businesses.

Aside from Singapore, Advent also has regional offices in Malaysia, India and London, as well as representative offices in China, Philippines, Thailand and USA. It aims to further expand its component distribution business across regional markets, in particular in India and Thailand.

Product Innovation

There is no doubt that when it comes to innovative solutions and services, Advent has proven itself capable of competing amongst the best in the global market. In 2005 and at the

Consumer Electronics Show ("CES") held in Las Vegas, Advent secured production rights for an award-winning personal broadcaster gadget that allows a viewer to access TV anywhere in the world via broadband internet and 3G mobile phone technology. Production has since begun with Advent securing several new projects. The 3G version is expected to be launched in the UK in the very near future.

Advent put up another good showing at the CES 2006 held again in Las Vegas in January 2006. It was one of 15 Singapore companies participating in what is billed as the world's largest annual tradeshow for consumer technology. During the show, Advent introduced an innovation called the Audio Beam. Jointly designed with Singapore's National Technological University, and produced and marketed by Advent, the Audio Beam enables sound to be precisely delivered to specific desired locations to create a private listening space. It is ideal for use in crowded environments or even in quiet locations such as a museum where you can announce a promotion or provide commentary to a nearby audience without projecting the sound throughout the entire area.

Advent also showcased its prototype of smart shopping cart at the CES 2006 in conjunction with its Canadian customer, who will sell these carts with user-friendly software built in, to the likes of Walmart and other major hypermarket chains commencing 2007.

NEW BUSINESSES

During the financial year, the Group diversified into the limestone processing business. After the year end, the Group also announced plans to embark on two other new business areas – automotive component trading and scrap metal trading.

Limestone Processing

Following the setting up of a limestone processing subsidiary in Malaysia, construction of a new plant in Banting, Selangor has commenced. The plant is expected to be operational by first quarter of 2007. It will produce and supply quicklime, which can be used in various industries. It will house a kiln with the production capacity of 600 tons of quicklime per day, or approximately 210,000 tons per year. Raw materials will be procured mainly from limestone quarries in Kinta Valley, Perak.

The Group's strategy is to focus on supplying quicklime to Malaysian steel mills and the construction industry, which are experiencing tremendous growth to keep pace with the needs of industrialised cities for new buildings, facilities and infrastructure. However, there are also opportunities to extend supply to other quicklime consumers such as paper mills, water treatment plants, incineration plants, aqua farms and the agriculture industry.

Limekiln root brewers

Automotive Component Trading

The Group will purchase automotive chassis and components from Anhui Auto for supply to a third party plant located in Kota Kinabalu in Sabah, Malaysia. There, the components will be assembled into vehicles such as light trucks for local distribution.

The Group also intends to enhance its value of investment in Anhui Auto by assisting the company to expand its market coverage outside of the PRC. Anhui Auto is a major player of left-hand drive trucks in the PRC. By developing trucks for the right-hand drive market, there is potential for Anhui Auto to penetrate the Malaysia market and subsequently, other markets across South East Asia.

Scrap Metal Trading

In this business division, the Group will act as a middleman, sourcing for scrap metal suppliers and arranging for scrap metal to be shipped directly from suppliers to buyers.

Our investment in these businesses will provide fresh platforms from which to improve the Group's future profitability. However, during this period while we establish our position and seek to secure contracts, the Group's profit for financial year ending 30 June 2007 is expected to be substantially lower than in 2006.

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 (the "Code").

Board Matters

The Board's Conduct of its Affairs

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

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

During the financial year, the Board met 5 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	

Chairman of the Board

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

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

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 2006 is set out as follows :-

Number of meetings	Board 5	Audit 2	Nominating 1	Remuneration 1
Othman Wok	5	2	1	1
Cheng Yong Kwang *	5	n.a.	n.a.	1
Ying Yoke Kwai	5	2	1	1
Cheng Theng How *	5	2	n.a.	n.a.
Sam Chong Keen	5	n.a.	1	n.a.

* Mr Cheng Yong Kwang stepped down as a member of the Remuneration Committee in August 2006 in accordance with the Code of Corporate Governance 2005. Mr Cheng Theng How was appointed as a member of the Remuneration Committee in place thereof

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

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

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

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

The financial indicators set out in the Code as guides for the evaluation of directors are, in the Company's opinion, more of a measure of management's performance and hence are less applicable to directors. In any case, such financial indicators provide a snapshot of a company's performance, and do not fully measure the sustainable long term wealth and value creation of the company.

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

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

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

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

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

The ESOS Committee is responsible for the administration of the ESOS of the Company and the committee members do not participate in the 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. If necessary, arrangement will be made for the Directors to obtain independent professional advice at the Company's expense.

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

Remuneration Matters

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

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

* Mr Cheng Theng How was appointed as a member of the RC in August 2006 in place of .Mr Cheng Yong Kwang, who stepped down as a member of the RC in accordance with the Code of Corporate Governance 2005.

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 each AGM.

The RC determines specific remuneration package for the Executive Director based on the performance of the Group and the individual, and in accordance with a remuneration framework comprising basic salary, bonus, benefits-in-kind and share options. The 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 2006 are as follows:

Remuneration Band	Name of Director	Salary	Bonus	Benefits -in-kind	Directors' Fees	Total
$250,000 to below $500,000	Cheng Yong Kwang	88%	9%	3%	–	100%
Below $250,000	Othman Wok	–	–	–	100%	100%
	Ying Yoke Kwai	–	–	–	100%	100%
	Sam Chong Keen	–	–	–	100%	100%
	Cheng Theng How	–	–	–	100%	100%

For competitive reasons, details of remuneration paid to the top 5 key executives of the Group for the year ended 30 June 2006 are not disclosed.

Accountability and Audit

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

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

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

During the financial year, the AC met 2 times with the presence of internal and external auditors and appropriate members of the management. It reviews the financial statements of the Company and its subsidiaries and the report of the external auditors thereon for submission to the Board. It also reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements, as well as formal announcements relating to the Group's financial performance.

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

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

The AC is responsible for nominating external auditors, as well as reviewing the remuneration and terms of engagement of the external auditors for recommendation to the Board. It reviews the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors. The nature and extent of non-audit services performed by external auditors are also reviewed by the AC. 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 and effectiveness of the internal audit function.

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

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

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

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

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

GROUP TURNOVER	30 June 2006 $'000	30 June 2005 $'000
Electronic component distribution	69,933	62,259
Automotive	n.a	n.a
Group total	**69,933**	**62,259**

CONSOLIDATED INCOME STATEMENT	30 June 2006 $'000	30 June 2005 $'000
Electronic component distribution	2,216	2,092
Dry cargo containers*	(143)	162
Limestone processing**	(2)	–
Segmental result	2,071	2,254
Share of automotive division's results (net of tax)	6,761	19,968
Profit before tax	11,121	23,458
Net profit after tax	7,235	16,377

CONSOLIDATED BALANCE SHEET	30 June 2006 $'000	30 June 2005 $'000
Property, plant and equipment	1,855	627
Assets held for sale	31,628	47,501
Financial assets at fair value through profit or loss	449	770
Available-for-sale financial assets	73,971	15,657
Investments in associated companies	–	83,356
Other non-current assets	4,041	7,905
Other current assets	88,219	67,024
Current liabilities	(59,612)	(19,329)
Long term liability	(3,773)	(39,968)
Net assets	**136,778**	**163,543**
Represented by:		
Share capital and share premium	47,487	47,487
Capital reserves	105	105
Currency translation and other reserves^	38,213	52,131
Accumulated profits	46,417	59,317
Minority interest	4,556	4,503
Shareholders' funds	**136,778**	**163,543**

	As at 30 June 2006 (cents)	As at 30 June 2005 (cents)
Earnings per share on continuing operations	1.82	4.00
(Loss)/earnings per share on (loss)/profit from discontinued operations	(0.03)	0.04
Net tangible assets backing per share	32.61	39.22
Dividend per share ^^	5.00	0.70

* *Ceased operations*
** *Operations will commence in FY 2007*
^ *Include general reserve, surplus on restructuring of motorcycle business and others*
^^ *Special interim dividend of 1.2 cents per share less tax and 3.8 cents per share (tax exempt) in FY 2006*
First and final dividend of 0.7 cents per share less tax in FY 2005

FINANCIAL CONTENTS

Directors' Report	19
Statement by Directors	22
Auditors' Report	23
Consolidated Income Statement	24
Balance Sheets	25
Consolidated Statement of Changes in Equity	26
Consolidated Cash Flow Statement	27
Notes to the Financial Statements	28
Shareholding Statistics	67
Notice of Annual General Meeting	69
Proxy Form	

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 30 June 2006 and the balance sheet of the Company at 30 June 2006.

DIRECTORS

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

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share Options" on pages 19 and 20.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

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

	Number of unissued ordinary shares under option held by director	
	At 30.6.2006	At 1.7.2005
2000 Options		
Cheng Yong Kwang	–	20,000
2005 Options		
Cheng Yong Kwang	**112,500**	112,500

(c) The directors' interests in the shares or options of the Company at 21 July 2006 were the same at 30 June 2006.

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. On 20 October 2005, the 2000 Options lapsed after 5 years.

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 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.

SHARE OPTIONS (cont'd)

(b) **Share options outstanding**

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

	Number of unissued ordinary shares under option	Exercise price	Expiry date
Options relating to the Scheme			
2005 Options	176,250	$0.16	26 May 2010

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

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

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

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

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

	Number of unissued ordinary shares under option			
Name of Director	Options granted during financial year ended 30.6.2006	Granted since commencement of Scheme to 30.6.2006	Lapsed since commencement of Scheme to 30.6.2006	Outstanding as at 30.6.2006
Cheng Yong Kwang	–	202,500	90,000	112,500

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

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

(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 30.6.2006	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.

INTERESTED PERSON TRANSACTIONS

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

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.

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. There was no non-audit fees paid to the auditors for the financial year ended 30 June 2006.

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 re-appointment.

On behalf of the directors

CHENG YONG KWANG
Director

CHENG THENG HOW
Director

Singapore
29 September 2006

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 24 to 66 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 30 June 2006, 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
29 September 2006

We have audited the accompanying financial statements of Lion Asiapac Limited set out on pages 24 to 66 for the financial year ended 30 June 2006, 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 2006, 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
29 September 2006

	Notes	The Group 2006 $'000	2005 $'000
Continuing operations			
Sales	5	**69,933**	62,259
Other gains (net)			
- Miscellaneous	5	**2,128**	1,007
- Exceptional gains	6	**9,965**	–
Expenses			
- Raw materials and consumables		**(63,977)**	(55,665)
- Employee benefits	7	**(3,799)**	(4,266)
- Depreciation of property, plant and equipment		**(223)**	(214)
- Finance	8	**(255)**	(1,415)
- Others	9	**(9,779)**	(4,099)
Changes in inventories of finished goods		**498**	52
Total expenses		**(77,535)**	(65,607)
Share of profits of associated companies		**6,761**	19,968
Profit before income tax		**11,252**	17,627
Income tax expense	10	**(3,080)**	(647)
Profit from continuing operations		**8,172**	16,980
Discontinued operations			
(Loss)/profit from discontinued operations		**(143)**	162
Total profit		**8,029**	17,142
Attributable to:			
Equity holders of the Company		**7,235**	16,377
Minority interest		**794**	765
		8,029	17,142
Earnings per share on profit from continuing operations attributable to the equity holders of the Company			
- Basic	11	**1.82 cents**	4.00 cents
- Diluted	11	**1.82 cents**	4.00 cents
(Loss)/earnings per share on (loss)/profit from discontinued operations attributable to the equity holders of the Company			
- Basic	11	**(0.03 cents)**	0.04 cents
- Diluted	11	**(0.03 cents)**	0.04 cents

The accompanying notes form an integral part of these financial statements.
Auditors' Report - Page 23

	Notes	The Group 2006 $'000	The Group 2005 $'000	The Company 2006 $'000	The Company 2005 $'000
ASSETS					
Current assets					
Cash and cash equivalents	12	**62,275**	43,385	**8,568**	15,245
Trade and other receivables	13	**19,297**	17,490	**37,339**	19,969
Inventories	14	**6,533**	6,035	**–**	–
Other current assets	15	**114**	1,266	**34**	33
Financial assets at fair value through profit or loss	16	**449**	770	**–**	–
Investment in an associated company	21	**–**	46,349	**–**	–
		88,668	115,295	**45,941**	35,247
Assets held for sale	17	**31,628**	–	**–**	–
		120,296	115,295	**45,941**	35,247
Non-current assets					
Other receivables	18	**3,855**	7,905	**22,165**	38,446
Available-for-sale financial assets	19	**73,971**	15,657	**–**	–
Derivative financial instruments	20	**154**	–	**–**	–
Investments in associated companies	21	**–**	83,356	**–**	–
Investments in subsidiaries	22	**–**	–	**47,413**	47,749
Property, plant and equipment	23	**1,855**	627	**138**	200
Deferred income tax assets	26	**32**	–	**–**	–
		79,867	107,545	**69,716**	86,395
Total assets		**200,163**	222,840	**115,657**	121,642
LIABILITIES					
Current liabilities					
Trade and other payables	24	**40,181**	17,011	**50,615**	18,898
Borrowings	25	**15,668**	1,279	**–**	–
Current income tax liabilities	10	**3,763**	1,039	**483**	332
		59,612	19,329	**51,098**	19,230
Non-current liabilities					
Borrowings	25	**–**	39,968	**–**	26,489
Deferred income tax liabilities	26	**3,773**	–	**–**	–
		3,773	39,968	**–**	26,489
Total liabilities		**63,385**	59,297	**51,098**	45,719
NET ASSETS		**136,778**	163,543	**64,559**	75,923
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital and share premium	27	**47,487**	47,487	**47,487**	47,487
Other reserves	28	**38,318**	52,236	**13,543**	4,751
Retained earnings	29	**46,417**	59,317	**3,529**	23,685
		132,222	159,040	**64,559**	75,923
Minority interest		**4,556**	4,503	**–**	–
TOTAL EQUITY		**136,778**	163,543	**64,559**	75,923

The accompanying notes form an integral part of these financial statements.
Auditors' Report - Page 23

	Notes	Attributable to equity holders of the Company			Minority interest	Total equity
		Share capital and share premium $'000	Other reserves $'000	Retained earnings $'000	$'000	$'000
Balance at 1 July 2005		47,487	52,236	59,317	4,503	163,543
Fair value gains on available-for-sale financial assets		–	8,923	–	–	8,923
Currency translation differences not recognised in income statement	28	–	(1,506)	–	–	(1,506)
Net gains recognised directly in equity		–	7,417	–	–	7,417
Release to income statement upon disposal of an associated company	28	–	(19,898)	–	–	(19,898)
Net profit		–	–	7,235	794	8,029
Total recognised gains and losses for the financial year		**–**	**(12,481)**	**7,235**	**794**	**(4,452)**
Transfer from general reserve to retained earnings on disposal of an associated company	28	–	(1,437)	1,437	–	–
Capital contribution		–	–	–	15	15
Dividends	30	–	–	(21,572)	(756)	(22,328)
Balance at 30 June 2006		47,487	38,318	46,417	4,556	136,778
Balance at 1 July 2004						
- As previously reported		47,487	52,321	41,209	3,697	144,714
- Effect of adopting FRS 103		–	–	6,273	–	6,273
- As restated		47,487	52,321	47,482	3,697	150,987
Currency translation differences not recognised in income statement	28	–	(3,005)	–		(3,005)
Net profit		–	–	16,377	765	17,142
Total recognised gains and losses for the financial year		**–**	**(3,005)**	**16,377**	**765**	**14,137**
Transfer from retained earnings	28	–	2,920	(2,920)	–	
Capital contribution		–	–	–	41	41
Dividends	30	–	–	(1,622)	–	(1,622)
Balance at 30 June 2005		47,487	52,236	59,317	4,503	163,543

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

Auditors' Report - Page 23

	Note	2006 $'000	2005 $'000
Cash flows from operating activities			
Total profit		**8,029**	17,142
Adjustments for:			
- Income tax		**3,080**	647
- Depreciation of property, plant and equipment		**223**	214
- Interest expense		**255**	1,415
- Interest income		**(1,279)**	(368)
- Share of profits of associated companies		**(6,761)**	(19,968)
- Loss/(gain) on disposal of property, plant and equipment		**10**	(76)
- Loss/(gain) on dilution of interest in an associated company		**12,594**	(36)
- Loss/(gain) on revaluation of financial assets at fair value through profit or loss		**96**	(4)
- Gain on disposal of financial assets at fair value through profit or loss		**(85)**	(2)
- Negative goodwill		**–**	(1)
- Loss on disposal of other unquoted investments		**–**	111
- Gain on disposal of an associated company		**(22,559)**	–
Operating cash flow before working capital changes		**(6,397)**	(926)
Change in operating assets and liabilities			
- Receivables		**2,048**	14,492
- Inventories		**(498)**	(52)
- Other current assets		**58**	3
- Payables		**(807)**	(810)
- Currency translation adjustment		**771**	812
Cash (used in)/generated from operations		**(4,825)**	13,519
Income tax paid		**(388)**	(687)
Net cash (used in)/provided by operating activities		**(5,213)**	12,832
Cash flows from investing activities			
Dividends received from associated companies		**486**	6,822
Purchases of property, plant and equipment		**(1,484)**	(365)
Proceeds from disposal of property, plant and equipment		**21**	101
Purchase of financial assets at fair value through profit or loss		**(180)**	–
Proceeds from sale of financial assets at fair value through profit or loss		**490**	88
Interest received		**1,279**	368
Acquisition of subsidiary, net of cash acquired		**–**	1
Purchases of available-for-sale financial assets		**–**	(22)
Proceeds from disposal of investments in an associated company		**49,011**	–
Deposits received for disposal of investments in associated companies		**23,953**	4,786
Net cash provided by investing activities		**73,576**	11,779
Cash flows from financing activities			
Capital contribution from minority shareholders		**15**	41
Dividend paid to shareholders		**(21,572)**	(1,622)
Dividend paid to minority shareholders		**(756)**	(1,416)
Repayment of bank loans		**(26,489)**	(15,220)
Proceeds from bank loans		**1,921**	–
Repayment of trust receipts		**(679)**	(257)
Interest paid		**(231)**	(1,380)
Net cash used in financing activities		**(47,791)**	(19,854)
Net increase in cash and cash equivalents		**20,572**	4,757
Cash and cash equivalents at beginning of the financial year		**43,385**	39,584
Effects of exchange rate changes on cash and cash equivalents		**(1,682)**	(956)
Cash and cash equivalents at end of the financial year	12	**62,275**	43,385

The accompanying notes form an integral part of these financial statements.
Auditors' Report - Page 23

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

1. General

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

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries consist of investment holding as well as the design-in and distribution of semiconductors and related components and limestone processing. 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 associated companies 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

2.1 Basis of preparation

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of 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 2006, the Group and the Company adopted the new or revised FRS that are applicable in the current financial year. The financial statements for the year ended 30 June 2006 have been prepared and its comparatives amended as required, in accordance with the relevant transitional provisions in the respective FRS. The following are the FRS that are relevant to the Group:

FRS 1 (revised 2004)	Presentation of Financial Statements
FRS 2 (revised 2004)	Inventories
FRS 8 (revised 2004)	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised 2004)	Events after the Balance Sheet Date
FRS 16 (revised 2004)	Property, Plant and Equipment
FRS 17 (revised 2004)	Leases
FRS 21 (revised 2004)	The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised 2004)	Related Party Disclosures
FRS 27 (revised 2004)	Consolidated and Separate Financial Statements
FRS 28 (revised 2004)	Investments in Associates
FRS 32 (revised 2004)	Financial Instruments: Disclosure and Presentation
FRS 33 (revised 2004)	Earnings per Share
FRS 39	Financial Instruments: Recognition and Measurement
FRS 102	Share-based Payments
FRS 105	Non-current Assets Held for Sale and Discontinued Operations

The adoption of the above FRS did not result in substantial changes to the Group's accounting policies except as disclosed in Note 3.

2. Significant accounting policies (cont'd)

2.2 **Revenue recognition**

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

(a) ***Sale of goods***

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

(b) ***Rendering of services***

Revenue from services rendered is recognised over the financial period in which the services are rendered.

(c) ***Interest income***

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

(d) ***Dividend income***

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

2.3 **Group accounting**

(a) ***Subsidiaries***

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

The purchase method of accounting is used to account for the acquisition of subsidiaries. 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 eliminated unless the transaction provides evidence of an impairment of the asset transferred. 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 the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority 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 attributed to the equity holders of the Company, 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 attributed to the equity holders of the Company, until the minority's share of losses previously absorbed by the equity holders of the Company has been recovered.

Please refer to Note 2.6 for the Company's accounting policy on investments in subsidiaries.

(b) ***Associated companies***

Associated companies are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Investments in associated companies in the consolidated balance sheet includes goodwill (net of accumulated amortisation) identified on acquisition, where applicable.

2. Significant accounting policies (cont'd)

2.3 **Group accounting (cont'd)**

(b) ***Associated companies (cont'd)***

Equity accounting involves recording investments in associated companies initially at cost, and recognising the Group's share of its associated companies' 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 associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

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

Please refer to Note 2.6 for the Company's accounting policy on investments in associated companies.

(c) ***Transaction costs***

Costs directly attributable to an acquisition are included as part of the cost of acquisition.

2.4 **Property, plant and equipment**

(a) ***Measurement***

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (Note 2.7).

(ii) Components of costs

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

(b) ***Depreciation***

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

	Useful lives
Office equipment and vehicles	2.5 - 10 years
Furniture and fittings	3 - 10 years

No depreciation is provided on the cost of construction-in-progress.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

(c) ***Subsequent expenditure***

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure is made 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.

(d) ***Disposal***

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

2.5 **Negative goodwill**

Negative goodwill represents the excess of the fair value of the Group's share of the identifiable net assets of the subsidiary/associated company 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.

Prior to 1 July 2004, negative goodwill on acquisitions was included in investments in associated companies 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.

2. Significant accounting policies (cont'd)

2.6 **Investments in subsidiaries and associated companies**

Investments in subsidiaries and associated companies are stated at cost less accumulated impairment losses (Note 2.7) in the Company's balance sheet. On disposal of investments in subsidiaries and associated companies, the difference between net disposal proceeds and the carrying amount of the investment is taken to the income statement.

2.7 **Impairment of assets**

Property, plant and equipment

Investments in subsidiaries and associated companies

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

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income statement unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

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

2.8 **Investments in financial assets**

(a) ***Classification***

The Group classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

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

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are included in trade and other receivables on the balance sheet (Note 2.9).

(iii) *Available-for-sale financial assets*

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

2. Significant accounting policies (cont'd)

2.8 Investments in financial assets (cont'd)

(b) ***Recognition and derecognition***
Purchases and sales of available-for-sale financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(c) ***Initial measurement***
Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

(d) ***Subsequent measurement***
Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" investment category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in the fair value reserve within equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in the fair value reserve within equity are included in the income statement.

(e) ***Determination of fair value***
The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

(f) ***Impairment***
The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from the fair value reserve within equity and recognised in the income statement. Impairment losses recognised in the income statement on equity investments are not reversed through the income statement.

2.9 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

2.10 Borrowing Costs

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

2.11 Borrowings

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

2. Significant accounting policies (cont'd)

2.11 **Borrowings (cont'd)**

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

2.12 **Trade payables**

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

2.13 **Derivative financial instruments and hedging activities**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of net investments in foreign operations.

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

(a) *Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

The Group has entered into a forward equity contract that is fair value hedge for its equity investment. The forward equity contract qualifies for hedge accounting.

(b) *Net investment hedge*

The Group has foreign currency borrowings that qualify as net investment hedge in foreign operations. Any gain or loss on the borrowings relating to the effective portion of the hedge is recognised in the currency translation reserve within equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in the currency translation reserve within equity are included in the income statement when the foreign operation is disposed of.

(c) *Derivatives that do not qualify for hedge accounting*

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

2.14 **Fair value estimation**

The fair value of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying amount of current receivables and payables approximate their fair values. The fair value of non-current financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

2. Significant accounting policies (cont'd)

2.15 **Operating leases as lessee**

Leases of assets in which a significant portion of the risks and rewards of ownership that 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.

2.16 **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. The net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.17 **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. 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 income 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 associated companies, 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.

2.18 **Provisions**

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events. It is more likely that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

2.19 **Employee benefits**

(a) ***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.

(b) ***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.

(c) ***Share-based compensation***

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the income statement with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets), on the date of grant. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

2. Significant accounting policies (cont'd)

2.20 **Currency translation**

(a) ***Functional and presentation currency***
Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Singapore Dollars, which is the Company's functional and presentation currency.

(b) ***Transactions and balances***
Transactions in a currency other than the functional currency (foreign currency) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations in the consolidated financial statements [see Note 2.20(d)].

Currency translation differences on non-monetary items, when the gain or loss is recognised in profit or loss, such as equity investments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Currency translation differences on non-monetary items, when the gain or loss is recognised directly in equity, such as equity investments classified as available-for-sale financial assets, are included in the fair value reserve within equity.

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

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

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

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

Goodwill and fair value adjustments arising from the acquisition of a foreign entity on or after 1 January 2005 are treated as assets and liabilities of the foreign entity and translated at the closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the dates of acquisition were used.

(d) ***Consolidation adjustments***
On consolidation, currency translation differences arising from the net investment in foreign operations and borrowings and other currency instruments designated as hedges of such investments are taken to the foreign currency translation reserve. When a foreign operation is disposed of, such currency translation differences are recognised in the income statement as part of the gain or loss on disposal.

2.21 **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.

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

2.23 **Share capital**
Ordinary shares are classified as equity.

2.24 **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.

2. Significant accounting policies (cont'd)

2.25 Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

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

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

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

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

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

The effects on adoption of the following FRS in 2006 are set out below:

3.1 FRS 16 (revised 2004) Property, Plant and Equipment

Depreciable amount

Previously, in accordance with the requirements of FRS 16 [now superseded by FRS 16 (revised 2004)], residual values were estimated only at the date of acquisition and not subsequently increased for changes in price.

The Group has re-measured the residual value of its property, plant and equipment on 1 July 2005 in accordance with the requirements of FRS 16 (revised 2004) which requires the re-measurement of the residual value of an item of property, plant and equipment at least at each financial year end [Note 2.4(b)]. This change did not materially affect the financial statements for the year ended 30 June 2006.

3.2 FRS 27 (revised 2004) Consolidated and Separate Financial Statements

Previously, there was no requirement for the presentation of minority interests within equity. FRS 27 (revised 2004) requires minority interests to be presented with equity of the Group retrospectively.

3.3 FRS 39 Financial Instruments: Recognition and Measurement and FRS 32 (revised 2004) Financial Instruments: Disclosure and Presentation

(a) Classification and consequential accounting for financial assets and financial liabilities

(i) Previously, the Group's equity investments which were intended for sale in the short term were stated at market value, with changes in market value included in the income statement. In accordance with FRS 39 (revised 2004), these investments are now classified in the "financial assets at fair value through profit or loss" category and are initially recognised at fair value and subsequently re-measured to fair value at the balance sheet date with all gains and losses recognised in income statement in the period in which the change in fair value arises (Note 2.8).

This change was effected prospectively from 1 July 2005 and did not result in a change in the financial statement amounts as at 1 July 2005, except for the change in classification of these equity investments amounting to $770,000 from "marketable securities" to "financial assets at fair value through profit or loss".

This change did not materially affect the financial statements for the year ended 30 June 2006.

(ii) Previously, the Group's investments in equity interest of other companies were stated at cost less provision for diminution in value that was other than temporary, which was charged to the income statement when it arose. Any reversal of the provision was also included in the income statement.

Under FRS 39, the investments in equity interests of other companies are classified as "available-for-sale financial assets" and are initially recognised at fair value and subsequently measured at fair values at the balance sheet date with all gains and losses taken to equity, other than impairment loss and changes in fair values of hedged "available-for-sale" investments. Changes in fair values of hedged "available-for-sale financial assets" are taken to equity unless they are part of a fair value hedge that qualify for hedge accounting [Note 2.13(a)]. Impairment losses are taken to the income statement in the period it arises. On disposal, gains and losses previously taken to equity are included in the income statement.

3. Effects on financial statements on adoption of new or revised FRS (cont'd)

3.3 FRS 39 Financial Instruments: Recognition and Measurement and FRS 32 (revised 2004) Financial Instruments: Disclosure and Presentation (cont'd)

(a) Classification and consequential accounting for financial assets and financial liabilities (cont'd)

(ii) The effects on financial statements on adoption of FRS 39 on the hedged "available-for-sale financial assets" are discussed in Note 3.3(b)(i).

This change was effected prospectively from 1 July 2005 and did not have any effect on the financial statements as at 1 July 2005, except for the change in classification of "other investments" amounting to $15,657,000 to "available-for-sale financial assets".

The effects on the balance sheet as at 30 June 2006 are set out below:

	Group $'000
Increase in:	
Available-for-sale financial assets	
- Non-current assets	12,696
Deferred income tax liability	(3,773)
	8,923
Fair value reserve	8,923

(b) Accounting for derivative financial instruments and hedging activities

(i) *Fair value hedge*
The Group has entered into an equity forward contract to hedge its exposure to changes in fair value of its equity investment. Previously, the fair value of the equity forward contract was not separately recognised in the financial statements.

In accordance with FRS 39, the equity forward contract qualifies for fair value hedge accounting and it is initially recognised at fair value on the date the contract is entered into and changes in the fair value are recorded in the income statement together with any changes in the fair value of the hedged equity investment that are attributable to the hedged risk (Note 2.13).

The changes described in paragraphs above were effected prospectively from 1 July 2005 and consequently affected the following balance sheet items as at 1 July 2005:

	Group $'000
(Decrease)/increase in:	
Available-for-sale financial assets (Note 19)	(1,929)
Derivative financial instruments (Note 20)	
- Non-current assets	1,929

The effects on the balance sheet as at 30 June 2006 are set out below:

	Group $'000
(Decrease)/increase in:	
Available-for-sale financial assets (Note 19)	(154)
Derivative financial instruments (Note 20)	
- Non-current liabilities	154

(ii) *Net investment hedge*
The Group has foreign currency borrowings that hedge its exposure to investments in foreign operations. Previously, the translation difference on these borrowings were included in the currency translation reserve and taken to the income statement when the investments are disposed of.

In accordance with FRS 39, any translation gain or loss on the borrowings relating to the effective portion of the hedge is recognised in the currency translation reserve; the gain or loss relating to the ineffective portion is recognised immediately in the income statement (Note 2.13).

This change was effected prospectively from 1 July 2005 and did not materially affect the financial statements of the Group as at 1 July 2005 and for the year ended 30 June 2006.

3. Effects on financial statements on adoption of new or revised FRS (cont'd)

3.3 **FRS 39 Financial Instruments: Recognition and Measurement and FRS 32 (revised 2004) Financial Instruments: Disclosure and Presentation (cont'd)**

(ii) *Net investment hedge (cont'd)*

The effects on the balance sheet of the Company as at 1 July 2005 are set out below:

	Company $'000
Increase/(decrease) in:	
Currency translation reserve (Note 28)	8,792
Retained earnings (Note 29)	(8,792)

The effects on the balance sheet of the Company as at 30 June 2006 are set out below:

	Company $'000
Increase/(decrease) in:	
Retained earnings	(8,645)
Currency translation reserve	8,645

3.4 **FRS 102 Share-based Payments**

Previously, the provision of share options to employees did not result in any charge to the income statement. The Group and Company recognised an increase in share capital and share premium when the options were exercised.

With the adoption of FRS 102, share options granted after 22 November 2002 but not yet vested by 1 January 2005 are required to be valued and an expense to be recognised in the income statement, with a corresponding increase in the share option reserve [Note 2.19(c)].

The change did not materially affect the financial statements as at 1 July 2005 and for the financial year ended 30 June 2006.

3.5 **FRS 105 Non-current Assets Held for Sale**

Previously, there were no differences in the measurement of non-current assets held for sale and those for continuing use. With the adoption of FRS 105, non-current assets are classified as current assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amounts are recovered principally through a sale transaction rather than through continuing use.

This change was effected prospectively from 1 July 2005 and consequently affected the following balance sheet items as at 1 July 2005:

	Group $'000
Increase/(decrease) in:	
Assets held for sale	55,346
Investments in associated companies (Note 21)	(54,194)
Other current assets	(1,152)

The effects on the balance sheet as at 30 June 2006 are set out below:

	Group $'000
Increase/(decrease) in:	
Assets held for sale (Note 17)	31,628
Investments in associated companies	(30,505)
Other current assets	(1,123)

4. Critical accounting estimates and judgements

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

Critical accounting estimates and assumptions

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

4. Critical accounting estimates and judgements (cont'd)

Critical accounting estimates and assumptions (cont'd)

Fair value estimation

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

If estimated fair value differs by 10% from management's estimates, the Group's carrying amount of "available-for-sale financial assets" will be increased/decreased by $7,397,000.

5. Revenue and other miscellaneous gains

	The Group	
	2006 $'000	2005 $'000
Sale of goods	**69,933**	62,160
Rendering of services	**–**	99
	69,933	62,259
Other miscellaneous gains :		
- Interest income - deposits at call and bank balances	**1,279**	368
- Management fee income	**136**	134
- Loss on disposal of other unquoted investments	**–**	(111)
- Gain on dilution of interest in an associated company	**–**	36
- (Loss)/gain on revaluation of financial assets at fair value through profit or loss	**(96)**	4
- Gain on disposal of financial assets at fair value through profit or loss	**85**	2
- (Loss)/gain on disposal of property, plant and equipment	**(10)**	76
- Sundry income	**734**	498
	2,128	1,007
	72,061	63,266

6. Other gains - exceptional gains

	The Group	
	2006 $'000	2005 $'000
Gain on disposal of an associated company [Note 21(a)]	**22,559**	–
Loss on dilution of interest in an associated company [Note 21(c)]	**(12,594)**	–
	9,965	–

7. Employee benefits

	The Group	
	2006 $'000	2005 $'000
Wages and salaries	**3,501**	3,914
Employer's contribution to Central Provident Fund	**295**	350
Other benefits	**3**	2
	3,799	4,266

8. Finance expense

	The Group	
	2006 $'000	2005 $'000
Interest expense		
- Overdrafts	**–**	41
- Bank term loans	**255**	1,374
	255	1,415

9. Other expenses

The following items have been included in other expenses:

	The Group	
	2006 $'000	2005 $'000
Charging/(crediting):		
Auditors' remuneration		
- auditors of the Company	**172**	156
- other auditors *	**107**	195
Currency exchange loss - net	**317**	360
Rental expense - operating lease	**183**	212
Provision for impairment		
- trade receivables	**81**	–
- non-trade receivable	**6,650**	630
Negative goodwill	**–**	(1)

* Include PricewaterhouseCoopers firms outside Singapore.

10. Income taxes

(a) **Income tax expense**

	The Group	
	2006 $'000	2005 $'000
Tax expense attributable to profit is made up of:		
From continuing operations		
Current income tax		
- Singapore	**657**	631
- Foreign	**2,455**	8
- Deferred income tax (Note 26)	**(32)**	–
	3,080	639
Underprovision in preceding financial year [Note (b) below]		
- current tax	**–**	8
	3,080	647

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

	The Group	
	2006 $'000	2005 $'000
Profit before tax from:		
Continuing operations	**11,252**	17,627
Discontinued operations	**(143)**	162
	11,109	17,789
Tax calculated at a tax rate of 20% (2005: 20%)	**2,222**	3,558
Effects of:		
- Singapore statutory stepped income exemption	**(21)**	(21)
- Different tax rates in other countries	**(2,169)**	2
- Income not subject to tax	**(173)**	(90)
- Expenses not deductible for tax purposes	**4,574**	1,182
- Tax calculated on share of results of associated companies	**(1,353)**	(3,992)
	3,080	639

10. Income taxes (cont'd)

(b) **Movements in current income tax liabilities**

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Balance at beginning of financial year	**1,039**	1,079	**332**	137
Income tax paid	**(388)**	(687)	**–**	–
Tax expense on profit for the current financial year	**3,112**	639	**151**	195
Underprovision in preceding financial year	**–**	8	**–**	–
Balance at end of financial year	**3,763**	1,039	**483**	332

11. Earnings per share

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

The Group	Continuing operations		Discontinued operations		Total	
	2006	2005	2006	2005	2006	2005
Net profit attributable to members of the Company ($'000)	**7,378**	16,215	**(143)**	162	**7,235**	16,377
Weighted average number of ordinary shares in issue for basic and diluted earnings per share ('000)	**405,488**	405,488	**405,488**	405,488	**405,488**	405,488
Basic and diluted earnings/ (loss) per share (cents per share)	**1.82**	4.00	**(0.03)**	0.04	**1.79**	4.04

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

A calculation is made to determine the number of shares that could have been issued at fair value (determined as the average annual market share price of the Company's shares) based on the proceeds that would have been received if all dilutive outstanding warrants and share options were exercised. The number of shares calculated as 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 earnings (numerator).

For the years ended 30 June 2006 and 30 June 2005, all outstanding warrants and share options are anti-dilutive and have been ignored in calculating diluted earnings per share.

12. Cash and cash equivalents

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Cash at bank and on hand	**3,622**	4,385	**110**	172
Short-term bank deposits	**58,653**	39,000	**8,458**	15,073
	62,275	43,385	**8,568**	15,245

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

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Singapore Dollar	**444**	327	**110**	172
United States Dollar	**14,470**	18,598	**7,660**	15,073
Chinese Renminbi	**44,687**	23,214	**–**	–
Euro	**798**	–	**798**	–
Others	**1,876**	1,246	**–**	–
	62,275	43,385	**8,568**	15,245

Short-term bank deposits at the balance sheet date have an average maturity of 1 month (2005: 3 months) from the end of the financial year with the following weighted average effective interest rates:

	The Group		The Company	
	2006	2005	2006	2005
United States Dollar	**4.73%**	2.71%	**4.63%**	2.71%
Chinese Renminbi	**1.63%**	1.56%	**–**	–
Euro	**0.20%**	–	**0.20%**	–
Others	**3.05%**	2.89%	**–**	–

13. Trade and other receivables - current

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Trade receivables				
- third parties	**15,525**	10,271	**–**	–
Less: Provision for impairment	**(118)**	(37)	**–**	–
	15,407	10,234	**–**	–
Non-trade receivables				
- third parties	**1,234**	1,462	**956**	953
Less : Provision for impairment	**(952)**	(952)	**(952)**	(952)
	282	510	**4**	1
- subsidiaries	**–**	–	**38,044**	19,859
Less: Provision for impairment	**–**	–	**(793)**	-
	–	–	**37,251**	19,859
- associated companies	**5,609**	5,737	**20**	21
Less: Provision for impairment	**(2,795)**	–	**–**	–
	2,814	5,737	**20**	21
- related parties (Note 34)	**794**	1,009	**64**	88
	3,890	7,256	**37,339**	19,969
	19,297	17,490	**37,339**	19,969

The non-trade receivables from third parties, subsidiaries, associated companies and related parties are unsecured, interest free and repayable upon demand.

The carrying amounts of trade and other receivables (current) approximate their fair value.

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

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Singapore Dollar	**771**	468	**12,855**	19,948
United States Dollar	**14,610**	10,238	**4,061**	21
Chinese Renminbi	**3,224**	6,463	**20,423**	–
Others	**692**	321	**–**	–
	19,297	17,490	**37,339**	19,969

14. Inventories

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Finished goods	**6,533**	6,035	**–**	–

Write-down of inventory amounting to $70,000 (2005: $116,000) has been included in "raw materials and consumable expense" in the income statement.

During the financial year, the Group reversed $129,000 (2005: $343,000) being part of inventory write-down made in previous financial years, as the inventories were sold above the carrying amounts. The reversal has been included in "raw materials and consumables expense" in the income statement.

15. Other current assets

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Tax recoverable	**26**	30	**14**	14
Deposits	**69**	62	**19**	18
Prepayments	**19**	22	**1**	1
Assets held for resale	**–**	1,152	**–**	–
	114	1,266	**34**	33

The carrying amounts of tax recoverable and deposits approximate their fair value.

16. Financial assets at fair value through profit or loss

	The Group	
	2006 $'000	2005 $'000
Balance at beginning of financial year - at valuation	**770**	–
Additions	**180**	852
Disposals	**(405)**	(86)
Fair value (loss)/gain	**(96)**	4
Balance at end of financial year	**449**	770

Investments as at 30 June 2005 and 1 July 2005 of $770,000 have been reclassified from "marketable securities" under other current assets to "financial assets at fair value through profit or loss" so as to conform to the presentation adopted in the current financial year.

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

17. Assets held for sale

Details of assets held for sale are as follows:

	The Group	
	2006 $'000	2005 $'000
Investments in associated companies [Note (a) below]	**30,505**	–
Freehold land and building [Note (b) below]	**1,123**	–
	31,628	–

(a) This represents the Group's investments in associated companies for which the Group had entered into conditional sales and purchase agreements with third parties to dispose of the investments [Notes 21(a) and 21(b)].

(b) This represents freehold land and building held by the subsidiary, Lion Containers Sdn Bhd which has ceased operations in the financial year ended 30 June 2000 [Note 35(a)]. 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 approximately $1,123,000 (RM2,686,000) [2005: $1,152,000 (RM2,686,000)]. The sale has been completed in July 2006. RM denotes Malaysian Ringgit.

Freehold land and building and investments in associated companies held for sale as at 30 June 2005 were classified as "other current assets" and "investments in associated companies" respectively in the balance sheet.

With the adoption of FRS 105 with effect from 1 July 2005, the above investments have been classified as "assets held for sale".

18. Other receivables - non-current

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Receivable from subsidiaries				
- Loans	**–**	–	**29,250**	46,001
Less: Provision for impairment	**–**	–	**(8,914)**	(9,384)
	–	–	**20,336**	36,617
- Advance		–	**41,983**	41,983
Less: Provision for impairment	**–**	–	**(40,154)**	(40,154)
	–	–	**1,829**	1,829
Receivable from a shareholder of an associated company - non-trade	**7,710**	7,905	**–**	–
Less: Provision for impairment	**(3,855)**	–	**–**	–
	3,855	7,905	**–**	–
	3,855	7,905	**22,165**	38,446

The loans and advance to subsidiaries are unsecured and interest-free (2005: interest on loans to subsidiaries was charged between 3% and 7% per annum. The advance to a subsidiary was interest-free). The Company has indicated that it will not demand settlement of these loans and advance within one year from 30 June 2006.

The non-trade receivable from a shareholder of an associated company is unsecured, interest-free and settlement is not expected within one year from 30 June 2006.

The carrying amounts of these non-current receivables approximate their fair value.

Receivables (non-current) are denominated in the following currencies:

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Singapore Dollar	**–**	–	**22,165**	38,446
Chinese Renminbi	**3,855**	7,905	**–**	–
	3,855	7,905	**22,165**	38,446

19. Available-for-sale financial assets

	The Group	
	2006	2005
	$'000	$'000
Balance at beginning of financial year		
- At cost	**15,657**	15,657
- Effect of adoption of FRS 39 on 1 July 2005 [Note 3.3(b)(i)] Fair value loss recognised in income statement [Note (a) below]	**(1,929)**	–
- As restated	**13,728**	15,657
Reclassified from investment in associated company [Note (c) below]	**45,772**	–
Fair value gain recognised in income statement [Note (a) below]	**1,775**	–
Fair value gains transferred to equity [Note 28 (b)(ii)]	**12,696**	–
Balance at end of financial year	**73,971**	15,657

19. Available-for-sale financial assets (cont'd)

Other than hedged "available-for-sale financial assets" discussed in Note (a) below, "available-for-sale financial assets" are measured in accordance with the accounting policy as set out in Note 2.8 only with effect from 1 July 2005.

Long-term investments as at 1 July 2005 and 30 June 2005 have been reclassified from "other investments" to "available-for-sale financial assets" so as to conform to the presentation adopted in the current financial year.

Available-for-sale financial assets include equity interests in the following:

	The Group		
	2006	2005	
	$'000	$'000	$'000
	At fair value	At fair value	At cost
Hefei Jianghuai Automotive Co., Ltd [Note (a) below]	**15,481**	13,706	15,635
Visioneering Inc. [Note (b) below]	**22**	22	22
Anhui Jianghuai Automobile Co., Ltd [Note (c) below]	**58,468**	–	–
	73,971	13,728	15,657

(a) The unquoted investment of $15,481,000 (2005: $15,635,000) represents a 25% equity interest held by the Group in Hefei Jianghuai Automotive Co., Ltd ("HFJH") as at 30 June 2006. 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.

This investment has been pledged as security for the bank term loan of a subsidiary [Note 25 (b)].

The Group has entered into a forward equity contract to hedge the entire risk of its investment in HFJH (Note 20). Consequently the changes in fair value of the investment in HFJH due to the hedged risk are taken to income statement together with the changes in fair value of the equity forward contract.

(b) The unquoted investment of $22,000 is made up of 26,000 ordinary shares of US$0.50 each in Visioneering Inc., a company incorporated in the United States of America. The Group holds an equity interest of less than 1% in Visioneering Inc. as at 30 June 2006. There has been no change in the Group's interest between 1 July 2005 and 30 June 2006.

(c) Anhui Jianghuai Automobile Co., Ltd ("AHJA") ceased to be an associated company on 1 January 2006 and the investment in AHJA has been reclassified from "investments in associated companies" to "available-for-sale financial assets" accordingly [Note 21 (c)] from that date.

20. Derivative financial instruments

	The Group	
	2006	2005
	$'000	$'000
Balance at beginning of financial year		
- At cost	**–**	–
- Effect of adoption of FRS 39 on 1 July 2005 [Note 3.3(b)(i)]	**1,929**	–
As restated	**1,929**	–
Fair value loss		
- Included in income statement	**(1,775)**	–
Balance at end of financial year	**154**	–

Analysed as:

	The Group	
	Contract notional amount	Fair Value
	$'000	$'000
Fair value hedge		
- Equity forward	15,635	154

21. Investments in associated companies

	The Group	
	2006	2005
	$'000	$'000
Balance at beginning of financial year		
- As previously reported	**129,705**	113,222
- Effects of adoption of FRS 103 adjusted prospectively	–	6,273
- Effects of adoption of FRS 105 adjusted prospectively [Note (a) below]	**(54,194)**	–
- As restated	**75,511**	119,495
Currency translation differences	**(760)**	(2,972)
Share of results, net of tax	**6,761**	19,968
Dividend received, net of tax	**(486)**	(6,822)
Reclassified as "assets held for sale" during the financial year [Note (b) below]	**(22,660)**	–
(Loss)/gain on dilution of interest in an associated company [Note (c) below]	**(12,594)**	36
Reclassified as "available for sale" financial assets during the financial year [Note (c) below]	**(45,772)**	–
Balance at end of financial year	**–**	129,705
Represented by:		
Current assets	**–**	46,349
Non-current assets	**–**	83,356
	–	129,705

The summarised financial information of the associated companies are as follows:

	2006	2005
	$'000	$'000
Assets	**–**	1,559,511
Liabilities	**–**	942,886
Revenues	**–**	2,190,118
Net Profit	**–**	106,549

Negative goodwill

	The Group	
	2006	2005
	$'000	$'000
Balance at beginning of financial year	–	6,273
Effect of adoption of FRS 103	–	(6,273)
Balance at end of financial year	–	–

The Group's accounting policy for negative goodwill is explained in Note 2.5.

21. Investments in associated companies (cont'd)

Details of associated companies are as follows:

Name of company	Country of incorporation and place of business	Principal activities	Effective ownership interest 2006 %	2005 %	Months of results accounted [Note (d)] 2006	2005	Notes
Held by subsidiaries:							
Zhejiang Yipeng Engine Parts Co., Ltd ("Yipeng") [1]	The People's Republic of China	Manufacture of motorcycle engine parts and assembly of motorcycle engines	**25**	42	**5**	12	(b)
Zhejiang Yirong Engine Parts Co., Ltd ("Yirong") [1]	The People's Republic of China	Manufacture of fuel tanks and exhaust pipes, spray painting of fuel tanks	**28**	44	**5**	12	(b)
Zhejiang Yizhong Motorcycle Electric Products Co., Ltd ("Yizhong") [1]	The People's Republic of China	Manufacture of shock absorbers and body frame, assembly of various electrical instruments and components	**25**	42	**5**	12	(b)
Zhejiang Victor Motorcycle Co., Ltd ("Victor") [1]	The People's Republic of China	Assembly of motorcycles	**25**	42	**–**	12	(a)
Zhejiang Mount-Channel Machinery Co., Ltd ("CMC") [1]	The People's Republic of China	Manufacture of motorcycle clutches	**30**[3]	30	**–**	12	(a)
Chongqing Mount-Channel Machinery Co., Ltd ("ZMC") [1]	The People's Republic of China	Manufacture of motorcycle clutches	**30**	30	**–**	12	(a)
Zhejiang Qianjiang Motorcycle Co., Ltd ("ZML") [1]	The People's Republic of China	Manufacture and distribution of motorcycles and accessories and investment holding	**–**	22	**–**	12	(a)
Anhui Jianghuai Automobile Co., Ltd ("AHJA") [2]	The People's Republic of China	Manufacture and sale of light trucks, automobile, automotive chassis and gearbox components	**7**	14	**6**	12	(c)

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

(2) Local statutory audit performed by Anhui Huapu Certified Public Accountants.

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

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

(a) Included in the investments in associated companies as at 30 June 2005 were investments in associated companies, Victor, ZMC and ZML with a total carrying amount of $54,194,000.

In the previous financial year, the Group entered into conditional sales and purchase agreements with third parties to dispose of these investments as follows:

(i) 25% equity interest in Victor for a cash consideration of approximately $8,659,000 (Rmb 43.73 million).
(ii) 30% equity interest in ZMC and 10.8% equity interest in CMC for a total cash consideration of approximately $1,109,000 (Rmb 5.60 million).
(iii) 22.23% equity interest in ZML for a cash consideration of approximately $49,011,000 (Rmb 243.15 million).

With the adoption of FRS 105, the Group ceased to equity account for its share of results of the above associated companies from 1 July 2005. The above investments have been reclassified as assets held for sale under current assets on the balance sheet as at 1 July 2005.

21. Investments in associated companies (cont'd)

On 15 August 2005, before the date of approval by the directors of the financial statements for the financial year ended 30 June 2005, the disposal of ZML has been completed. Accordingly, the Group's interest in ZML amounting to $46,349,000 has been presented under current assets in the balance sheet as at 30 June 2005. A gain on sale of ZML of $22,559,000 has been recognised in the income statement for the financial year ended 30 June 2006 (Note 6).

As at 30 June 2006, the disposals of Victor, ZMC and CMC have not been completed as these disposals are pending the approval of the relevant local authorities. Accordingly, their carrying amounts of $7,845,000 are included in the assets held for sale as at 30 June 2006 (Note 17).

(b) During the financial year ended 30 June 2006, the Group entered into conditional sale and purchase agreements with third parties to dispose of the following investments:

(i) 27.78% equity interest in Yirong for a cash consideration of approximately $14,670,000 (Rmb 74.09 million).
(ii) 25% equity interest in Yipeng for a cash consideration of approximately $12,514,000 (Rmb 63.20 million).
(iii) 25% equity interest in Yizhong for a cash consideration of approximately $6,787,000 (Rmb 34.28 million).

With the adoption of FRS 105 with effect from 1 July 2005, the above investments have been classified as assets held for sale.

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

(c) As at 30 June 2005, the Group's equity interest in AHJA was 13.82%. The Group had regarded AHJA as an associated company as it had significant influence over the financial and operating policy decisions of AHJA throughout the financial year and as at 30 June 2005.

During the financial year ended 30 June 2006, the Group's equity interest in AHJA was reduced from 13.82% as at 1 July 2005 to 7.26% as at 1 January 2006 due to conversion of convertible bonds held by other bondholders and issuance of bonus shares for which the Group and founder shareholders relinquished their entitlements to the public shareholders for the purpose of listing the founder shares on the Shanghai Stock Exchange. The Group's board representation in AHJA was also reduced during the financial year ended 30 June 2006. Hence, with effect from 1 January 2006 the Group no longer regards AHJA as an associated company as it no longer has significant influence over the financial and operating policy decisions of AHJA. Accordingly, the Group ceased equity accounting for the results of AHJA with effect from 1 January 2006 and reclassified this investment as available-for-sale financial assets (Note 19).

(d) The financial year end of the associated companies is 31 December. In prior years, the Group accounted for the results of the associated companies for 12 months ended 31 March. In the financial year ended 30 June 2006, the Group's interest in the associated companies have been accounted for using the equity method up till the date the associated companies cease to qualify for equity accounting in accordance with FRS 105.

22. Investments in subsidiaries

	The Company	
	2006	2005
	$'000	$'000
Equity investments, at cost	**52,505**	52,505
Less: Impairment losses	**(5,092)**	(4,756)
	47,413	47,749

22. Investments in subsidiaries (cont'd)

Details of subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Equity holding 2006 %	Equity holding 2005 %
Held directly by the Company:				
Bright Steel Pte Ltd (1)	Investment holding	Singapore	**100**	100
Ternair Jaya Sdn Bhd (2)	Investment holding	Malaysia	**100**	100
Arbon Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100
Aarau Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100
Grenchen Investment Ltd (1)	Investment holding	Singapore	**100**	100
Kloten Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100
LAP Automotive Trading Pte Ltd (1) (previously known as Sonlife International Pte Ltd)	Investment holding	Singapore	**100**	100
Advent Electronics Pte Ltd (1)	Design-in and distribution of semiconductors and related components	Singapore	**53**	53
Angkasa Transport Equipment Sdn Bhd (2)	Investment holding (dormant during the year)	Malaysia	**100**	100
Clarington Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100
Halton Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100
LAP Investment Pte Ltd (3)	Investment holding (dormant during the year)	Singapore	**100**	100
Lion Asiapac Management Consultancy (Shanghai) Co.Ltd (2)	Management consultancy	The People's Republic of China	**100**	100
Held by subsidiaries:				
Lion Containers Sdn Bhd	Manufacture and sale of dry cargo containers (ceased operations during the financial year ended 30 June 2000)	Malaysia	**100**	100
Sonlife Investment Pte Ltd (1)	Investment holding (dormant during the year)	Singapore	**100**	100
Advent Electronics (M) Sdn Bhd (2)	Design-in and distribution of semiconductors and related components	Malaysia	**100**	100
Advent Infotech Private Limited (2)	Trading and distribution of semiconductors and related components	India	**80**	80
Compact Energy Sdn Bhd (2)	Limestone processing	Malaysia	**100**	–

(1) Audited by PricewaterhouseCoopers, Singapore
(2) Audited by other firms. These companies are not significant subsidiaries as defined under Rule 718 of the SGX-ST Listing Manual.
(3) 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 2006. This company is not a significant subsidiary as defined under Rule 718 of the SGX-ST Listing Manual.

22. Investments in subsidiaries (cont'd)

Incorporation of a subsidiary
On 22 November 2005, the Group incorporated a wholly-owned subsidiary, Compact Energy Sdn Bhd, with issued share capital of $0.90 (RM2.00).

The subsidiary has not commenced operations as at 30 June 2006.

Dissolution of a subsidiary
Sonlife Investment Pte Ltd, a dormant subsidiary, was struck off the Register of Companies on 30 August 2006.

23. Property, plant and equipment

	Office equipment and vehicles $'000	Furniture and fittings $'000	Construction-In-progress $'000	Total $'000
The Group				
Cost				
At 1 July 2005	1,150	230	–	1,380
Currency translation differences	(4)	(2)	–	(6)
Additions	31	9	1,444	1,484
Disposals	(70)	–	–	(70)
At 30 June 2006	1,107	237	1,444	2,788
Accumulated depreciation				
At 1 July 2005	551	202	–	753
Currency translation differences	–	(4)	–	(4)
Depreciation charge	206	17	–	223
Disposals	(39)	–	–	(39)
At 30 June 2006	718	215	–	933
Net book value at 30 June 2006	**389**	**22**	**1,444**	**1,855**
Cost				
At 1 July 2004	1,069	229	–	1,298
Currency translation differences	(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 differences	(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

23. Property, plant and equipment (cont'd)

	Office equipment and vehicles $'000	Furniture and fittings $'000	Total $'000
The Company			
Cost			
At 1 July 2005	407	106	513
Additions	17	–	17
Disposals	–	–	–
At 30 June 2006	424	106	530
Accumulated depreciation			
At 1 July 2005	209	104	313
Depreciation charge	77	2	79
Disposals	–	–	–
At 30 June 2006	286	106	392
Net book value at 30 June 2006	**138**	**–**	**138**
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

24. Trade and other payables

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Trade payables	**12,494**	8,595	**–**	–
Payable to subsidiaries				
- non-trade	**–**	–	**50,179**	17,958
Payable to related parties				
- non-trade	**801**	1,026	**88**	122
Dividend payable to minority shareholders	**755**	–	**–**	–
Accrual for operating expenses	**1,743**	2,060	**341**	656
Other payables	**434**	544	**7**	162
Deposits received for assets held for sale (Note17)	**23,954**	4,786	**–**	–
	40,181	17,011	**50,615**	18,898

The non-trade balances payable to subsidiaries and related parties (Note 34) are unsecured, interest-free and repayable upon demand.

The carrying amounts of current trade and other payables approximate their fair value.

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Singapore Dollar	**2,111**	2,053	**50,520**	18,348
United States Dollar	**12,555**	8,991	**95**	550
Chinese Renminbi	**24,409**	5,253	**–**	–
Others	**1,106**	714	**–**	–
	40,181	17,011	**50,615**	18,898

25. Borrowings

(a) **Current**

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Trust receipts	**–**	679	**–**	–
Bank loans (unsecured)	**1,054**	600	**–**	–
Bank term loans (secured)	**14,614**	–	**–**	–
	15,668	1,279	**–**	–

(b) **Non-current**

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Bank term loans (secured)	**–**	39,968	**–**	26,489

The Company repaid its bank term loan of $26,489,000 during the financial year. The bank term loan of $14,614,000 (Rmb 73,810,000) [2005: $13,479,000 (Rmb 66,400,000) classified as non-current] of a subsidiary as at 30 June 2006 is repayable in full in the year 2007 and bears interest at 3% (2005: 3%) per annum. The bank term loan is secured by an unquoted investment [Note 19(a)].

(c) **Currency risks**

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

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Singapore Dollar	**800**	600	**–**	–
United States Dollar	**254**	27,168	**–**	26,489
Chinese Renminbi	**14,614**	13,479	**–**	–
	15,668	41,247	**–**	26,489

(d) **Interest rate risks**

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

	2006			2005		
	SGD	USD	RMB	SGD	USD	RMB
The Group						
Trust receipts	**–**	–	**–**	–	4.91%	–
Bank loans	**4.79%**	**6.43%**	**–**	3.39%	–	–
Bank term loans	**–**	**–**	**3.00%**	–	5.61%	3.00%
The Company						
Bank term loans	**–**	**–**	**–**	–	5.61%	–

25. Borrowings (cont'd)

(d) **Interest rate risks (cont'd)**

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

	Less than 6 months $'000	1 to 5 years $'000	Total $'000
The Group			
At 30 June 2006			
Total borrowings	1,054	14,614	15,668
At 30 June 2005			
Total borrowings	27,768	13,479	41,247
The Company			
At 30 June 2006			
Total borrowings	–	–	–
At 30 June 2005			
Total borrowings	26,489	–	26,489

(e) **Carrying amounts and fair values**

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

26. Deferred income taxes

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

	The Company	
	2006 $'000	2005 $'000
Deferred income tax assets		
- to be recovered within one year	**(32)**	–
Deferred income tax liabilities		
- to be settled after one year	**3,773**	–

The movements in the deferred income tax assets and liabilities during the financial year are as follows:

Deferred income tax liabilities

	Fair value gain $'000	Total $'000
2006		
Balance at beginning of financial year	–	–
Charged to equity	3,773	3,773
Balance at end of financial year	3,773	3,773

26. Deferred income taxes (cont'd)

Deferred income tax assets

	Others $'000	Total $'000
2006		
Balance at beginning of financial year	–	–
Credited to income statement	(32)	(32)
Balance at end of financial year	(32)	(32)

There is no movement in deferred income tax liabilities and assets during the financial year ended 30 June 2005, and no balances as at 1 July 2004 and 20 June 2005.

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

	The Group	
	2006 $'000	2005 $'000
Balance at beginning of financial year	**–**	–
Tax charge/(credit) to:		
- income statement	**(32)**	–
- equity	**3,773**	–
Balance at end of financial year	**3,741**	–

Deferred income tax taken to equity [Note 28(b)(ii)] during the financial year is as follows:

	The Group	
	2006 $'000	2005 $'000
Fair value reserve	**3,773**	–

As at 30 June 2006, 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	
	2006 $'000	2005 $'000
Tax losses	**20,365**	20,748
Capital allowances	**6,319**	6,478

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.

27. Share capital and share premium

	No. of shares		Amount			
	Authorised share capital '000	Issued share capital '000	Authorised share capital $'000	Issued share capital $'000	Share premium $'000	Total share capital and share premium $'000
2006						
Balance at beginning of financial year	8,000,000	405,480	800,000	40,549	6,938	47,487
Effect of Companies (Amendment) Act 2005 [see Note (a) below]	(8,000,000)	–	(800,000)	6,938	(6,938)	–
Balance at end of financial year	–	405,480	–	47,487	–	47,487
2005						
Balance at beginning and end of financial year	8,000,000	405,480	800,000	40,549	6,938	47,487

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

(b) **Share options**

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

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

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

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

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

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

	2006	2005
Outstanding at beginning of financial year	**245,250**	69,000
Granted during the financial year	**–**	176,250
Lapsed during the financial year	**(69,000)**	–
Outstanding at end of financial year	**176,250**	245,250

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

LAP Share Option Scheme	Exercise price per share payable in full upon application	Date of expiration of option	Number of unissued shares under option 2006	2005
2000 Options	$0.25	20 October 2005	**–**	69,000
2005 Options	$0.16	26 May 2010	**176,250**	176,250
			176,250	245,250

27. Share capital and share premium (cont'd)

(c) **Warrants**

	2006 '000	2005 '000
Number of warrants outstanding at beginning and end of financial year	**157,877**	157,877

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

28. Other reserves

(a) **Composition:**

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Capital redemption reserve	**105**	105	**–**	–
Fair value reserve	**8,923**	–	**–**	–
Currency translation reserve	**(3,289)**	(2,622)	**–**	(8,792)
Enterprise development reserve	**2,712**	2,712	**–**	–
General reserve	**12,903**	14,340	**–**	–
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	**–**	–
	38,318	52,236	**13,543**	4,751

(b) **Movements**

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
(i) ***Capital redemption reserve [Note (a) below]***				
Balance at beginning and end of financial year	**105**	105	**–**	–
(ii) ***Fair value reserve***				
Balance at beginning of financial year	**–**	–	**–**	–
Fair value gains on available-for-sale financial assets (Note 19)	**12,696**	–	**–**	–
Deferred tax on fair value gains (Note 26)	**(3,773)**	–	**–**	–
	8,923	–	**–**	–
Balance at end of financial year	**8,923**	–	**–**	–
(iii) ***Currency translation reserve***				
Balance at beginning of financial year				
- As previously reported	**(2,622)**	383	**(8,792)**	(9,439)
- Effects of adoption of FRS 39 adjusted prospectively [Note 3.3(b)(ii)]	**–**	–	**8,792**	–
- As restated	**(2,622)**	383	**–**	(9,439)
Movements during the financial year:				
Arising from translation of financial statements of foreign subsidiaries and associated companies	**(1,506)**	(3,459)	**–**	–
Release to income statement upon disposal of an associated company	**839**	–	**–**	–
Arising from foreign currency liability accounted for as a hedge of the Company's net investment in foreign associated companies	**–**	454	**–**	647
	(667)	(3,005)	**–**	647
Balance at end of financial year	**(3,289)**	(2,622)	**–**	(8,792)

28. Other reserves (cont'd)

(b) **Movements (cont'd)**

	The Group		The Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
(iv) *Enterprise development reserve [Note (b) below]*				
Balance at beginning of financial year	**2,712**	2,662	**–**	–
Transfer from revenue reserve	**–**	50	**–**	–
Balance at end of financial year	**2,712**	2,712	**–**	–
(v) *General reserve [Note (b) below]*				
Balance at beginning of financial year	**14,340**	11,470	**–**	–
Transfer to retained earnings upon disposal of an associated company	**(1,437)**	–	**–**	–
Transfer from retained earnings	**–**	2,870	**–**	–
	(1,437)	2,870	–	–
Balance at end of financial year	**12,903**	14,340	**–**	–
(vi) *Capital reduction reserve [Note (c) below]*				
Balance at beginning and end of financial year	**13,543**	13,543	**13,543**	13,543
(vii) *Consolidation reserve [Note (d) below]*				
Balance at beginning and end of financial year	**3,421**	3,421	**–**	–
(viii) *Others - surplus on restructuring of motorcycle business [Note (e) below]*				
Balance at beginning of financial year	**20,737**	20,737	**–**	–
Release to income statement upon disposal of an associated company	**(20,737)**	–	**–**	–
Balance at end of financial year	**–**	20,737	**–**	–
Total	**38,318**	52,236	**13,543**	4,751
Total transfers (to)/from retained earnings for the year				
Transfer to enterprise development reserve	**–**	50	**–**	–
Transfer (from)/to general reserve	**(1,437)**	2,870	**–**	–
	(1,437)	2,920	**–**	–

Notes:

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

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

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

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

(e) The surplus on restructuring arose in 1999 as a result of the restructuring of the motorcycle business for the purpose of listing on the Shenzhen Stock Exchange.

29. Retained earnings

Movements in retained earnings for the Company are as follows:

	2006 $'000	2005 $'000
Balance at beginning of financial year		
- As previously reported	**23,685**	7,298
- Effects of adoption of FRS 39 adjusted prospectively [Note 3.3(b)(ii)]	**(8,792)**	–
- As restated	**14,893**	7,298
Dividends paid (Note 30)	**(21,572)**	(1,622)
Total profit	**10,208**	18,009
Balance at end of financial year	**3,529**	23,685

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

30. Dividends

	The Group and The Company 2006 $'000	2005 $'000
Ordinary dividends paid or proposed		
Final taxable dividend paid in respect of the financial year ended 30 June 2005 of 0.7 cents (2004: 0.5 cents) per share net of tax at 20%	**2,271**	1,622
Interim taxable dividend paid in respect of the financial year ended 30 June 2006 of 1.2 cents (2005: Nil) per share net of tax at 20%	**3,893**	–
Interim exempt (one-tier) dividend paid in respect of the financial year ended 30 June 2006 of 3.8 cents (2005: Nil) per share	**15,408**	–
	21,572	1,622

31. Commitments

(a) **Capital commitments**

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

	The Group 2006 $'000	2005 $'000
Property, plant and equipment:		
- Approved and contracted for	**5,486**	–
- Approved but not contracted for	**9,272**	–
	14,758	–

(b) **Operating lease commitments**

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:

	The Group 2006 $'000	2005 $'000
Not later than one financial year	**90**	115
Later than one financial year but not later than five financial years	**94**	13
	184	128

31. Commitments (cont'd)

(c) **Guarantees issued**

	The Group		The Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Unsecured guarantees given to banks and suppliers in respect of trade obligations of the subsidiaries	**–**	–	**30,232**	32,417
Unsecured guarantees given to third party in respect of disposal of an unquoted investment	**–**	95	**–**	–
	–	95	**30,232**	32,417

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.

32. Financial risk management

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

(i) ***Foreign exchange risk***

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

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

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.

The Group manages foreign exchange risk arising from available-for-sale investments denominated in foreign currency, as far as possible by maintaining borrowings to finance these investments in the same currencies.

The foreign subsidiaries are mainly inactive or have ceased operations. Hence, the exposure to foreign exchange risk is considered insignificant.

(ii) ***Interest rate risk***

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

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

(iii) ***Credit risk***

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

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

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

(iv) ***Liquidity risk***

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

33. 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 2006 and 30 June 2005.

34. Related party transactions

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

(a) **Services rendered or received**

	The Group	
	2006	2005
	$'000	$'000
Management fees received from a related party	**136**	134
Rental income from a related party	**58**	62
Rental charges paid to a related party	**176**	164
Consultancy fees paid to a director	**33**	37
Salaries recharges paid to a related party	**199**	199

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

(b) **Share options granted to key management**

The aggregate number of share options granted to key management of the Group during the financial year was nil (2005: 112,500). The share options were given on the same terms and conditions as those offered to other employees of the Company. The number of shares under option granted to key management of the Group that are outstanding at the end of the financial year was 112,500 (2005: 132,500).

(c) **Key management personnel compensation**

Key management's remuneration include fees, 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 and the Company did not incur any costs, the value of the benefit is included.

Key management personnel compensation are as follows:

	The Group	
	2006	2005
	$'000	$'000
Salaries and other short term employee benefits	**1,032**	966
Post-employment benefits - contribution to CPF	**39**	38
	1,071	1,004

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

Total compensation to directors of the Company amounted to $411,000 (2005: $395,000) is included in the above.

	The Company	
	2006	2005
Number of directors in remuneration bands		
- $250,000 to below $500,000	**1**	1
- below $250,000	**4**	5
	5	6

35. Discontinued operations

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

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

Following the cessation of the Container Business, its assets including raw materials, plant and machinery, as well as land and building, were disposed of in a piece-meal manner. The 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 2006.

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

	Continuing Operations		Discontinued Operation (Container Business)		Group as a whole	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Revenue	**69,933**	62,259	**–**	–	**69,933**	62,259
Net operating (expenses)/income	**(75,152)**	(63,185)	**(143)**	162	**(75,295)**	(63,023)
	(5,219)	(926)	**(143)**	162	**(5,362)**	(764)
Finance cost	**(255)**	(1,415)	**–**	–	**(255)**	(1,415)
Share of results of associated companies	**6,761**	19,968	**–**	–	**6,761**	19,968
Exceptional items	**9,965**	–	**–**	–	**9,965**	–
Profit/(loss) before tax	**11,252**	17,627	**(143)**	162	**11,109**	17,789
Income tax expense	**(3,080)**	(647)	–	–	**(3,080)**	(647)
Profit/(loss) after tax	**8,172**	16,980	**(143)**	162	**8,029**	17,142
Total assets	**198,099**	220,969	**2,064**	1,871	**200,163**	222,840
Total liabilities	**(63,003)**	(59,149)	**(382)**	(148)	**(63,385)**	(59,297)
	135,096	161,820	**1,682**	1,723	**136,778**	163,543
Cashflows						
Net cash inflow/(outflow) from operating activities	**(5,450)**	12,856	**237**	(24)	**(5,213)**	12,832
Net cash inflow from investing activities	**73,576**	11,779	**–**	–	**73,576**	11,779
Net cash outflow from financing activities	**(47,791)**	(19,854)	**–**	–	**(47,791)**	(19,854)
	20,335	4,781	**237**	(24)	**20,572**	4,757

36. Segment information

Primary reporting format - business segments

	Automotive $'000	Electronic component distribution $'000	Others $'000	Total for continuing operations $'000	Discontinued operations - Dry cargo container $'000
Year ended 30 June 2006					
Revenue	–	69,933	–	69,933	–
Segment result	–	2,239	(2)	2,237	(143)
Unallocated costs				(7,456)	–
Operating loss				(5,219)	(143)
Finance costs				(255)	–
Share of results of associated companies				6,761	
Exceptional items				9,965	–
Profit/(loss) before tax				11,252	(143)
Income tax expense				(3,080)	–
Total profit				8,172	(143)
Segment assets	76,766	26,815	1,873	105,454	941
Assets held for sale	30,505	–	–	30,505	1,123
Unallocated assets				62,140	–
Consolidated total assets				198,099	2,064
Segment liabilities	–	16,320	2	16,322	382
Borrowings				15,668	–
Tax				3,763	–
Deferred tax liabilities				3,773	–
Unallocated liabilities				23,477	–
Consolidated total liabilities				63,003	382
Capital expenditure					
- segment	–	22	1,444	1,466	–
- unallocated				18	–
				1,484	–
Depreciation					
- segment	–	77	–	77	
- unallocated				146	–
				223	–
Impairment of receivables					
- segment	6,650	81	–	6,731	–

36. Segment information (cont'd)

Primary reporting format - business segments (cont'd)

	Automotive $'000	Electronic component distribution $'000	Total for continuing operations $'000	Discontinued Operations - Dry cargo container $'000
Year ended 30 June 2005				
Revenue	–	62,259	62,259	–
Segment result	–	2,092	2,092	162
Unallocated costs			(3,018)	–
Operating profit			(926)	162
Finance costs			(1,415)	–
Share of results of associated companies			25,637	–
Profit before tax			23,296	–
Income tax expense			(6,316)	162
Total profit			16,980	162
Segment assets	5,717	21,493	27,210	1,871
Associated companies	129,705	–	129,705	–
Unallocated assets			64,054	–
Consolidated total assets			220,969	1,871
Segment liabilities	–	11,306	11,306	148
Borrowings			41,247	–
Tax			1,039	–
Unallocated liabilities			5,557	–
Consolidated total liabilities			59,149	148
Capital expenditure				
- segment	–	76	76	–
- unallocated			289	–
			365	–
Depreciation				
- segment	–	106	106	–
- unallocated			108	–
			214	–
Impairment of receivables				
- unallocated			630	–

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 the new limestone processing business in Malaysia.

36. Segment information (cont'd)

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
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	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
China	**1,447**	1,325	**149,145**	152,965	**–**	–
Singapore	**16,654**	22,593	**44,724**	66,007	**40**	365
United States	**14,073**	7,911	**–**	–	**–**	–
Other countries	**37,759**	30,430	**6,294**	3,868	**1,444**	–
	69,933	62,259	**200,163**	222,840	**1,484**	365

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

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

37. New accounting standards and FRS interpretations

Certain new accounting standards and interpretations that have been published are mandatory for accounting periods beginning on or after 1 July 2006. The Group does not expect the adoption of those standards and interpretations to have a material impact on the Group's financial statements.

38. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Lion Asiapac Limited on 29 September 2006.

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

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 999	0	0.00	0	0.00
1,000 - 10,000	3,209	64.95	18,885,360	4.66
10,001 - 1,000,000	1,718	34.77	81,593,000	20.12
1,000,001 & Above	14	0.28	305,009,364	75.22
Total	4,941	100.00	405,487,724	100.00

TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Shares
UOB Kay Hian Pte Ltd	271,257,488	66.90
Andar Investment Pte Ltd	8,853,876	2.18
DBS Nominees Pte Ltd	3,462,000	0.85
DBS Vickers Securities (S) Pte Ltd	3,303,000	0.81
Phillip Securities Pte Ltd	2,672,000	0.66
OCBC Securities Private Ltd	2,447,000	0.60
United Overseas Bank Nominees Pte Ltd	2,216,000	0.55
Chan Hing	2,050,000	0.51
Kim Eng Securities Pte Ltd	1,660,000	0.41
Cheong Soh Chin Julie	1,600,000	0.39
Mayban Nominees (S) Pte Ltd	1,576,000	0.39
Citibank Nominees S'pore Pte Ltd	1,517,000	0.37
Hoo Su Hen @ Ho Su Hen or Sim Meng Hia	1,360,000	0.34
Tan Huat	1,035,000	0.26
Ng Heng Soon	952,000	0.23
Hoo Len Yuh	844,000	0.21
Tan Boon Kay	835,000	0.21
Lem (Lim) Ah Lek	800,000	0.20
Eng Hup Seng Co Sdn Bhd	764,000	0.19
CIMB-GK Securities Pte Ltd	690,000	0.17
Total	309,894,364	76.43

SHAREHOLDING IN THE HANDS OF PUBLIC

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

SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

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

Notes:-

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

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

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

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

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

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

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

NOTICE IS HEREBY GIVEN THAT the 36th Annual General Meeting of Lion Asiapac Limited (the "Company") will be held at The Conference Room at 10 Arumugam Road #10-00 Lion Building A Singapore 409957 on Monday, 30 October 2006 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 2006.

2. To re-elect Mr Cheng Yong Kwang, a Director retiring pursuant to Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

3. 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.)

4. To approve the payment of S$118,000/- as Directors' fees for the year ended 30 June 2006.

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

As Special Business

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

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

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

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

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

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

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

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

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

(ii) any subsequent consolidation or subdivision of shares;

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

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

7. 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."

8. 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, 12 October 2006

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

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

a) The Ordinary Resolution proposed in item 6 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 interests 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 7 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 Building A Singapore 409957 not less than 48 hours before the time appointed for holding the meeting.

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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 36th Annual General Meeting of the Company to be held at The Conference Room, 10 Arumugam Road #10-00 Lion Building A Singapore 409957 on Monday, 30 October 2006 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 2006		
2.	Re-election of Mr Cheng Yong Kwang as Director pursuant to Article 91 of the Company's Articles of Association		
3(a)	Re-election of Mr Othman Wok as Director pursuant to Section 153(6) of the Companies Act, Cap. 50		
3(b)	Re-election of Mr Ying Yoke Kwai as Director pursuant to Section 153(6) of the Companies Act, Cap. 50		
4.	Approval of payment of Directors' fees		
5.	Re-appointment of Messrs PricewaterhouseCoopers as Auditors		
	Special Business		
6.	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		
7.	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 October, 2006.

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

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

IMPORTANT: Please read notes overleaf.

NOTES:

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

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

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

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

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

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

GENERAL:

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

DESIGNED BY...ZUCCHINI

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

10 Arumugam Road #10-00 Lion Building A Singapore 409957
Tel: (65) 6745 9677 Fax: (65) 6747 9493 Website: www.lionapac.com