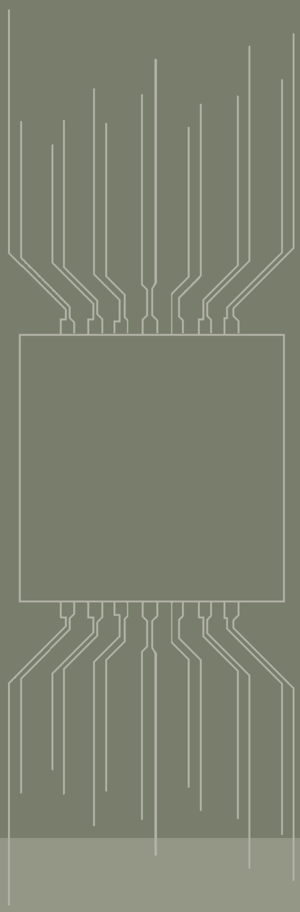

LION ASIAPAC LIMITED Annual Report 2004

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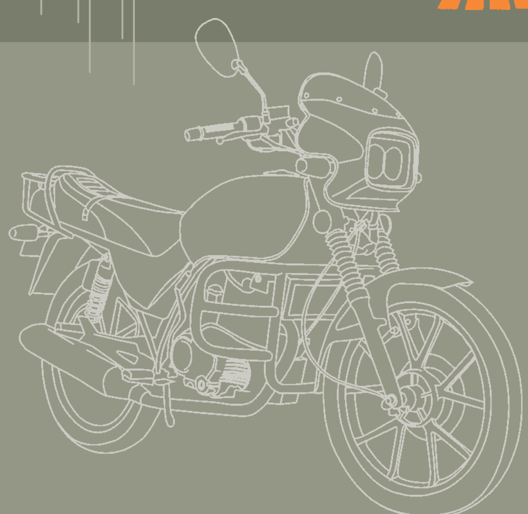

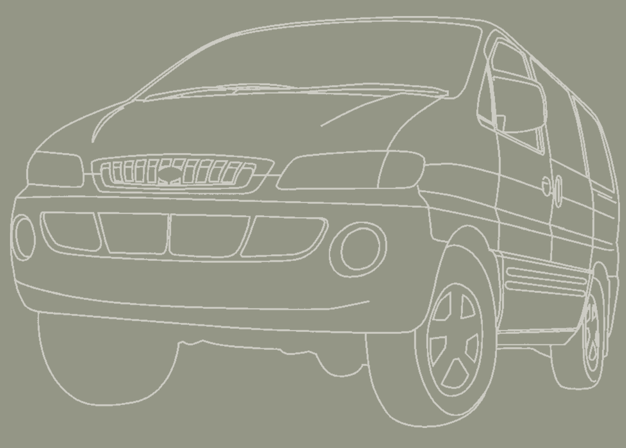

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LION ASIAPAC LIMITED Annual Report 2004

THE GROUP'S CORPORATE STRATEGY IS TO CONTINUE TO BUILD ON THE STRENGTHS OF OUR TWO CORE BUSINESSES

On behalf of the Board of Directors, I am happy to present the Annual Report and Financial Statements for the year ended 30 June 2004. Overall, it was a fruitful year for Lion Asiapac with a respectable profit achieved after a loss last year. In the second half of the year, in particular, we benefited from a return of confidence and the beginnings of economic growth, including a gradual pick-up in global electronics demand.

The Group's corporate strategy is to continue to build on the strengths of our two core businesses to ensure sustainable growth in earnings, thereby enhancing shareholder value. These business areas have a more aggressive marketing and service focus and we are seeking to develop our sales teams to better exploit opportunities in the market.

FINANCIAL HIGHLIGHTS

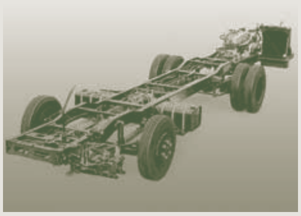
For the year ended 30 June 2004, the Group achieved a net profit after tax and minority interest of $12.3 million, a turnaround from a net loss of $2.4 million in the last corresponding year. This was attributable to stronger earnings from our automotive division. However, turnover reduced by 31% from $108.2 million to $75 million, following a decline in revenue by the electronics division which changed its focus to better margin business thus dropping low-margin sales revenue business to improve overall net profit margin.

The Group's share of the results of the automotive division amounted to $19.6 million for the year, compared to last year's share of $5.6 million (for nine months). This was mainly due to the substantial contribution made by the automotive chassis and automobile business operated by Anhui Jianghuai Automobile Co., Ltd ("Anhui Auto"). Our share of profit before tax of Anhui Auto was $13.4 million; in the previous year, we had equity-accounted its results for four months at $1.1 million after acquiring the company in November 2002.

Finance costs of the Group decreased by 25% to $1.8 million due to partial repayment of bank borrowings and lower interest rates, and finance income increased from $75,000 to $242,000 as more funds were placed in interest bearing accounts. Exceptional items amounting to $2.4 million arose mainly from a gain on disposal of the Group's partial equity interests in two PRC associates. The Group's taxation went up by 75% to $7.8 million as the Group shared the tax on the higher profits of Anhui Auto.

TO ENSURE SUSTAINABLE GROWTH IN EARNINGS, THEREBY ENHANCING SHAREHOLDER VALUE

We achieved a positive working capital of $56.1 million during the year, compared to a negative working capital of $21.4 million last year. This was mainly attributable to the reclassification of a term loan of US$21 million (approximately $36.1 million) from current liabilities to non-current liabilities as the tenure of the term loan was restructured to three years, and partial repayment of bank borrowings. In addition, sale proceeds of $22.3 million, in relation to the disposal of our partial equity interests in the two PRC associates, improved liquidity. Receivables of the Group increased from $20.3 million in the previous year to $31.9 million at end-June 2004. This is mainly due to dividends totalling $15.2 million receivable from the associated companies and balance sale proceeds of $4.4 million from the said disposal. With the reduction in turnover, trade debtors decreased by $3.5 million.



Dividend

The Board is pleased to propose a first and final dividend of 5%, or 0.5 cents, per ordinary share less income tax for the year ended 30 June 2004. This proposed final dividend, if approved at the Group's Annual General Meeting, to be held on 25 October 2004, will be paid on 22 November 2004.

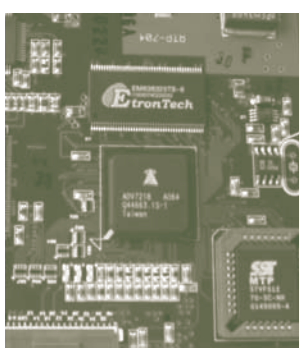
BUSINESS HIGHLIGHTS

Competition in the vast PRC motorcycle market persisted relentlessly, especially from local manufacturers of Japanese brands who launch aggressive marketing campaigns and engage in price wars to increase their market share. Despite this, Zhejiang Qianjiang Motorcycle Co., Ltd (“ZML”), which spearheads our motorcycle business, substantially increased its sales by offering competitive prices and introducing new models to the market, as well as by widening its network of dealers and agents.

Anhui Auto, one of the top manufacturers of automotive chassis and light trucks in the PRC, is now poised to move up to second position in the light truck market in terms of business volume in spite of mounting competition. The commercial passenger vehicle market in the PRC is growing stronger and this offers good prospects for Anhui Auto's ‘Refine’ multi-purpose vehicles (“MPV”). Sales of these MPVs are experiencing rapid growth, and they are fast becoming a major contributor to the profitability of Anhui Auto as their profit margins are higher than those of automotive chassis and light trucks.

Our electronics business, operated by Advent Electronics Pte Ltd (“Advent”), remains focused on higher margin products and value-added services for growth. Advent's turnkey project management business has had great success in procuring production of new models by its manufacturing partners in the ASEAN region for its USA design house partners. However, sales volume for this business tapered down as the USA partners encountered competition from Taiwanese companies. To counter intense competition from rivals in the turnkey project management business, who offer their products at lower prices, Advent will offer more value-added products and services to its customers, and also maximise the advantages of lower cost manufacturing facilities in the ASEAN region.

In India, Advent secured new agency lines for distribution of semiconductors and networking products. Advent will continue to grow its businesses in India, which is our highest growth area, as demand for semiconductors and networking products rises in line with modernisation of India's IT infrastructure and India’s increasingly popularity for outsourcing of IT services by USA companies.



Barring any unforeseen circumstances, the Directors believe that the Group will continue to be profitable during the next financial year.

ACKNOWLEDGEMENTS

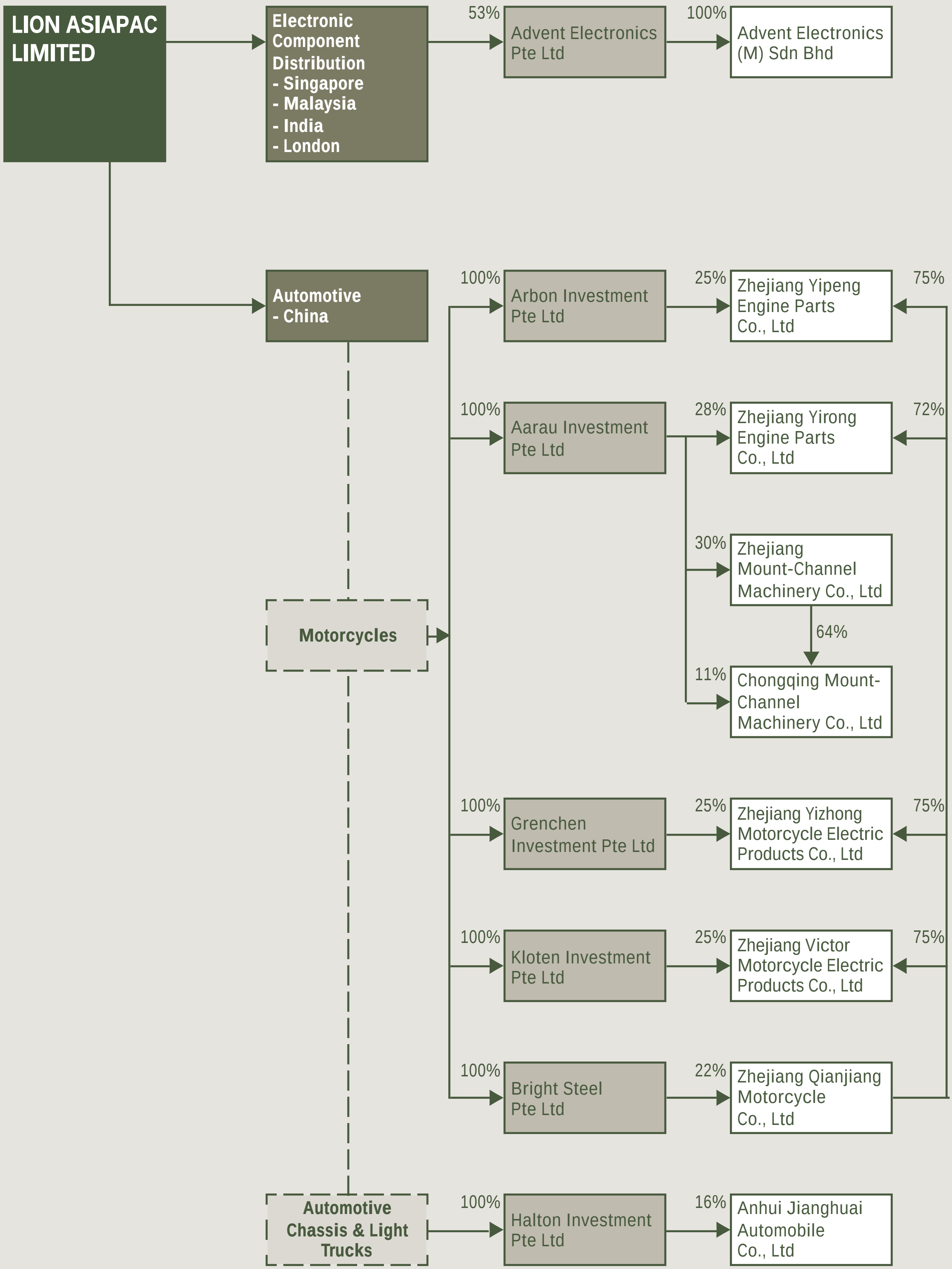
At the forthcoming Annual General Meeting (“AGM”) of the Company to be held on 25 October 2004, a director of the Company, Mr Lin Chung Dien will retire at the AGM. As Mr Lin has decided not to seek re-election at the AGM, it is with much regret that the Board accepts Mr Lin’s retirement. I would like to express my appreciation and gratitude to Mr Lin for his invaluable support and contributions to the Company during his term of office.

On behalf of the Board, I would like to thank our management and staff at all levels for their contributions to our performance. I also wish to express my sincere appreciation to all our customers, business associates and shareholders for their continued strong support. I am grateful to members of the Audit Committee and my fellow Directors for their counsel and dedication.

OTHMAN WOK
Chairman

Business Structure

(as at 21 September 2004)



AUTOMOTIVE DIVISION

The Group's automotive business in the PRC ranges from 2-wheel vehicles (i.e. motorcycles) to 4-wheel vehicles (i.e. light trucks and multi-purpose vehicles), and includes motorcycle engines and components, automotive chassis and gearboxes.

The motorcycle business is mainly handled by Zhejiang Qianjiang Motorcycle Co., Ltd ("ZML"); and manufacturing and selling of light trucks and multi-purpose vehicles is carried out by Anhui Jianghuai Automobile Co., Ltd ("Anhui Auto"), which also manufactures and distributes automotive chassis and gearbox components for manufacturers of bus, truck and chassis.

With our two distinct core businesses of automotive and electronics, Lion Asiapac is strategically well placed to better manage volatility in the business environment of a particular market.

LION ASIAPAC IS STRATEGICALLY WELL-PLACED TO BETTER MANAGE VOLATILITY IN THE BUSINESS ENVIRONMENT OF A PARTICULAR MARKET

Motorcycle manufacturing

During the year, the Group's share of the profit before tax of the motorcycle business in the PRC was $4.2 million, 82% higher than last year's $2.3 million (for nine months). These improved results were due to aggressive marketing efforts to capture higher domestic market share. Sales personnel were trained to offer better service to customers, new sales outlets were opened, and new models were developed and introduced to the market at competitive prices. Therefore, sales went up by 38% from 680,000 units (for nine months) to 936,000 units. Export sales also improved considerably due to strategic alliances with established distributors in the export markets.

Our motorcycle business in the PRC will continue to encounter unabated competition and price pressure in the market from both local and foreign manufacturers. ZML has acquired majority stakes in its major suppliers of engine parts, electrical products and other motorcycle components. This represents a vertical integration and will result in operational synergies. In the coming year, ZML will consolidate its position by focusing its efforts on lowering cost, developing new models, upgrading product quality, widening its sales network and intensifying personnel training and development. It will also expand its export markets, by collaborating with reputable local distributors.

Automobile manufacturing

The Group's share of profit before tax of Anhui Auto for the year was $13.4 million, whereas last year the Group equity-accounted its results for four months at $1.1 million after completing acquisition of the company. Anhui Auto achieved sales of approximately 106,000 units during the year, with the light truck business as the biggest contributor, followed by 'JAC' automotive chassis which was the top-selling brand in the PRC in 2003. In addition, market share of 'Refine' multi-purpose vehicles ("MPV") improved dramatically as Anhui Auto succeeded in creating brand awareness and enhancing sales service. These MPVs, commanding higher margins than its other products, contributed substantially to the profitability of Anhui Auto.

As the PRC automobile market undergoes rapid growth, Anhui Auto faces heightening competition and cost pressures. It has, therefore, taken steps to enhance its competitiveness by restructuring its product mix, improving sales service and increasing production capabilities. By these means it aims to maintain its position as the top seller of automotive chassis, and to move up

from third place for the sale of light trucks. During the year Anhui Auto began mass production of several newly enhanced models of automotive chassis and light trucks, and these products are expected to be well received by the market. Sales outlets for MPVs increased to about 80, covering all major cities in the PRC, and new MPV models, such as ‘Luxurious Business’, ‘Cosy Business’ and ‘Colourful Journey’ classes, were developed to cater to different market segments at varying prices. In addition, intensive training and development of sales personnel were implemented to lift service levels to new heights.

ELECTRONICS DIVISION

The electronics business, under Advent Electronics Pte Ltd (Advent), is concerned with semiconductor and related component distribution, turnkey project management and finished product sales. Its agency lines include world-class manufacturers such as International Rectifiers, National Semiconductor, Sony, Microchip Technology, Conexant, Focus Enhancements and Syntek Semiconductor. Advent has distribution centres in Singapore and Malaysia, and offices in India and London.

During the year, Advent reported a 19% decrease in profit before tax from $4.2 million to $3.4 million, on a 30% reduction in turnover from $107.7 million to $75 million. The drop in revenue was partly attributable to Advent’s strategy in repositioning towards higher margin business. The turnkey project management business in the USA was reduced, as its USA partners transferred certain projects to the PRC, which Advent declined to pursue due to very low margins. New representatives were appointed in the USA to search for more profitable projects, resulting in increased expenditure. Additional expenditure was also incurred in setting up a new London office and expanding the three liaison offices in India. Thus, operating expenses went up. Nevertheless, higher gross profits were achieved due to the niche component agency lines, and these offset the increase in operating expenses. Turnkey project business in Europe progressed well, thanks to the presence of the London office in the European market.

As demand for semiconductors and networking products keeps rising in India, Advent’s India offices are expected to register the highest revenue growth in the next year. To permit local currency transactions in India, so as to increase business volume, the liaison offices have been upgraded to limited company status, and Advent Infotech Private Limited was established.

Component distribution

With production efficiencies and cost control measures in place and healthy profit margins for its product lines, Advent made good progress in its component distribution business, benefiting from the turnaround in the semiconductor industry. During the year, Microchip Technology, Focus Enhancements and Syntek Semiconductor were added to its stable of niche agency lines, as well as private-label video chips. Imprinted with Advent's logo, these video chips, exclusively supplied by Advent on a worldwide basis, enable downloading of analogue images into computers, and can also be used in medical and industrial products where they command higher margins. Advent will start to focus on component distribution in the PRC selectively, following the relocation of Singapore-based customers’ manufacturing facilities to the PRC.

Turnkey project management

Through focused activities carried out at the London office, turnkey project management business in Europe picked up, with more companies outsourcing their manufacturing to the ASEAN region via Advent. Accordingly, Advent is considering setting up an USA office to penetrate further into the US market when its turnkey project business there improves.

Board of Directors

1. OTHMAN WOK, CHAIRMAN

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

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

2. CHENG YONG KWANG, EXECUTIVE DIRECTOR

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

Mr Cheng has more than 19 years of experience in finance and treasury operations, both in manufacturing and property development sectors. He joined The Lion Group in 1981 and was initially seconded to the Group's head office in Malaysia. He was later transferred to Singapore to assume the responsibility of overseeing the finance and treasury division of The Lion Group's operations in Singapore. In 1996, Mr Cheng was appointed as an Executive Director of the Company to oversee its day-to-day operations.

Mr Cheng also sits on the boards of Zhejiang Qianjiang Motorcycle Co., Ltd and Anhui Jianghuai Automobile Co., Ltd, both of which are the Company's associates listed on the stock exchanges in Shenzhen and Shanghai respectively. He is a director of Lion Diversified Holdings Berhad which is listed on Bursa Malaysia, and a member of the Board of Commissioners of PT Lion Metal Works, listed on the Jakarta Stock Exchange.

3. YING YOKE KWAI, DIRECTOR

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

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

4. 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 a Non-Executive Director, and a member of the Nominating Committee. He was last re-elected as a Director in November 2003.

Mr Sam is currently the Chief Executive Officer and co-founder of Megatalk Pte Ltd which engages in telecommunications services. He was the Company's Managing Director, as well as Chief Executive Officer and Executive Vice-Chairman of Lion Teck Chiang Limited concurrently from 1997 to May 2002. Mr Sam has also served as managing directors for other public listed companies in Singapore, namely Comfort Group Ltd (1994 - 1997) and VICOM Ltd (1995 - 1997), of which he was responsible for their overall management and performance. He joined Intraco Ltd in 1987 and left as its General Manager in 1994, and his duties included running businesses in fields such as general trading, electronics, timber, car distribution and foreign joint venture.

Mr Sam currently sits on the boards of Stamford Tyres Corporation Ltd and Xpress Holdings Ltd. He has been the chairman of NTUC Co-operative Dental Care Society, Limited from 1993 to 2003, and a director of Zhejiang Qianjiang Motorcycle Co., Ltd, a Shenzhen-listed associate of the Company, from March 1999 to March 2002.

Key Management

1. **Othman Wok**
Chairman

2. **Cheng Yong Kwang**
Executive Director

3. **Ying Yoke Kwai**
Director

4. **Sam Chong Keen**
Director

5. **Cheng Theng How**
Director

6. **Lin Chung Dien**
Director

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

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

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

6. LIN CHUNG DIEN, DIRECTOR
Mr Lin Chung Dien holds a Bachelor of Mechanical Engineering degree from the National Taiwan University. Mr Lin is a Non-Executive Director since March 1996. He was last re-elected as a Director in November 2001 and will retire at the forthcoming annual general meeting (“AGM”). Mr Lin has decided not to seek re-election at the AGM.

Mr Lin is currently the Chairman and Chief Executive Officer of Bichain Trading Co Ltd, which is based in Taiwan and distributes steel and iron products, since 1972. He has served as an Export Manager (Taipei Branch) with Sanyo Seike Trading Co. Ltd. from 1967 to 1972, and as a Mechanical Engineer with Da-Eng Steel & Iron Co. Ltd from 1966 to 1967.

Mr Lin is also a director of Amalgamated Containers Berhad, a substantial shareholder of the Company which is listed on Bursa Malaysia.

TAN KIM KEE is a Senior Manager of the Company since June 2001 and he oversees the Group’s automotive investments in China. He sits on the boards of Zhejiang Qianjiang Motorcycle Co Ltd and Anhui Jianghuai Automobile Co Ltd, both of which are the Group’s automotive associates listed on the stock exchanges in Shenzhen and Shanghai respectively. Mr Tan holds a Master degree in Business Management from the Heriot Watt University and is an accountant by profession.

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

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

Mr Lim has extensive experience in the telecom and electronics industries since 1972, beginning with his career in the then Singapore Telecoms. He is 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.

Corporate Governance

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

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

BOARD MATTERS

The Board's Conduct of its Affairs

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

During the financial year, the Board met 3 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 6 directors, 2 or one-third 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
	Cheng Theng How
	Lin Chung Dien

Chairman of the Board

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

Directors' Attendance

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

The number of meetings of the Company attended by the Directors during the financial year ended 30 June 2004 are set out as follows :-

	Board	Audit	Nominating	Remuneration
Number of meetings	**3**	**3**	**1**	**1**
Othman Wok	3	3	1	1
Cheng Yong Kwang	3	n.a.	n.a.	1
Ying Yoke Kwai	3	3	1	1
Cheng Theng How	3	3	n.a.	n.a.
Sam Chong Keen	3	n.a.	1	n.a.
Lin Chung Dien*	0	n.a.	n.a.	n.a.

* Mr Lin Chung Dien, a non-executive Director, resides in Taiwan and travels overseas extensively. Despite his absence at the Board meetings, he is furnished with all Board papers for review and he discusses with the Board members via telecommunication means.

Nominating Committee
The Nominating Committee ("NC") comprises 3 members, 2 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	(Non-executive 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 and Ying Yoke Kwai 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 directors.

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

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

Access to Information
The Directors are provided with complete and adequate information in a timely manner by the management. To facilitate an informed decision making, explanatory notes or reports on major operational, financial and corporate issues, together with copies of disclosure documents and/or financial statements are circulated to the Directors at a reasonable time period prior to Board meetings for their perusal.

All Directors have independent access to the senior management of the Company and also the Company Secretary. The Company Secretary attends all Board meetings and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is responsible for the Company's compliance with the requirements of the Companies Act, rules of the SGX-ST listing manual and other applicable regulations.

REMUNERATION MATTERS

Remuneration Committee

The Remuneration Committee ("RC") comprises 3 members, 2 of whom including the chairman are independent members. The RC met once during the financial year.

Othman Wok (Chairman, Independent Director)
Ying Yoke Kwai (Independent Director)
Cheng Yong Kwang (Executive Director)

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

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

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

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

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

Remuneration Report

Details of remuneration paid to the Directors of the Company for the year ended 30 June 2004 are as follows:

Remuneration Band	Name of Director	Salary	Bonus	Benefits -in-kind	Directors' Fees	Total
Below $250,000	Othman Wok	--	--	--	100%	100%
	Cheng Yong Kwang	84%	9%	7%	--	100%
	Ying Yoke Kwai	--	--	--	100%	100%
	Sam Chong Keen	--	--	--	100%	100%
	Cheng Theng How	--	--	--	100%	100%
	Lin Chung Dien	--	--	--	100%	100%

For competitive reasons, details of remuneration paid to the top 5 key executives of the Group for the year ended 30 June 2004 are not disclosed.

ACCOUNTABILITY AND AUDIT

Audit Committee

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

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

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

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

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

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

Internal Controls and Internal Audit

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

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

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

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

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

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

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

COMMUNICATION WITH SHAREHOLDERS

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

To maintain transparency, the Board does not practise selective disclosure. The shareholders are informed of all material developments that impact the Group in a timely manner via MASNET and postings on the Company's internet website.

The Board regards the annual general meeting as an opportunity to communicate directly with shareholders and encourages participative dialogue. The members of the Board and chairman of the Board Committees will attend the general meeting and are available to answer questions from shareholders present.

SECURITIES TRANSACTIONS

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

Corporate Directory

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

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

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

REMUNERATION COMMITTEE
Othman Wok, Chairman
Ying Yoke Kwai
Cheng Yong Kwang

EXECUTIVES' SHARE OPTION SCHEME COMMITTEE
Othman Wok
Ying Yoke Kwai

COMPANY SECRETARIES
Tan Yen Hui, ACIS
Chan Su Lee, ACIS

REGISTERED OFFICE
10 Arumugam Road #10-00
Lion Industrial Building
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
Fax : (65) 6236 3300

Partner-in-charge of the audit:
Yee Chen Fah
(Appointed during the financial year ended 30 June 2000)

PRINCIPAL BANKERS
The Development Bank of Singapore Limited
6 Shenton Way
DBS Building
Singapore 068809

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

LAWYERS
Clifford Chance Wong Pte Ltd
80 Raffles Place #58-01
UOB Plaza 1
Singapore 048624
Tel : (65) 6416 8000
Fax : (65) 6532 5711

Financial Highlights

TURNOVER	30 June 2004 $'000	30 June 2003 $'000
Electronic component distribution	75,018	107,673
Marine food processing*	–	540
Dry cargo containers*	–	–
Automotive	n.a	n.a
Group Total	75,018	108,213

INCOME STATEMENT	30 June 2004 $'000	30 June 2003 $'000
Electronic component distribution	3,420	4,230
Marine food processing*	377	320
Dry cargo containers*	(303)	(513)
Segmental result	3,494	4,037
Share of automotive division's results^	19,644	5,581
Profit before tax	21,364	3,538
Net profit/(loss) after tax	12,291	(2,400)

BALANCE SHEET	30 June 2004 $'000	30 June 2003 $'000
Fixed assets	503	1,523
Associated companies	113,222	158,234
Other investments	16,693	16,693
Amount due from a shareholder of an associate	8,100	8,256
Current assets	79,742	52,401
Current liabilities	(23,649)	(73,793)
Long term liabilities	(49,897)	(27,949)
Net assets	144,714	135,365
Represented by:		
Share capital	40,549	101,372
Capital reserves	55,838	43,714
Revenue reserves	41,209	(16,786)
Reserve on consolidation	3,421	3,421
Minority interests	3,697	3,644
Shareholders' funds	144,714	135,365

	As at 30 June 2004 (cents)	As at 30 June 2003 (cents)
Earnings/(loss) per share	3.03	(0.71)
Net assets backing per ordinary share	34.78	32.50
Par value per share	10.00	25.00

* Ceased operations.
^ In FY 2004, share of 12 months' results of automotive division; and
In FY 2003, share of 9 months' results of automotive division.

FINANCIAL CONTENTS

LION ASIAPAC LIMITED Annual Report 2004

The directors present their report to the members together with the audited financial statements of the Company and of the Group for the financial year ended 30 June 2004.

DIRECTORS

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

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND 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 of the Company and related corporations.

(b) According to the register of directors' shareholdings, a director holding office as at 30 June 2004 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:

	Number of unissued ordinary shares of $0.10 each under option held by director	
	At 30.6.2004	At 1.7.2003
Cheng Yong Kwang	20,000	70,000

The above interest as at 30 June 2004 remained unchanged as at 21 July 2004.

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.

SHARE OPTIONS

(a) **LAP Share Option Scheme**

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

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

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

SHARE OPTIONS (CONT'D)

(b) **Options outstanding**

The options on ordinary shares of the Company outstanding at 30 June 2004 were as follows:

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

(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 infomation disclosed elsewhere in the report, it is reported that during the financial year:

(i) The Committee administering the share option schemes comprises Directors Othman Wok and Ying Yoke Kwai.

(ii) No options have been 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:

Name of Director	Options granted during financial year under review	Aggregate options granted since commencement of of Scheme to end of financial year under review	Aggregate options which lapsed since commencement of Scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Cheng Yong Kwang	–	90,000	70,000	20,000

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

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

(f) **Warrants outstanding**

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

Date issued	Number of warrants at date of issue	Number of warrants outstanding at 30.6.2004	Exercise Price	Expiry date
29 November 2002	157,877,000	157,877,000	$0.25	28.11.2007

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

AUDIT COMMITTEE

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

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

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

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

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

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

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

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to accept re-appointment.

On behalf of the directors

CHENG YONG KWANG
Director

CHENG THENG HOW
Director

Singapore
21 September 2004

Statement by Directors

In the opinion of the directors,

(a) the balance sheet of the Company and the financial statements of the Group as set out on pages 22 to 55 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2004 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
21 September 2004

We have audited the balance sheet of Lion Asiapac Limited and the consolidated financial statements of the Group for the financial year ended 30 June 2004 set out on pages 22 to 55. 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 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 2004 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
21 September 2004

Consolidated Income Statement

For the financial year ended 30 June 2004

	Note	2004 $'000	2003 $'000
Sales	3	**75,018**	108,213
Changes in inventories of finished goods and work in progress		**(391)**	(1,783)
Raw materials and consumables used		**(66,456)**	(98,187)
Other operating income		**1,154**	892
Staff costs	4	**(3,718)**	(3,196)
Depreciation of property, plant and equipment		**(252)**	(238)
Other operating expenses		**(4,511)**	(3,571)
Profit from operations	5	**844**	2,130
Finance cost - net	6	**(1,557)**	(2,321)
Share of results of associates		**19,644**	5,581
Exceptional items	7	**2,433**	(1,852)
Profit before tax		**21,364**	3,538
Tax	8	**(7,838)**	(4,473)
Profit/(loss) from ordinary activities after tax		**13,526**	(935)
Minority interest		**(1,235)**	(1,465)
Net profit/(loss)		**12,291**	(2,400)
Earnings/(loss) per share			
Basic	9	3.03 cents	(0.71) cents
Diluted	9	3.03 cents	(0.71) cents

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

Auditors' Report – Page 21

	Note	The Group 2004 $'000	The Group 2003 $'000	The Company 2004 $'000	The Company 2003 $'000
ASSETS					
Current assets					
Cash and cash equivalents	10	**40,578**	21,154	**16,987**	2,527
Receivables	11	**31,886**	20,326	**5,761**	17,795
Inventories	12	**5,983**	6,374	**–**	–
Other current assets	13	**1,295**	4,547	**35**	36
		79,742	52,401	**22,783**	20,358
Non-current assets					
Receivables	14	**8,100**	8,256	**42,353**	54,773
Other investments	15	**16,693**	16,693	**–**	–
Investments in associates	16	**113,222**	158,234	**–**	–
Investments in subsidiaries	17	**–**	–	**47,749**	47,496
Property, plant and equipment	18	**503**	1,523	**271**	374
		138,518	184,706	**90,373**	102,643
Total assets		**218,260**	237,107	**113,156**	123,001
LIABILITIES					
Current liabilities					
Payables	19	**15,352**	17,970	**10,788**	20,038
Borrowings	20	**7,218**	54,643	**7,218**	51,661
Provisions	21	**1,079**	1,180	**175**	2,055
		23,649	73,793	**18,181**	73,754
Non-current liabilities					
Payables	19	**–**	13,872	**–**	–
Borrowings	20	**49,897**	14,077	**36,086**	–
		49,897	27,949	**36,086**	–
Total liabilities		**73,546**	101,742	**54,267**	73,754
		144,714	135,365	**58,889**	49,247
SHAREHOLDERS' EQUITY					
Share capital	22	**40,549**	101,372	**40,549**	101,372
Share premium		**6,938**	6,938	**6,938**	6,938
Capital redemption reserve		**105**	105	**–**	–
Foreign currency translation and other reserves	23	**52,216**	40,092	**4,104**	(11,783)
Retained earnings/(accumulated losses)	24	**41,209**	(16,786)	**7,298**	(47,280)
Interests of shareholders of the Company		**141,017**	131,721	**58,889**	49,247
Minority interests	25	**3,697**	3,644	**–**	–
		144,714	135,365	**58,889**	49,247

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 21

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2004

	Note	Share capital $'000	Share premium $'000	Capital redemp-tion reserve* $'000	Foreign currency translation and other reserves $'000	Retained Earnings/ (Accumu-lated losses) $'000	Total $'000
Balance at 1 July 2003		101,372	6,938	105	40,092	(16,786)	131,721
Currency translation differences not recognised in income statement	23(b)	–	–	–	(2,995)	–	(2,995)
Net profit for the financial year		–	–	–	–	12,291	12,291
Total recognised gains and losses for the financial year		**–**	**–**	**–**	**(2,995)**	**12,291**	**9,296**
Reduction of share capital	22(b)	(60,823)	–	–	13,543	47,280	–
Transfer from revenue reserve	23(b)	–	–	–	1,576	(1,576)	–
Balance at 30 June 2004		40,549	6,938	105	52,216	41,209	141,017
Balance at 1 July 2002		61,903	6,938	105	37,171	(12,280)	93,837
Currency translation differences not recognised in income statement	23(b)	–	–	–	815	–	815
Net loss for the financial year		–	–	–	–	(2,400)	(2,400)
Total recognised gains and losses for the financial year		**–**	**–**	**–**	**815**	**(2,400)**	**(1,585)**
Transfer from revenue reserve	23(b)	–	–	–	2,106	(2,106)	–
Issue of share capital	22(b)	39,469	–	–	–	–	39,469
Balance at 30 June 2003		101,372	6,938	105	40,092	(16,786)	131,721

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

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 21

For the financial year ended 30 June 2004

	Note	2004 $'000	2003 $'000
Cash flows from operating activities			
Profit/(loss) before tax and share of results of associates		**1,720**	(2,043)
Adjustments for:			
Depreciation of property, plant and equipment		**252**	238
Interest expense		**1,799**	2,396
Interest income		**(242)**	(75)
Gain on disposal of property, plant and equipment		**(332)**	(337)
Provision for cessation of operations of subsidiaries		**–**	1,852
Gain on disposal of partial interest in associates		**(2,644)**	–
Loss on disposal of partial interest in a subsidiary		**211**	–
Operating profit before working capital changes		**764**	2,031
Change in operating assets and liabilities			
Receivables		**(11,560)**	858
Inventories		**391**	(1,184)
Other current assets		**172**	222
Payables		**(17,905)**	405
Currency translation adjustment		**937**	45
Net cash (used in)/generated from operations		**(27,201)**	2,377
Tax paid		**(1,007)**	(662)
Net cash (outflow)/inflow from operating activities		**(28,208)**	1,715
Cash flows from investing activities			
Dividends received from associates		**34,859**	6,267
Purchase of property, plant and equipment		**(50)**	(648)
Proceeds from disposal of property, plant and equipment		**4,109**	358
Payments for purchase of associates		**–**	(116)
Interest received		**242**	75
Payment for purchase of subsidiary, net of cash acquired	10	**–**	(5,807)
Payments for investments		**–**	(1,058)
Proceeds from disposal of partial interest in associates		**22,273**	–
Proceeds from disposal of partial interest in a subsidiary		**22**	–
Net cash inflow/(outflow) from investing activities		**61,455**	(929)
Cash flows from financing activities			
Proceeds from bank loans		**–**	14,370
Repayment of bank loans		**(10,664)**	–
Interest paid		**(1,693)**	(2,717)
Net cash (outflow)/inflow from financing activities		**(12,357)**	11,653
Net change in cash and cash equivalents		**20,890**	12,439
Cash and cash equivalents at the beginning of the financial year		**19,113**	6,770
Effects of exchange rate charges on cash and cash equivalents		**(419)**	(96)
Cash and cash equivalents at the end of the financial year	10	**39,584**	19,113

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 21

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

1. GENERAL

The Company is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The address of its registered office is as follows:

10 Arumugam Road
#10-00 Lion Industrial Building
Singapore 409957

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Effect of changes in Singapore Companies Legislation

Pursuant to the Singapore Companies (Amendment) Act 2002, with effect from financial year commencing on or after 1 January 2003, Singapore-incorporated companies are required to prepare and present their statutory accounts in accordance with the Singapore Financial Reporting Standards ("FRS"). Hence, these financial statements, including the comparative figures, have been prepared in accordance with FRS.

Previously, the Company and the Group prepared their statutory accounts in accordance with Singapore Statements of Accounting Standard. The adoption of FRS does not have material impact on the accounting policies and figures presented in the statutory accounts for the financial year ended 30 June 2003.

(b) Basis of preparation

These financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with Singapore Financial Reporting Standards 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 event and actions, actual results may ultimately differ from those estimates.

(c) Revenue recognition

Revenue comprises the invoiced value of goods and services net of goods and services tax, returned goods and trade discounts. Turnover of the Group excludes transactions between Group companies.

Revenue from the sale of goods is recognised upon delivery to customers.

Interest income is recognised on a time proportion basis, based on the principal outstanding and the effective interest rate over the period of maturity, when it is determined that such income will accrue to the Group.

Dividends are recognised when the right to receive payment is established.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Group accounting

(1) Subsidiaries

Subsidiaries are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. 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 up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. Any excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill.

Intercompany transactions and balances, unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(2) Associates

The Group treats as associates those companies in which the Group has significant influence over the financial and operating policy decisions.

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

Equity accounting involves recognising the Group's share of the results of associates in the consolidated income statement and the Group's share of post-acquisition movements in reserves in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of investment. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

The Group's investments in associates are stated in the balance sheet at an amount that reflects its share of the net assets of the associates and includes goodwill (net of accumulated amortisation) on acquisition. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associates.

(e) 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. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, net of bank overdrafts. In the balance sheet, bank overdrafts are included under borrowings in current liabilities.

(g) Trade receivables

Trade receivables are carried at original invoice amount less allowance made for doubtful receivables based on all outstanding amounts at the year end. An allowance for doubtful receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to original terms of receivables. Bad debts are written off when identified.

(h) Inventories

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

Allowance for obsolete, slow-moving or defective inventories is made where necessary.

(i) Investments

Investments in subsidiaries and associates are stated in the financial statements of the Company at cost less impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount. Impairment losses are taken to the income statement in the period in which the loss is determined.

Investments in other non-current investments are stated at cost and an allowance for diminution is made where, in the opinion of the Directors, there is a decline which is other than temporary in the value of such investments. Where there has been a decline, which is other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

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

(j) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line method to write down the costs of the assets over their estimated useful lives to their residual values. The annual depreciation rates applied are as follows:

Buildings	-	2% - 5%
Plant and machinery	-	10% - 46%
Office equipment and vehicles	-	10% - 40%
Furniture and fittings	-	10% - 33.3%

Repairs and maintenance are taken to the income statement during the financial period in which they are incurred.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing the net disposal proceeds with the carrying amount of the item disposed of and are included in profit from operations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Negative goodwill

Negative goodwill represents the excess of the fair value of the Group's share of the net assets of the associates acquired over the fair value of consideration given at the date of acquisition. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is included in investment in associates. This negative goodwill is recognised in the share of results of associates in the income statement over five years, which is approximately the remaining average useful lives of those assets. Negative goodwill in excess of the fair values of those assets is recognised in the income statement immediately.

Negative goodwill on acquisitions that occurred prior to 1 July 2001 was included in full in the consolidation reserve in the year of acquisition; such negative goodwill has not been retroactively recognised in the income statement.

(l) Impairment of long lived assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(m) Operating leases

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

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

(n) Provisions

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

(o) Employee benefits

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.

Post employment benefits

The Group, apart from the legally required social security schemes, operates defined contribution plans. The Group's obligation, in regard to the defined contribution plans, is limited to the amount it contributes to the funds. The expenses are disclosed under staff costs (Note 4).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee benefits (cont'd)

Equity compensation benefits

Share options are granted to certain directors and to employees under various share option schemes of the Group. No compensation cost is recognised upon granting of the exercise of the options. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital.

(p) Foreign currency translation

(1) Measurement currency

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

(2) Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange prevailing at the balance sheet date or at contracted rates where they are covered by forward exchange contracts. Exchange differences arising are taken to the income statement.

(3) Group companies

In respect of associates and foreign subsidiaries whose operations are not an integral part of the Company's operations, the balance sheets are translated into Singapore dollars at the exchange rates prevailing at the balance sheet date, and the results are translated using the weighted average exchange rates for the financial year.

The following foreign exchange translation differences are taken directly to foreign currency translation reserve until the disposal of the net investment, at which time they are recognised as income or expenses as the case may be:

(a) those arising on the assets and liabilities of foreign subsidiaries and foreign associates;

(b) those arising on any monetary balance which in substance forms part of the Group's net investment in foreign subsidiaries and foreign associates; and

(c) those arising on any foreign currency liability accounted for as a hedge of the Company's net investment in foreign subsidiaries or foreign associates.

(q) Segment reporting

Business segments provide products and services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide 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.

3. REVENUE

	The Group 2004 $'000	The Group 2003 $'000
Sale of goods (net)	**75,018**	108,213
Share of associates' turnover	**381,615**	252,513

4. STAFF COSTS

	The Group 2004 $'000	The Group 2003 $'000
Wages and salaries	**3,323**	2,857
Employer's contribution to Central Provident Fund	**314**	332
Termination benefits	**–**	4
Other benefits	**81**	3
	3,718	3,196

	The Group 2004	The Group 2003
The number of persons employed at the end of the financial year		
- Full time	**69**	69

5. PROFIT FROM OPERATIONS

The following items have been included in arriving at profit from operations:

	The Group 2004 $'000	The Group 2003 $'000
Charging/(crediting):		
Auditors' remuneration		
- auditors of the Company		
- current year	**130**	124
- under-provision in respect of prior year	**–**	2
- other auditors *	**214**	181
Other fees paid/payable to auditors of the Company	**57**	15
Depreciation of property, plant and equipment		
- buildings	**2**	8
- plant and machinery	**5**	21
- office equipment and vehicles	**195**	152
- furniture and fittings	**50**	57
Gain on disposal of property, plant and equipment	**(332)**	(337)
Foreign exchange gain - net	**(274)**	(332)
Rental expense - operating lease	**115**	240

* Includes PricewaterhouseCoopers firms outside Singapore.

6. FINANCE COST

	The Group	
	2004	2003
	$'000	$'000
Interest income - deposits at call and bank balances	**242**	75
	242	75
Interest expense		
- Overdrafts	**(24)**	(228)
- Bank term loans	**(1,775)**	(2,168)
	(1,799)	(2,396)
	(1,557)	(2,321)

7. EXCEPTIONAL ITEMS

	The Group	
	2004	2003
	$'000	$'000
Provision for cessation of operations of subsidiaries		
- Impairment of property, plant and equipment	**–**	(1,852)
Gain on disposal of partial interest in associates	**2,644**	–
Loss on disposal of partial interest in a subsidiary	**(211)**	–
	2,433	(1,852)

8. TAXATION

(a) Tax expense

	The Group	
	2004	2003
	$'000	$'000
Current income tax provision		
- Singapore	**739**	831
- Foreign	**167**	–
Share of taxes of associates	**6,932**	3,638
	7,838	4,469
Underprovision in preceding financial year	**–**	4
	7,838	4,473

8. TAXATION (CONT'D)

(a) Tax expense (cont'd)

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

	The Group	
	2004	2003
	$'000	$'000
Profit before tax	**21,364**	3,538
Less: Share of results of associates	**(19,644)**	(5,581)
	1,720	(2,043)
Tax calculated at a tax rate of 20% (2003: 22%)	**344**	(449)
Singapore statutory stepped income exemption	**(21)**	(59)
Effect of different tax rates in other countries	**63**	–
Income not subject to tax	**(32)**	(210)
Expenses not deductible for tax purposes	**552**	1,190
Tax losses not available for carry forward	**–**	120
Deferred tax benefit not recognised on tax losses carried forward	**–**	239
	906	831
Share of taxes of associates	**6,932**	3,638
	7,838	4,469

Included in the share of taxes of associates for the previous financial year is an amount of Rmb8,700,000 (S$1,840,000) incurred in respect of prior years.

As at 30 June 2004, 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 Income Tax Act and agreement with the tax authorities in the respective jurisdictions:

	The Group	
	2004	2003
	$'000	$'000
Tax losses	**21,243**	15,840
Capital allowances	**6,622**	4,952

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.

(b) Movements in provision for current tax

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Balance at the beginning of the financial year	**1,180**	1,007	**55**	55
Payments during the financial year	**(1,007)**	(662)	**–**	–
Provision for the financial year	**906**	831	**82**	–
Overprovision in preceding financial year	**–**	4	**–**	–
Balance at the end of the financial year	**1,079**	1,180	**137**	55

9. EARNINGS/(LOSS) PER SHARE

	The Group	
	2004	2003
	$'000	$'000
Profit/(loss) after tax attributable to members of the Company	**12,291**	(2,400)
Weighted average number of ordinary shares for basic and diluted earnings per share ('000)	**405,488**	339,706

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares, warrants and share options. A calculation is done to determine the number of shares that would have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding warrants and share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrants and share options. If the latter is larger, the difference is added to the denominator as an issue of ordinary shares for no consideration, resulting in a dilutive effect. No adjustment is made to profit/(loss) (numerator).

For the years ended 30 June 2004 and 30 June 2003, potential ordinary shares from the conversion of the outstanding warrants and share options are anti-dilutive and have been ignored in calculating diluted earnings/(loss) per share.

10. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**25,194**	17,564	**5,136**	88
Deposits, at call	**15,384**	3,590	**11,851**	2,439
	40,578	21,154	**16,987**	2,527

The weighted average effective interest rates on deposits at call of the Group and the Company at balance sheet date were 1.27% (2003: 1.46%) per annum and 1.09% (2003: 0.79%) per annum, respectively.

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

	The Group	
	2004	2003
	$'000	$'000
Cash and bank (as above)	**40,578**	21,154
Less: Bank overdrafts (Note 20)	**(994)**	(2,041)
Cash and cash equivalents per consolidated cash flow statement	**39,584**	19,113

10. CASH AND CASH EQUIVALENTS (CONT'D)

Acquisition of a subsidiary

During the financial year ended 30 June 2003, the Company acquired a 100% interest in Angkasa Transport Equipment Sdn Bhd for a consideration of $45,757,000. The fair value of net identifiable assets of the subsidiary acquired was $56,210,000 at the acquisition date.

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

	The Group	
	2004	2003
	$'000	$'000
Receivables	**–**	2,360
Cash	**–**	481
Other investment	**–**	15,635
Associate	**–**	38,262
Payables	**–**	(528)
	–	56,210
Negative goodwill	**–**	(10,453)
	–	45,757
Total consideration made up of:		
Issue of shares	**–**	39,469
Cash	**–**	6,288
	–	45,757
Cash paid	**–**	6,288
Less: cash acquired	**–**	(481)
Net cash outflow	**–**	5,807

11. RECEIVABLES - CURRENT

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Trade receivables - third parties	**10,291**	13,781	**–**	–
Less: Provision for doubtful trade receivables	**(133)**	(133)	**–**	–
	10,158	13,648	**–**	–
Other receivables	**1,391**	1,749	**1,189**	1,614
Less: Provision for other doubtful receivables	**(322)**	(36)	**(322)**	–
	1,069	1,713	**867**	1,614

11. RECEIVABLES - CURRENT (CONT'D)

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Non-trade receivables				
- subsidiaries	**–**	–	**3,239**	16,108
- associates	**4,463**	22	**22**	22
- related parties (Note 31)	**995**	856	**50**	51
Dividends receivable from associates	**15,201**	4,087	**–**	–
Dividends receivable from subsidiaries	**–**	–	**1,583**	–
	20,659	4,965	**4,894**	16,181
	31,886	20,326	**5,761**	17,795

The non-trade amounts receivable from subsidiaries, associates and related parties are unsecured, interest free and repayable upon demand.

12. INVENTORIES

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Finished goods				
- at net realisable value	**5,983**	6,374	**–**	–

13. OTHER CURRENT ASSETS

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Tax receivable	**30**	18	**14**	13
Deposits	**67**	65	**18**	18
Prepayments	**20**	19	**3**	5
Assets held for resale	**1,178**	4,445	**–**	–
	1,295	4,547	**35**	36

14. RECEIVABLES – NON-CURRENT

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Receivable from subsidiaries				
- Loans	**–**	–	**49,446**	56,273
Less: Provision for doubtful debts	**–**	–	**(8,922)**	(6,762)
- Advance	**–**	–	**41,983**	44,990
Less: Provision for doubtful debts	**–**	–	**(40,154)**	(39,728)
Receivable from a shareholder of an associate – non-trade	**8,100**	8,256	**–**	–
	8,100	8,256	**42,353**	54,773

14. RECEIVABLES – NON-CURRENT (CONT'D)

The loans to subsidiaries are unsecured and there is no specified payment date. However, the Company has indicated that it will not demand settlement of these loans within one year from 30 June 2004. Interest is charged at rates ranging from 2% to 7% (2003: 2% to 7%) per annum. The fair values of the loans approximate their carrying values.

The advance to a subsidiary is unsecured, interest-free and there is no specified payment date. However, the Company has indicated that it will not demand settlement of the advance within one year from 30 June 2004.

The non-trade receivable from a shareholder of an associate is unsecured, interest-free and settlement is not expected within one year from 30 June 2004.

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

15. OTHER INVESTMENTS

	The Group	
	2004	2003
	$'000	$'000
Unquoted investment at cost		
Hefei Jianghuai Automotive Co., Ltd [Note (a) below]	**15,635**	15,635
Emuzed Inc. [Note (b) below]	**1,058**	1,058
	16,693	16,693

(a) The unquoted investment of $15,635,000 represents a 25% equity interest held by the Group in Hefei Jianghuai Automotive Co., Ltd. ("HFJH") as at 30 June 2004. The Group does not regard HFJH as an associate as it does not have significant influence over the financial and operating policy decisions of HFJH. Consequently, the investment in HFJH has been accounted for at cost.

The bank term loan of a subsidiary is secured over this investment in HFJH [Note 20(b)(ii)].

(b) The unquoted investment of $1,058,000 is made up of 500,000 preferred shares at US$1 per share and 100,000 common stock at US$1 per share in Emuzed Inc., a company incorporated in the United States of America. The Group holds an equity interest of 1.6% in Emuzed Inc. as at 30 June 2004 and the shares are ranked pari passu in all respects with all other shares previously issued by Emuzed Inc. in the event of liquidation.

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

16. INVESTMENTS IN ASSOCIATES

Interests in associates are held by six (2003: six) wholly-owned investment holding subsidiaries.

	The Group	
	2004	2003
	$'000	$'000
Investments in unquoted equity shares, at cost	**55,979**	104,044
Share of reserve on acquisition of associates	**4,671**	4,671
Negative goodwill arising from acquisition of associates (see note below)	**(6,273)**	(8,363)
Group's share of post-acquisition retained profits and reserves of associates net of dividends received	**58,845**	57,882
	113,222	158,234

16. INVESTMENTS IN ASSOCIATES (CONT'D)

Negative goodwill

	The Group	
	2004	2003
	$'000	$'000
Balance at the beginning of the financial year	**8,363**	–
Acquired during the financial year	**–**	10,453
Recognised as income during the financial year	**(2,090)**	(2,090)
Balance at the end of the financial year	**6,273**	8,363

Details of associates are as follows:

Name of company	Country of incorporation and place of business	Principal activities	Effective ownership interest 2004 %	2003 %	Note
Held by subsidiaries:					
Zhejiang Yipeng Engine Parts Co., Ltd ("Yipeng") *	The People's Republic of China	Manufacture of motorcycle engine parts and assembly of motorcycle engines	**36**	49	(a)
Zhejiang Yirong Engine Parts Co., Ltd ("Yirong") *	The People's Republic of China	Manufacture of fuel tanks and exhaust pipes, spray painting of fuel tanks	**38**	38	
Zhejiang Yizhong Motorcycle Electric Products Co., Ltd ("Yizhong") *	The People's Republic of China	Manufacture of shock absorbers and body frame, assembly of various electrical instruments and components	**36**	51	(a),(b)
Zhejiang Victor Motorcycle Co., Ltd ("Victor") *	The People's Republic of China	Assembly of motorcycles	**42**	42	
Zhejiang Mount-Channel Machinery Co., Ltd ("ZMC") *	The People's Republic of China	Manufacture of motorcycle clutches	**30**	30	
Zhejiang Qianjiang Motorcycle Co., Ltd ("ZML") *	The People's Republic of China	Manufacture and distribution of motorcycles and accessories and investment holding	**22**	22	(c)
Chongqing Mount-Channel Machinery Co., Ltd. ("CMC") *	The People's Republic of China	Manufacture of motorcycle clutches	**30**	30	(d)
Anhui Jianghuai Automobile Co., Ltd ("AHJA") #	The People's Republic of China	Manufacture and sale of light trucks, automobile, automotive chassis and gearbox components	**16**	16	(e)

Local statutory audit performed by Anhui Huapu Certified Public Accountants.

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

(a) During the financial year, the Group disposed of an effective interest of 13% of Yipeng and 15% of Yizhong to ZML for a consideration of S$22,273,000. The excess of consideration received over the Group's share of net tangible assets of the associates as of the date of disposal, 30 December 2003, is recorded as an exceptional item in the income statement (Note 7). As of 21 September 2004, date of financial statements, the Group's effective interests in Yipeng and Yizhong have increased to 41.5% each due to acquisition of additional interests by ZML from the other shareholder of Yipeng and Yizhong.

16. INVESTMENTS IN ASSOCIATES (CONT'D)

(b) In prior year, Yizhong was a subsidiary of the Group within the meaning of the Companies Act as the Group's equity interest in this company was 51%. The Group regarded Yizhong, whose operations were integrated with that of Yipeng, Yirong, Victor and ZML, as an associate as at 30 June 2003 as it did not have control or joint control, but merely significant influence, over its financial and operating policy decisions. Consequently for the financial year ended 30 June 2003, it was not meaningful to consolidate or attach the financial statements of Yizhong as this would only give a partial view of the integrated operations of the motorcycle business in China.

(c) The Group's investment in ZML, held through Bright Steel Pte Ltd, of S$20,045,000, represents a 22% (2003: 22%) shareholding in ZML whose shares are listed as "A" shares on the Shenzhen Stock Exchange of The People's Republic of China and these "A" shares can only be traded by Chinese nationals. The Group's holding represents promoter's shares which cannot be traded on the Exchange presently.

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

(e) The Group's investment in AHJA, held through Halton Investment Pte Ltd, represents a 16% (2003: 16%) shareholding in AHJA, whose shares are listed as "A" shares on the Shanghai Stock Exchange of The People's Republic of China and these "A" shares can only by traded by Chinese nationals. The Group's holding represents promoter's shares which cannot be traded on the Exchange presently. The Group regards AHJA as an associate as it has significant influence over the financial and operating policy decisions of AHJA.

(f) The Group's interests in the above associates have been accounted for using the equity method based on the legal percentage of shareholdings indicated above.

Commencing from the last financial year ended 30 June 2003, the Group accounted for the results of the associates to 31 March. In the year of change (financial year ended 30 June 2003), the Group accounted for the results of the associates for the nine months up to 31 March 2003 (except for the interest in AHJA which was acquired in the last financial year ended 30 June 2003 whose results were equity accounted for from the date of completion of acquisition). For the financial year ended 30 June 2004, the Group equity accounted for the results of the associates for the twelve months to 31 March 2004.

The above change is to facilitate timely completion of the audit of these associates in view of the SGX-ST requirements that all listed companies are to release their announcements within 60 days from the relevant reporting periods for financial year beginning on or after 1 January 2003.

17. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2004	2003
	$'000	$'000
Investment in equity shares at cost	**52,505**	52,252
Less: Impairment losses	**(4,756)**	(4,756)
	47,749	47,496

17. 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 2004 %	Equity holding 2003 %	Cost of investment 2004 $'000	Cost of investment 2003 $'000	Note
Held directly by the Company:							
Bright Steel Pte Ltd (1)	Investment holding	Singapore	**100**	100	**25**	25	
Ternair Jaya Sdn Bhd (2)	Investment holding	Malaysia	**100**	100	*******	***	
Arbon Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100	**477**	477	
Aarau Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100	**306**	306	
Grenchen Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100	**279**	279	
Kloten Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100	**47**	47	
Sonlife International Pte Ltd (1)	Seafood processing and distribution and investment holding (Ceased operations during the year ended 30 June 2002)	Singapore	**86**	86	**4,750**	4,750	
Advent Electronics Pte Ltd (1)	Design-in and distribution of semiconductors and related components	Singapore	**53**	55	**528**	550	(a)
Angkasa Transport Equipment Sdn Bhd (2)	Investment holding (Dormant during the year)	Malaysia	**100**	100	**45,757**	45,757	
Clarington Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100	*******	***	
Halton Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100	*******	***	
LAP Investment Pte Ltd (4)	Investment holding (Dormant during the year)	Singapore	**100**	100	*******	***	
Lion Asiapac Management Consultancy (Shanghai) Co.Ltd (3)	Management consultancy	The People's Republic of China	**100**	100	**336**	61	(b)
Lion Containers Sdn Bhd (2)	Manufacture and sale of dry cargo containers (Ceased operations during the year ended 30 June 2000)	Malaysia	**100**	100	**–**	–	
Sonlife Yangon Company Limited (4),(5)	Trading of metal, mineral products and seafood (Ceased operations during the financial year ended 30 June 2002)	Myanmar	**100**	100	**–**	–	
Sonfood Limited (3)	Seafood processing. (Ceased operations during the financial year ended 30 June 2002)	Myanmar	**100**	100	**–**	–	

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation and place of business	Equity holding 2004 %	Equity holding 2003 %	Cost of investment 2004 $'000	Cost of investment 2003 $'000	Note
Sonlife Investment Pte Ltd (1)	Investment holding	Singapore	**100**	100	*******	***	
Advent Electronics (M) Sdn Bhd (3)	Design-in and distribution of semiconductors and related components	Malaysia	**100**	100	**–**	–	
					52,505	52,252	

(1) Audited by PricewaterhouseCoopers, Singapore
(2) Audited by PricewaterhouseCoopers firms outside Singapore
(3) Audited by other firms. These companies are not significant subsidiaries as defined under Rule 717 of the SGX-ST Listing Manual.
(4) These companies are not required to prepare audited financial statements under the laws of its country of incorporation in respect of the financial year ended 30 June 2004. These companies are not significant subsidiaries as defined under Rule 717 of the SGX-ST Listing Manual.
(5) The company is in the process of liquidation during the financial year ended 30 June 2004.
*** Cost of investment less than S$1,000

(a) During the financial year, the Group disposed of 2% share of Advent Electronics Pte Ltd to third parties for a consideration of S$22,000. The excess of the Group's share of net tangible assets of the subsidiary over the consideration received as of the date of disposal, 17 May 2004, is recorded as an exceptional item in the income statement (Note 7).

(b) During the financial year, the Group increased its investment in Lion Asiapac Management Consultancy (Shanghai) Co. Ltd for its working capital purpose.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings $'000	Plant and machinery $'000	Office equipment and vehicles $'000	Furniture and fittings $'000	Total $'000
The Group					
Cost					
At 1 July 2003	1,703	1,585	1,191	301	4,780
Currency translation adjustments	(73)	(105)	(11)	(3)	(192)
Additions, at cost	–	–	45	5	50
Disposals, at cost	(1,630)	(1,480)	(156)	(74)	(3,340)
At 30 June 2004	–	–	1,069	229	1,298

18. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings $'000	Plant and machinery $'000	Office equipment and vehicles $'000	Furniture and fittings $'000	Total $'000
Accumulated depreciation					
At 1 July 2003	1,444	1,206	460	147	3,257
Currency translation adjustments	(11)	(59)	(1)	–	(71)
Depreciation charge	2	5	195	50	252
Disposals	(1,435)	(1,152)	(42)	(14)	(2,643)
At 30 June 2004	–	–	612	183	795
Net book value					
At 30 June 2004	**–**	**–**	**457**	**46**	**503**
Net book value					
At 30 June 2003	259	379	731	154	1,523

Bank overdraft of a subsidiary as at 30 June 2003 was secured on the leasehold building, plant and machinery of a subsidiary amounting to $622,000 [Note 20(a)(i)].

	Office equipment and vehicles $'000	Furniture and fittings $'000	Total $'000
The Company			
Cost			
At 1 July 2003	412	106	518
Additions	3	–	3
Disposals	(4)	–	(4)
At 30 June 2004	411	106	517
Accumulated depreciation			
At 1 July 2003	78	66	144
Depreciation charge	76	26	102
At 30 June 2004	154	92	246
Net book value			
At 30 June 2004	**257**	**14**	**271**
Net book value			
At 30 June 2003	334	40	374

19. PAYABLES

(a) Current

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Trade creditors	**9,550**	9,154	**–**	–
Notes payable	**936**	3,788	**–**	280
Payable to subsidiaries				
– non-trade	**–**	–	**9,571**	17,785
Payable to related parties				
– non-trade	**1,026**	511	**–**	–
Dividend payable to minority shareholders	**1,416**	–	**–**	–
Accrual for operating expenses	**1,777**	2,261	**719**	595
Other creditors	**647**	2,256	**498**	1,378
	15,352	17,970	**10,788**	20,038

The non-trade balances payable to subsidiaries and related parties (Note 31) are unsecured, interest-free and repayable upon demand.

Notes payable of the Group and Company are repayable within 30 days (2003: within 120 days) from the date of issue. Notes payable of the subsidiaries are supported by corporate guarantees issued by the Company of $9,632,000 (2003: $22,364,000). The weighted average effective interest rates of the notes payable of the Group and the Company at the end of the financial year were 2.69% (2003:2.94%) per annum.

(b) Non-current

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Payable to an associate				
– non-trade	–	13,872	–	–

20. BORROWINGS

(a) Current

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Bank overdrafts (Note 10)	**994**	2,041	**994**	–
Bank loans	**6,224**	8,577	**6,224**	7,636
Bank term loan (secured)				
[Note 20(b)(i)]	**–**	44,025	**–**	44,025
	7,218	54,643	**7,218**	51,661

(i) Included in the bank overdrafts as at 30 June 2003 was a balance of $1,043,000 which was secured on the leasehold building, plant and machinery of a subsidiary amounting to $622,000 (Note 18). The remaining balance of bank overdrafts, amounting to $998,000 as at 30 June 2003 was supported by a corporate guarantee issued by the Company of $3,522,000. The bank overdrafts as at 30 June 2004 are unsecured.

(ii) The bank loans are repayable upon demand, bear interest at rates ranging from 2% to 5.25% (2003: 2.36% to 2.65%). The bank loans of the Company of $6,224,000 (2003: $7,636,000) are supported by a corporate guarantee of $18,060,000 (2003: $18,490,520) issued by a shareholder of the Company. The bank loans of the subsidiary of $941,000 at 30 June 2003 were supported by a corporate guarantee issued by the Company of $3,522,000.

20. BORROWINGS (CONT'D)

(b) Non-current

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Bank term loan (secured)	**49,897**	14,077	**36,086**	–

(i) As at 30 June 2003, the bank term loan of the Company of $44,025,000 (US$25,000,000) bearing interest at 3.75% to 4.6% per annum was classified as a current liability as the loan was repayable on 2 October 2003. During the current financial year, the loan repayment date of the bank term loan has been extended to October 2006 and the bank term loan was partially repaid. As at 30 June 2004, the outstanding bank term loan of $36,086,000 (US$20,980,000) bearing interest at 3.61% to 3.76% per annum is classified as a non-current liability. The bank term loan is secured by:

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

(ii) The bank term loan of $13,811,000 (2003: $14,077,000) of a subsidiary is repayable in full in the year 2007 and bears interest at 3% per annum. The bank term loan is secured over an unquoted investment [Note 15(a)].

(c) Effective interest rates

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

	The Group		The Company	
	2004	2003	**2004**	2003
Bank overdrafts	**5.00%**	10.00%	**5.00%**	–
Bank loans	**4.72%**	2.39%	**4.72%**	2.40%
Bank term loan	**3.61%**	3.76%	**3.61%**	2.10%

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

	Less than 6 months	1 to 5 years	Total
	$'000	$'000	$'000
The Group			
At 30 June 2004			
Total borrowings	43,304	13,811	57,115
At 30 June 2003			
Total borrowings	54,643	14,077	68,720
The Company			
At 30 June 2004			
Total borrowings	43,304	–	43,304
At 30 June 2003			
Total borrowings	51,661	–	51,661

20. BORROWINGS (CONT'D)

(d) Carrying amounts and fair values

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

21. PROVISIONS

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Taxation [Note 8(b)]	**1,079**	1,180	**137**	55
Provision for contingent losses	**–**	–	**38**	2,000
	1,079	1,180	**175**	2,055

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

Movement in provision for contingent losses:

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Balance at the beginning of the financial year	**–**	–	**2,000**	1,000
Provision made during the financial year	**–**	–	**–**	1,000
Write-back of provision during the financial year	**–**	–	**(1,962)**	–
Balance at the end of the financial year	**–**	–	**38**	2,000

22. SHARE CAPITAL OF THE COMPANY

(a) Authorised ordinary share capital

The total number of ordinary authorised shares is 8,000,000,000 shares (2003: 3,200,000,000 shares) with a par value of $0.10 per share (2003: $0.25 per share).

During the financial year, the Company undertook a capital reduction exercise by reducing the par value of each share in the share capital of the Company from $0.25 per share to $0.10 per share.

Following the capital reduction exercise, the Company restored its authorised ordinary share capital to $800,000,000 by the creation of an additional 4,800,000,000 ordinary shares of $0.10 each.

(b) Issued ordinary share capital

	2004 Number of shares '000	2003 Number of shares '000	**2004 $'000**	2003 $'000
Balance at the beginning of the financial year	**405,488**	247,611	**101,372**	61,903
Reduction of par value	**–**	–	**(60,823)**	–
Issue of shares	**–**	157,877	**–**	39,469
Balance at the end of the financial year	**405,488**	405,488	**40,549**	101,372

22. SHARE CAPITAL OF THE COMPANY (CONT'D)

(b) Issued ordinary share capital (cont'd)

The capital reduction is used 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. [Note 23(b)].

All issued shares are fully paid.

(c) Share options

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

Movements in the number of share options held are as follows:

	2004	2003
Outstanding at beginning of the financial year	**137,000**	157,000
Lapsed during the financial year	**(68,000)**	(20,000)
Outstanding at end of the financial year	**69,000**	137,000

Details of the unissued ordinary shares of $0.10 each of the Company under option at the end of the financial year are set out below:

LAP Share Option Scheme	Exercise price per share payable in full upon application	Date of expiration of option	Number of unissued shares under option 2004	2003
1999 Options	$0.25	6 April 2004	**–**	68,000
2000 Options	$0.25	20 October 2005	**69,000**	69,000
			69,000	137,000

(d) Warrants

	2004 '000	2003 '000
Outstanding at beginning of the financial year	**157,877**	–
Issued during the financial year	**–**	157,877
Outstanding at end of the financial year	**157,877**	157,877

During the financial year ended 30 June 2003, the Company issued 157,877,000 warrants which entitle the holder to subscribe for one new ordinary share at the exercise price of $0.25 each. These warrants will expire on 28 November 2007.

23. FOREIGN CURRENCY TRANSLATION AND OTHER RESERVES

(a) Composition:

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Foreign currency translation reserve	**383**	3,378	**(9,439)**	(11,783)
Enterprise development reserve	**2,662**	2,863	**–**	–
General reserve	**11,470**	9,693	**–**	–
Capital reduction reserve	**13,543**	–	**13,543**	–
Consolidation reserve	**3,421**	3,421	**–**	–
Others - surplus on restructuring of motorcycle business	**20,737**	20,737	**–**	–
	52,216	40,092	**4,104**	(11,783)

(b) Movements:

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Foreign currency translation reserve				
Balance at the beginning of the financial year	**3,378**	2,563	**(11,783)**	(11,808)
Adjustments during the financial year:				
Arising from translation of financial statements of foreign subsidiaries and associates	**(3,996)**	790	**–**	–
Arising from foreign currency liability accounted for as a hedge of the Company's net investment in foreign associates	**1,001**	25	**2,344**	25
	(2,995)	815	**2,344**	25
Balance at the end of the financial year	**383**	3,378	**(9,439)**	(11,783)
Enterprise development reserve				
Balance at the beginning of the financial year	**2,863**	2,630	**–**	–
Transfer from revenue reserve	**(201)**	233	**–**	–
Balance at the end of the financial year	**2,662**	2,863	**–**	–
General reserve				
Balance at the beginning of the financial year	**9,693**	7,820	**–**	–
Transfer from revenue reserve	**1,777**	1,873	**–**	–
Balance at the end of the financial year	**11,470**	9,693	**–**	–

23. FOREIGN CURRENCY TRANSLATION AND OTHER RESERVES (CONT'D)

(b) Movements (cont'd):

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Capital reduction reserve				
Balance at the beginning of the financial year	**–**	–	**–**	–
Excess of reduction of par value of shares [Note 22(b)]	**13,543**	–	**13,543**	–
Balance at the end of the financial year	**13,543**	–	**13,543**	–
Consolidation reserve				
Balance at beginning and end of the financial year	**3,421**	3,421	**–**	–
Other surplus on restructuring of motorcycle business				
Balance at beginning and end of the financial year	**20,737**	20,737	**–**	–
Total	**52,216**	40,092	**4,104**	(11,783)

Total transfers from revenue reserve for the year

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Transfer to enterprise development reserve	**(201)**	233	**–**	–
Transfer to general reserve	**1,777**	1,873	**–**	–
	1,576	2,106	**–**	–

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

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

24. RETAINED EARNINGS/(ACCUMULATED LOSSES)

Movements in retained earnings/(accumulated losses) for the Company are as follows:

	2004	2003
	$'000	$'000
At the beginning of the financial year	**(47,280)**	(43,396)
Net profit/(loss) during the financial year	**7,298**	(3,884)
Reduction of share capital	**47,280**	–
At the end of the financial year	**7,298**	(47,280)

25. MINORITY INTERESTS

	The Group	
	2004	2003
	$'000	$'000
At the beginning of the financial year	**3,644**	2,179
Share of results of subsidiaries	**1,235**	1,465
Share of net tangible assets relating to interest acquired by minority shareholders during the financial year	**234**	–
Dividend payable	**(1,416)**	–
At the end of the financial year	**3,697**	3,644

26. DIVIDENDS

At the Annual General Meeting to be held on 25 October 2004, a final dividend of 0.5 cents per share amounting to a total of $1,622,000 net of tax at 20% is to be recommended. These financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the year ending 30 June 2005.

27. IMMEDIATE AND ULTIMATE HOLDING CORPORATIONS

There is no entity which holds more than 50% equity shares or control in the Company. Thus the Company does not have any immediate or ultimate holding corporation as at 30 June 2004.

28. CONTINGENT LIABILITIES

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Unsecured guarantees given to banks and suppliers in respect of trade obligations of the subsidiaries	**–**	–	**41,231**	37,402

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.

29. COMMITMENTS FOR EXPENDITURE

Commitments not provided for in the financial statements:

Operating lease commitments

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

	The Group	
	2004	2003
	$'000	$'000
Not later than one financial year	**95**	188
Later than one financial year but not later than five financial years	**19**	168
Later than five financial years	**–**	893
	114	1,249

30. FINANCIAL RISK MANAGEMENT

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

(i) Foreign exchange risk

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

The Group has a number of investments in foreign subsidiaries and associates, whose value is exposed to movements in foreign exchange rates.

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

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

(ii) Interest rate risk

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

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

(iii) Credit risk

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

Cash and fixed deposits are placed with credit-worthy institutions.

(iv) Liquidity risk

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

31. RELATED PARTY TRANSACTIONS

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

(a) Sales and purchases of goods and services

	The Group	
	2004	2003
	$'000	$'000
Sales to a related party	**–**	2
Purchases from a related party	**–**	100
Management fees received from a related party	**117**	–
Rental income from a related party	**61**	–
Rental charges paid to a related party	**163**	89

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

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

31. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Directors' remuneration

Directors' remuneration included fee, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company, and where the Group or Company did not incur any costs, the value of the benefits is included. In 2004, the total directors' remuneration is as follows:

	The Group	
	2004	2003
	$'000	$'000
Directors' remuneration		
- directors of the Company	**296**	224
- directors of subsidiaries	**817**	798
	1,113	1,022

	The Company	
	2004	2003
Number of directors in remuneration bands		
- $500,000 and above	**–**	–
- $250,000 to below $500,000	**–**	–
- below $250,000	**6**	6
	6	6

32. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of the following financial assets and liabilities approximate to their fair values: cash and cash equivalents, current receivables and payables and other current assets. Information on the fair values of loans and advances to subsidiaries, receivable from a shareholder of an associate, other investments and borrowings is included in Notes 14, 15, and 20 respectively.

33. DISCONTINUING OPERATIONS

(a) Dry cargo container business

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

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

Following the cessation of the Container Business, its assets including raw materials, plant and machinery, as well as land and building, were disposed of in a piece-meal manner at the time of disposal. The disposal of the assets would continue to be carried out over a period of time. The remaining assets are written down to their estimated net realisable value at 30 June 2004.

(b) Marine food processing business

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

Following the cessation of the marine food processing business, Sonlife's assets including raw materials, plant and machinery, as well as land and building were disposed of in a piece-meal manner at the time of disposal. The remaining assets are written down to their estimated net realisable value as at 30 June 2004.

33. DISCONTINUING OPERATIONS (CONT'D)

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

	Continuing Operations		Discontinuing Operation (Container business)		Discontinuing Operation (Seafood business)		Group as a whole	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**75,018**	107,673	**–**	–	**–**	540	**75,018**	108,213
Net operating expenses	**(74,248)**	(105,350)	**(303)**	(513)	**377**	(220)	**(74,174)**	(106,083)
Operating profit/(loss)	**770**	2,323	**(303)**	(513)	**377**	320	**844**	2,130
Finance income	**207**	45	**35**	26	**–**	4	**242**	75
Finance costs	**(1,799)**	(1,831)	**–**	–	**–**	(565)	**(1,799)**	(2,396)
Share of results of associates	**19,644**	5,581	**–**	–	**–**	–	**19,644**	5,581
Exceptional items	**2,433**	–	**–**	(1,852)	**–**	–	**2,433**	(1,852)
Profit/(loss) before tax	**21,255**	6,118	**(268)**	(2,339)	**377**	(241)	**21,364**	3,538
Tax	**(7,838)**	(4,473)	**–**	–	**–**	–	**(7,838)**	(4,473)
Profit/(loss) after tax	**13,417**	1,645	**(268)**	(2,339)	**377**	(241)	**13,526**	(935)
Minority interest	**(1,235)**	(1,465)	**–**	–	**–**	–	**(1,235)**	(1,465)
Net profit/(loss)	**12,182**	180	**(268)**	(2,339)	**377**	(241)	**12,291**	(2,400)
Total assets	**216,061**	230,839	**1,938**	5,311	**261**	957	**218,260**	237,107
Total liabilities	**(72,604)**	(97,950)	**(153)**	(204)	**(789)**	(3,588)	**(73,546)**	(101,742)
	143,457	132,889	**1,785**	5,107	**(528)**	(2,631)	**144,714**	135,365
Cashflows								
Net cash (outflow)/inflow from operating activities	**(26,419)**	1,236	**(1,874)**	(219)	**85**	698	**(28,208)**	1,715
Net cash inflow/(outflow) from investing activities	**57,259**	(1,144)	**3,080**	195	**1,116**	20	**61,455**	(929)
Net cash (outflow)/inflow from financing activities	**(11,415)**	12,547	**–**	–	**(942)**	(894)	**(12,357)**	11,653
	19,425	12,639	**1,206**	(24)	**259**	(176)	**20,890**	12,439

34. SEGMENT INFORMATION

Primary reporting format - business segments

	Automotive $'000	Electronic component distribution $'000	*Discontinuing operations* Marine food processing $'000	*Discontinuing operations* Dry cargo container $'000	Group $'000
Year ended 30 June 2004					
Revenue	–	75,018	–	–	75,018
Share of associates' revenue	381,615	–	–	–	381,615
	381,615	75,018	–	–	456,633
Segment result	–	3,420	377	(303)	3,494
Unallocated costs					(2,650)
Operating profit					844
Finance income					242
Finance costs					(1,799)
Share of results of associates					19,644
Exceptional items	2,644	(211)	–	–	2,433
Profit before tax					21,364
Tax					(7,838)
Profit after tax					13,526
Minority interest					(1,235)
Net profit					12,291
Segment assets	19,642	23,039	261	1,938	44,880
Associates	113,222	–	–	–	113,222
Unallocated assets					60,158
Consolidated total assets					218,260
Segment liabilities	–	12,897	574	149	13,620
Borrowings					57,115
Tax					1,079
Unallocated liabilities					1,732
Consolidated total liabilities					73,546
Capital expenditure					
- segment	–	41	–	–	41
- unallocated					9
					50
Depreciation					
- segment	–	122	11	–	133
- unallocated					119
					252
Amortisation of negative goodwill	2,090	–	–	–	2,090

34. SEGMENT INFORMATION (CONT'D)

Primary reporting format - business segments (cont'd)

	Motorcycle $'000	Electronic component distribution $'000	*Discontinuing operations* Marine food processing $'000	*Discontinuing operations* Dry cargo container $'000	Group $'000
Year ended 30 June 2003					
Revenue	–	107,673	540	–	108,213
Share of associates' revenue	252,513	–	–	–	252,513
	252,513	107,673	540	–	360,726
Segment result	–	4,230	320	(513)	4,037
Unallocated costs					(1,907)
Operating profit					2,130
Finance income					75
Finance costs					(2,396)
Share of results of associates	5,581	–	–	–	5,581
Exceptional items	–	–	–	(1,852)	(1,852)
Profit before tax					3,538
Tax					(4,473)
Loss after tax					(935)
Minority interest					(1,465)
Net loss					(2,400)
Segment assets	4,087	23,702	957	5,311	34,057
Associates	158,234	–	–	–	158,234
Unallocated assets					44,816
Consolidated total assets					237,107
Segment liabilities	–	14,418	390	202	15,010
Borrowings					68,720
Tax					1,180
Unallocated liabilities					16,832
Consolidated total liabilities					101,742
Capital expenditure					
- segment	–	200	–	–	200
- unallocated					448
					648
Depreciation					
- segment	–	93	46	–	139
- unallocated					99
					238
Impairment of property, plant and equipment	–	–	–	1,852	1,852
Amortisation of negative goodwill	2,090	–	–	–	2,090

34. SEGMENT INFORMATION (CONT'D)

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

- Automotive – manufacture of motorcycle components and the assembly and sale of motorcycles, and the manufacture and sale of light trucks, automobile, automotive chassis and gearbox components
- Electronic Component Distribution – design-in and distribution of semiconductors and related components

In addition, the Group has two other business segments, whose activities were discontinued with remaining assets still in the process of being disposed of, as follows:

- Marine Food Processing – ceased operation during the financial year ended 30 June 2002
- Dry Cargo Container – ceased operation during the financial year ended 30 June 2000

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 five geographical areas:

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

The United States - the main activities are electronic component distribution and marine food processing (the marine food processing activity ceased operation during the financial year ended 30 June 2002)

Singapore - the main activity is electronic component distribution

Malaysia - the main activity is dry cargo container business (ceased operation during the financial year ended 30 June 2000)

Other countries - the main activities are electronic component distribution and marine food processing (the marine food processing activity ceased operation during the financial year ended 30 June 2002)

Secondary reporting format - geographical segments

	Sales		Total assets		Capital expenditure	
	2004	2003	**2004**	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
China	**381,615**	252,513	**130,170**	173,232	**6**	64
Singapore	**23,176**	30,981	**86,126**	56,428	**44**	584
The United States	**19,420**	33,486	**–**	–	**–**	–
Malaysia	**5,900**	15,299	**1,938**	6,541	**–**	–
Other countries	**26,521**	28,447	**26**	906	**–**	–
	456,632	360,726	**218,260**	237,107	**50**	648

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

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

35. EVENT OCCURRING AFTER BALANCE SHEET DATE

Subsequent to the financial year end, the Group acquired 100% interest in Advent Infotech Private Limited, a company incorporated in India, for cash consideration of US$1. The subsidiary's principal activities are design-in and distribution of semiconductors and related components.

36. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the directors on 21 September 2004.

Shareholding Statistics

As at 10 September 2004

Authorised Share Capital	:	S$800,000,000.00
Issued and Fully Paid-up Capital	:	S$40,548,772.40
Class of Shares	:	Ordinary Shares of S$0.10 each
Voting Rights	:	One (1) Vote per share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 – 999	0	0.00	0	0.00
1,000 – 10,000	3,708	66.13	21,896,360	5.40
10,001 – 1,000,000	1,886	33.64	82,363,000	20.31
1,000,001 & Above	13	0.23	301,228,364	74.29
Total	5,607	100.00	405,487,724	100.00

TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Shares
AMB Venture Sdn Bhd	148,750,644	36.68
UOB Kay Hian Pte Ltd	125,703,844	31.00
Andar Investment Pte Ltd	8,853,876	2.18
OCBC Securities Private Ltd	2,704,000	0.67
Phillip Securities Pte Ltd	2,551,000	0.63
United Overseas Bank Nominees Pte Ltd	2,323,000	0.57
DBS Vickers Securities (S) Pte Ltd	1,771,000	0.44
Tan Huat	1,713,000	0.42
Oversea Chinese Bank Nominees Pte Ltd	1,621,000	0.40
Cheong Soh Chin Julie	1,600,000	0.39
DBS Nominees Pte Ltd	1,300,000	0.32
Raffles Nominees Pte Ltd	1,230,000	0.30
Kim Eng Securities Pte Ltd	1,107,000	0.27
Hoo Len Yuh	955,000	0.24
Citibank Consumer Nominees Pte Ltd	880,000	0.22
Lem (Lim) Ah Lek	800,000	0.20
Eng Hup Seng Co Sdn Bhd	764,000	0.19
Hong Leong Finance Nominees Pte Ltd	741,000	0.18
Lin Hua Tien	600,000	0.15
Wu Teng Siong	600,000	0.15
Total	306,568,364	75.60

SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

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

* Deemed interests pursuant to Section 7 of the Companies Act, Cap. 50. (1) Omali Corporation is a wholly-owned subsidiary of Bright Steel Sdn Bhd, which in turn is a wholly-owned subsidiary of Amalgamated Containers Bhd. (2) AMB Venture Sdn Bhd is a wholly-owned subsidiary of Silverstone Corporation Bhd. (3) Amsteel Corporation Bhd controls approximately 28.9% and 47.82% of Amalgamated Containers Bhd and Silverstone Corporation Bhd respectively.

SHAREHOLDING IN THE HANDS OF PUBLIC

The percentage of shareholding in the hands of public was approximately 30.42% and hence the Company has complied with Rule 723 of the SGX-ST Listing Manual which states that an issuer must ensure that at least 10% of its listed securities is at all time held by the public.

NOTICE IS HEREBY GIVEN THAT the 34th Annual General Meeting of Lion Asiapac Limited (the "Company") will be held at The Conference Room at 10 Arumugam Road #10-00 Lion Industrial Building Singapore 409957 on Monday, 25 October 2004 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 2004.

2. To declare a first and final dividend of 5% per ordinary share less income tax for the year ended 30 June 2004.

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.)

   To record the retirement of Mr Lin Chung Dien, a Director retiring pursuant to Article 91 of the Company's Articles of Association, who has decided not to seek re-election.

4. To approve the payment of S$121,500/- as Directors' fees for the year ended 30 June 2004.

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 was in force, Provided That:

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

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

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

(ii) any subsequent consolidation or subdivision of shares;

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

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

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, 7 October 2004

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

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

a) The Ordinary Resolution proposed in item 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 interest of the Company. The percentage of issued share capital is based on the Company's issued share capital at the time this resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed, and any subsequent consolidation or subdivision of shares. This authority will, unless revoked, varied or substituted by a fresh Shareholders' Mandate at a general meeting, expire at the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

b) The Ordinary Resolution proposed in item 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 Industrial Building Singapore 409957 not less than 48 hours before the time appointed for holding the meeting.

NOTICE OF BOOKS CLOSURE DATE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 5 November 2004, for the purpose of determining shareholders' entitlements to the proposed first and final dividend of 5% less income tax for the financial year ended 30 June 2004.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited at 63 Cantonment Road Singapore 089758 up to 5.00 p.m. on 4 November 2004 will be registered before entitlements to the proposed dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 4 November 2004 will be entitled to the proposed dividend.

The proposed dividend, if approved by shareholders at the 34th Annual General Meeting to be held on 25 October 2004, will be paid on 22 November 2004.

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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 34th Annual General Meeting of the Company to be held at The Conference Room, 10 Arumugam Road #10-00 Lion Industrial Building Singapore 409957 on Monday, 25 October 2004 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 2004		
2.	Declaration of a first and final dividend of 5% per ordinary share less income tax		
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 ____________ 2004

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

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

IMPORTANT: Please read notes overleaf.

NOTES:

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

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

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

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

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

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

GENERAL:

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

DESIGNED BY...**ZUCCHINI**

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

10 Arumugam Road #10-00 Lion Industrial Building Singapore 409957
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