



ANNUAL REPORT 2007

LION TECK CHIANG LIMITED



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Chairman's Statement



Turnover and gross margin improved by 49% and 88% respectively year-on-year while operating profit increased by 129% from \$7.6m to \$17.4m.

On behalf of the Board of Directors, I am pleased to announce that Lion Teck Chiang Limited continued to benefit from the strong performance of the property and construction sector of the Singapore economy. The economy performed well in 2006 and the first 2 quarters of 2007 with strong GDP growth, high job creation and low unemployment. The renewed confidence in the economy and the transformation of Singapore into a global city has set the stage for record transaction volumes and prices for residential property. Amid such bullishness the Group was able to achieve an impressive net profit attributable to shareholders of \$12.6m.

FINANCIAL HIGHLIGHTS

The Group's net profit for FY07 improved by 168% to \$13.8m. Turnover and gross margin improved by 49% and 88% respectively year-on-year while operating profit increased by 129% from \$7.6m to \$17.4m. Earnings per share on a basic and fully diluted basis increased from 2.7 cents to 8.0 cents.

Properties under development and completed properties decreased \$20.1m following the complete sale of all units at the detached housing project at Wilkinson Road and remaining units at Dunman Place.

The Group's borrowing was reduced by \$22m as a result of the repayment of the development loans with the proceeds of the sales.

PROSPECTS

Steel Trading

The international prices of steel are not stable and have been increasing towards the end of FY07.

Demand for steel is expected to improve in line with the growing construction sector. However, with freight and scrap prices being volatile, uncertainty remains as to the upward direction of rebar prices.

Further, with the impending imposition of Chinese government taxes/duties steel prices may be on an upward trend.

PROPERTY DEVELOPMENT

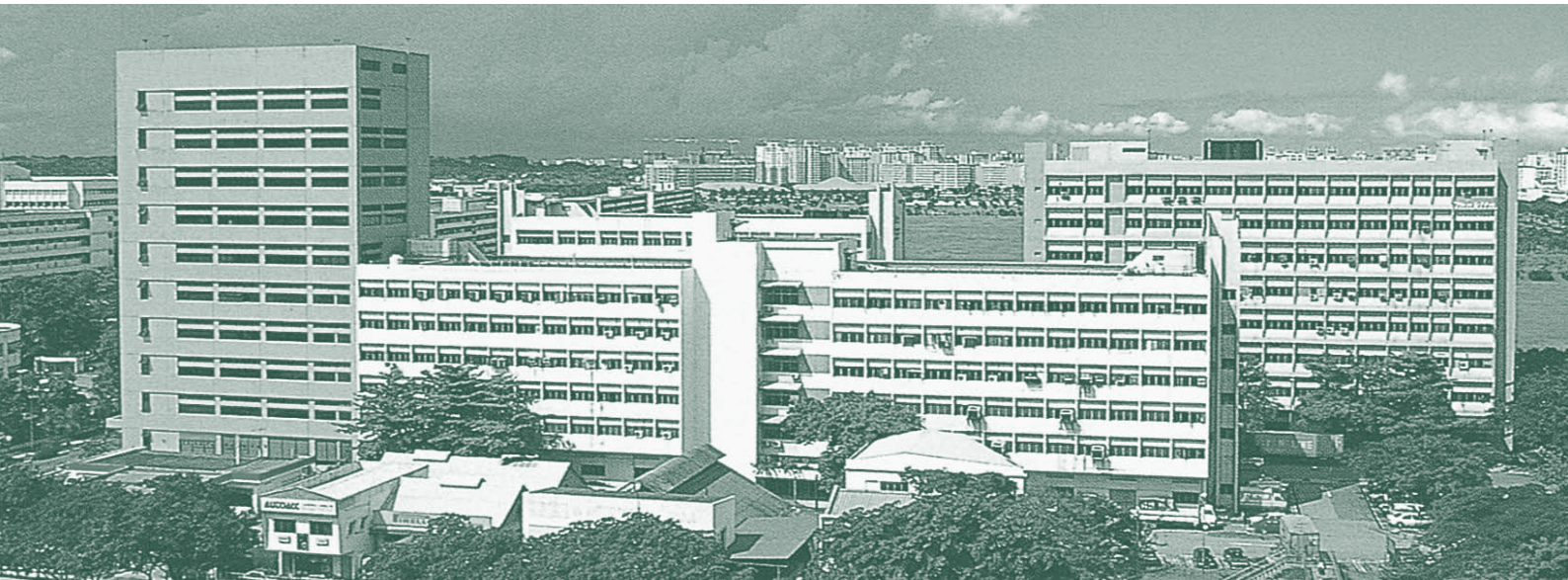
Singapore

Prices of all private homes rose 8.3% in the 2nd quarter of 2007 after rising 4.8% in the previous. More specifically, prices of landed homes, which had not moved much over 2006, registered increases of 7.1% and 2.9% for the 2nd quarter and 1st quarter respectively. The number of new homes sold in Q2 of 2007 also set a record with 5,129 units, up 7% from Q1.

The Group will likely be launching its detached housing project at Branksome Road in FY08 and if the recent prices and transacted volume for residential properties in Singapore are sustainable, it expects firm buying interest and contribution to its financial results on this development.

Malaysia

Malaysia's housing property market, primarily the typical townships, had experienced a softer market last year with slow take-up rates. To address this, the Government has eased rules on foreign ownership of residential properties as well as the exemption



of the real property gain tax. Foreign investors are again giving Malaysian property strong consideration and this has given rise to an escalating price trend with a very positive outlook for the market.

The property market is expected to enjoy positive sentiments when the Government introduces several more incentives in the near future. Among the incentives are the restructuring of Employees Provident Fund (EPF) depositor's accounts to enable more withdrawals and temporary waiver or reduction of stamp duty.

The Group is pleased to announce that the terrace houses and shop houses at Taman Impian Skudai, Johor Bahru have been completed and have enjoyed moderate sales of approximately 70%. Continued efforts are being made to ensure that the remnant stocks are sold within the shortest time possible. The Group expects the Mahkota Square project in Malacca especially the extension of the Mahkota Marina shop apartments to be well received due to its well-planned layout and centralised location.

Property Rental

The Group's property rental revenue at our four blocks of investment properties in Singapore is not expected to improve significantly. Although rental rates for industrial properties are improving with the upturn of the economy, occupancy has not shown significant changes as new space is added into the market with the completion of new buildings.

In Malaysia, the Group will continue to benefit from the contribution of rental income from its hypermarket at Skudai, Johor Bahru.

PROPOSED DIVIDEND

The Board is pleased to propose a first and final dividend of 1.5 cents per ordinary share less tax for the year ended 30 June 2007. The proposed final dividend, if approved at the Company's Annual General Meeting to be held on 26 October 2007, will be paid on 22 November 2007.

ACKNOWLEDGEMENT

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

Cheng Theng Kee

Chairman

Operations Review



Steel Trading

Turnover for Steel increased by \$13.4m or 18% to \$88.1m reflecting the pickup in the local construction industry. Overall steel delivered increased by 16.6% with Trading volume up 6.4% while Fabrication increased 28.5%. Overall average selling prices and costs for FY07 were almost unchanged compared to FY06. Gross profit was up 10.8% due to the higher volume.



Steel Projects

Left top : The Singapore Flyer
Right top : The Cathay

Left bottom : New factory expansion at No. 22 Woodlands Loop
Right centre : Directors' visitation at factory

(left to right):
Encik Mazlan Bin Dato' Harun, Mr Cheng Theng How (Director & GM of Angkasa Hong Leong), Mr Chay Yee and Mr Ong Teong Wan

Steel



Property

Regional Property Development & Management

Turnover for Property Development increased nearly 3 times and operating profit improved by \$10.1m due to the strong demand in the Singapore property market. The Group sold all 7 units of detached houses at the Wilkinson Road project launched during the financial year as well as all the remaining units at Dunman Place. As the Wilkinson Road project attained Certificate of Statutory Completion in June 2007, the total sales value for the project was fully recognised in FY07.

On the other hand, sales for Property Development was slower in Malaysia with turnover falling by \$4.3m to \$5.1m mainly due to lower sales at Taman Impian as compared to FY06.

Turnover for Property Rental increased slightly by 4% to \$4.8m. Average rental rates at the Group's investment properties in Singapore improved but overall occupancy has fallen as some key tenants did not renew their leases.



Top : Detached houses at Wilkinson Road

Bottom : Terrace houses and shop houses at Taman Impian Skudai, Johor Bahru

KEY MANAGEMENT STAFF

MR FREDDY MOK is the Group Accountant. Freddy joined the Company in 2000 and is responsible for the overall financial accounting, treasury and corporate finance affairs of the Group. He holds a Bachelor of Accountancy Degree from National University of Singapore.

MR CHENG THENG HOW is a Director and General Manager of Angkasa Hong Leong Pte Ltd ("AHL"). He is also the head of the Steel Trading Division of the Group. His expertise and responsibilities in the Group cover steel trading, project management, the maintenance of plant and machinery and rebar fabrication. He has more than 15 years of experience in steel milling operations and was previously Assistant General Manager of Production at Amsteel. Mr Cheng is a director of Lion Asiapac Limited. He holds a Diploma in Mechanical Engineering from Singapore Polytechnic.

MS JENNY NG KIM KWEE is the Assistant General Manager of AHL. She has over 16 years of experience in rebar fabrication operations before joining AHL in 1999. Her responsibilities cover project, sales & plant management, rebar fabrication operations and overseeing maintenance of plant and machinery. She holds a Diploma in Civil Engineering from Singapore Polytechnic.

MR TAY HUI SIANG is the Project Manager of Teck Chiang Realty Private Limited ("Teck Chiang"). He is responsible for the co-ordination and development of residential property projects of Teck Chiang. Mr Tay joined Teck Chiang in 1989 as Project Co-ordinator and was promoted to the position of Project Manager in 2001. He has been in construction related fields for more than 20 years. He holds a Bachelor of Science in Construction Management and a Specialist Diploma in M&E Co-ordination.

MS WONG CHOY LING is the Manager in the Property Management Department. Ms Wong is responsible for the administration of leases and management of the existing industrial properties of Teck Chiang. She holds a Bachelor of Science Honours Degree in Real Estate Management.

Board of Directors



MR CHENG THENG KEE, Chairman of the Group, was appointed to the Board on 24 February 1997. He is subject to annual re-election as Director pursuant to Section 153(6). He is an executive director and also an entrepreneur with considerable experience in manufacturing, trading, property investment and development.

Mr Cheng was educated at the Chinese High School. He helped to steer and expand the Lion Group's construction and property arm to its current position today. He was also responsible for the development of the Teck Chiang Industrial Complex at Arumugam Road, Singapore.



MR CHENG YONG LIANG joined the Board since 24 February 1997 and is the Managing Director of the Group. He is also a member of the Nominating Committee. He was re-elected as a Director on October 2004.

Mr Cheng graduated with a Bachelor of Science Degree in Business Administration from the University of San Francisco and a Diploma in Building from Singapore Polytechnic. He has been involved with the Lion Group for approximately 20 years, primarily in the Lion Group's Property Division. Mr Cheng also sits on the board of Lion Industries Corporation Berhad, a company listed on the Bursa Malaysia.



TAN SRI CHENG HENG JEM joined the Board on 24 February 1997 and is a Non-Executive Director of the Group. He was last re-elected as Director on October 2006.

Tan Sri has had more than 30 years of experience in the steel industry.

Tan Sri is also the Chairman and Managing Director of Parkson Holdings Berhad (formerly known as Amalgamated Containers Berhad) and Lion Corporation Berhad, Chairman of Lion Diversified Holdings Berhad and Lion Forest Industries Berhad; Director of Amsteel Corporation Berhad, all of which are listed on the Bursa Malaysia.



ENCIK MAZLAN BIN DATO' HARUN joined the Board on 31 January 1986 and is a Non-Executive Director. He was last re-elected as Director on October 2005. He is a member of both the Audit and Remuneration Committees.

Encik Mazlan holds a Second Class Honours Degree in Economics and Political Science from the University of Exeter, England.

Encik Mazlan was previously elected to the Selangor State Assembly to represent the Seri Setia (Sungai Way) (1982 to 1986) and the Lindungan (1987 to 1990) constituencies. Encik Mazlan was also the Chairman of several committees in the Selangor State Economic Corporation (PKNS) and the Chairman of the Selangor State Public Accounts Committee from 1982 to 1990.



MR CHAY YEE joined the Board on 24 February 1997 and is a Non-Executive and Independent Director. He was last re-elected as Director on October 2006. He is Chairman of Remuneration Committee and a member of Audit and Nominating Committees.

Mr Chay graduated with a B.A. (Hons), M. Soc. Sc. from the University of Hong Kong. He was a former public servant who has

served in the Ministry of Finance and CPF Board. He was the Deputy General Manager of the CPF Board before he became the Managing Director of Forte Investments Pte Ltd, a post he holds to this day.



MR ONG TEONG WAN joined the Board on 28 July 1998. He is a Non-Executive and Independent Director. He was last re-elected as Director on October 2005. He is Chairman of the Audit Committee and Nominating Committee and a member of the Remuneration Committee.

Mr Ong holds an MBA (International Business) from the University of Southern California. He is currently Consulting

Partner at the Singapore Institute of Management and an Independent Director of Vicom Ltd, Chairing the Remuneration Committee and serving on the Audit Committee.

He has been a Board Member of the Economic Development Board and the National Productivity Board. He was in government service for 10 years and worked for two American multi-national companies at director level for 12 years. He has been a corporate consultant in SIM for more than 20 years.



MS JULIANA CHENG SAN SAN joined the Board on 24 May 2002 and was appointed Alternate Director to Tan Sri Cheng Heng Jem. She started her career with the organisation in 1995. During her tenure, she held various positions in finance, human resource/administration and business development.

In May 2006, she joined Chanel (China) Co., Ltd as the National Accounts Manager for the People's Republic of China. She holds a Bachelor Degree in Commerce (Management) from University of Western Sydney, Australia and completed a Program for Global Leadership from Harvard Business School in year 2000.

CORPORATE INFORMATION

Board of Directors

Cheng Theng Kee (Chairman)
Cheng Yong Liang (Managing Director)
Tan Sri Cheng Heng Jem
Mazlan Bin Dato' Harun
Chay Yee
Ong Teong Wan
Juliana Cheng San San
(Alternate Director to Tan Sri Cheng Heng Jem)

Audit Committee

Ong Teong Wan (Chairman)
Chay Yee
Mazlan Bin Dato' Harun

Nominating Committee

Ong Teong Wan (Chairman)
Chay Yee
Cheng Yong Liang

Remuneration Committee

Chay Yee (Chairman)
Ong Teong Wan
Mazlan Bin Dato' Harun

Company Secretaries

Silvester Bernard Grant, ACIS
Tan Yen Hui, ACIS

Registered Office

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

Registrar and Share Transfer Office

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

Auditors

Ernst & Young
Certified Public Accountants
One Raffles Quay
Level 18, North Tower
Singapore 048583
Tel : (65) 6535 7777
Fax : (65) 6532 7662
Partner in charge : Mr Tan Wee Khim
(Appointed during the financial ended 30 June 2006)

Solicitors

Wong Partnership
One George Street #20-01
Singapore 049145
Tel : (65) 6416 8000
Fax : (65) 6532 5711

Principal Bankers

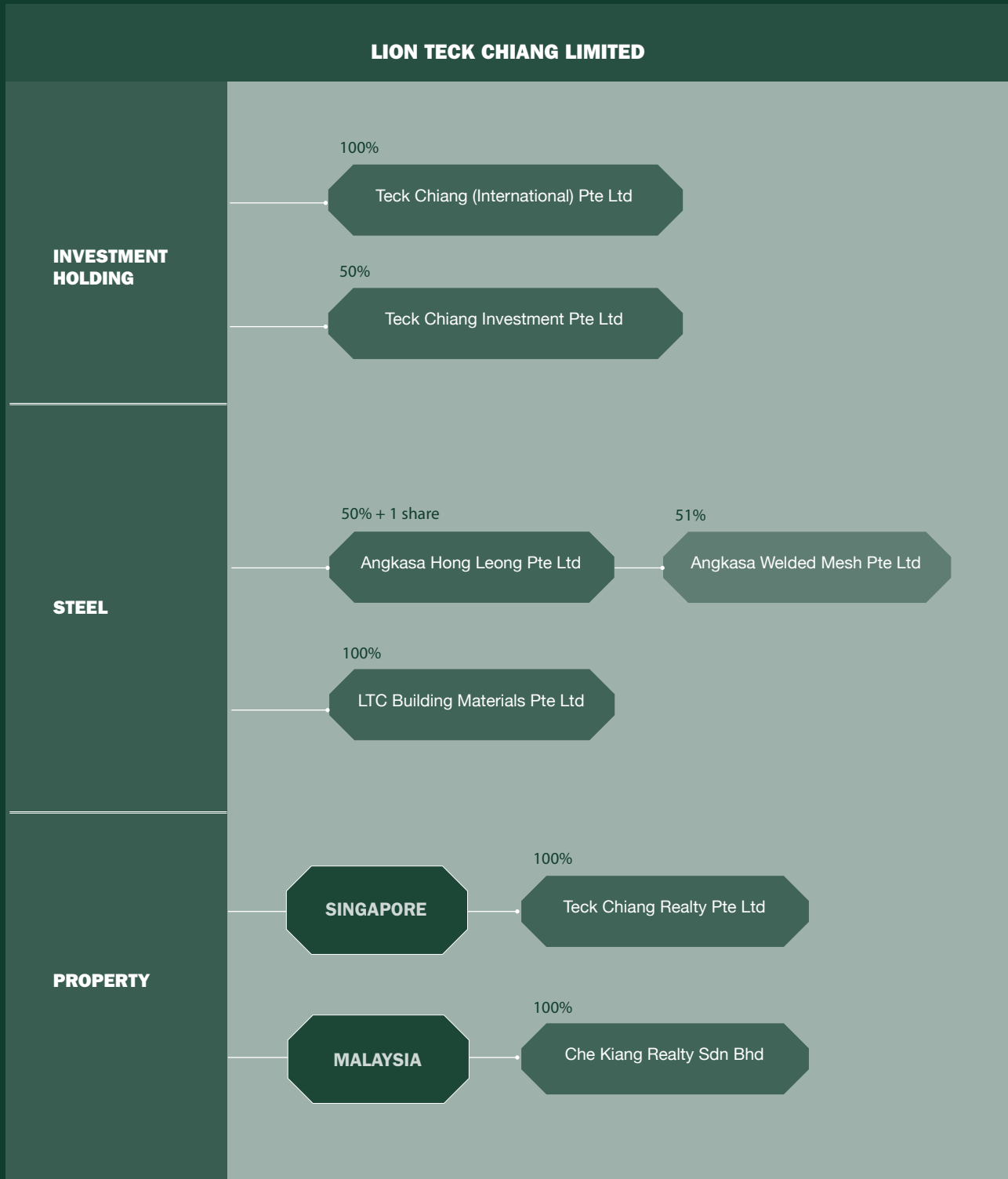
DBS Bank Limited
Oversea-Chinese Banking Corporation Limited
Malayan Banking Berhad

Financial Summary

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007	2007 S\$'000	2006 S\$'000
Turnover		
Steel trading	88,096	74,691
Property development	41,980	11,038
Property rental	4,810	4,621
Investment holding	93	79
Total	134,979	90,429
Net operating profit		
Steel	3,824	3,150
Property development	11,458	1,331
Property rental	2,867	3,316
Investment holding	(73)	1,500
Eliminations	(644)	(1,677)
Total	17,432	7,620
	Cents	Cents
Earnings per share	8.0	2.7
Net tangible assets per ordinary share	86.1	77.4

FINANCIAL POSITION AS AT 30 JUNE 2007	2007 S\$'000	2006 S\$'000
Investment properties	69,579	69,500
Property, plant & equipment	11,384	10,825
Properties under development	34,090	52,456
Completed properties	31,931	33,678
Stocks	44,729	28,931
Other assets	45,775	32,627
Borrowings	(31,705)	(53,715)
Other liabilities	(54,860)	(38,053)
Net assets	150,923	136,249
Share capital	150,113	150,113
Reserves	(10,454)	(13,344)
Accumulated losses	(5,029)	(15,671)
Shareholders' funds	134,630	121,098
Minority interests	16,293	15,151
Total equity	150,923	136,249

Corporate Structure



Corporate Governance

The Board of Directors are committed to high standards of corporate governance and have adopted the principles set out in the Code of Corporate Governance (the “Code”) issued by the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Company believes that it is in compliance with the listing manual, and where there are deviations from the Code, appropriate explanations will be provided.

ROLE OF THE BOARD

The Board meets at least twice yearly. The Board supervises and approves overall strategic plans, major investment and funding decisions, provide entrepreneurial leadership, ensure that necessary financial and human resources are in placed. The Board establishes a framework of prudent and effective controls which enables risk to be assessed and managed, review management performance, set the company’s values and standards, and ensure that obligations to shareholders and others are understood and met and all decisions are made objectively in the interest of the Company and its shareholders.

Certain functions have been delegated by the Board to various Board Committees, which operates under clearly defined terms of reference.

The attendance of each director at Board meetings and Board Committee meetings during the financial year ended 30 June 2007 is as follows:

	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE
Number of meetings held:	2	2	1	1
Name	Number of Meetings Attended	Number of Meetings Attended	Number of Meetings Attended	Number of Meetings Attended
Cheng Theng Kee	2	NA	NA	NA
Cheng Yong Liang	2	NA	NA	1
Ong Teong Wan	2	2	1	1
Chay Yee	2	2	1	1
Mazlan Bin Dato’ Harun	1	1	1	NA
Tan Sri Cheng Heng Jem	0	NA	NA	NA
(Alternate: Juliana Cheng San San)	1	NA	NA	NA

NA : Not Applicable

The Board has delegated day-to-day operations to the management while reserving certain key matters for its approvals. Matters that require Board approval are Group’s financial results, interested person transactions, material acquisition and disposal of assets, corporate or financial restructuring, share issuance and dividend payment.

Newly appointed directors are provided orientation and training, if necessary, to enable them to familiarize with the Group’s business activities and the relevant regulations and governance requirements.

The directors are updated on the regulations of the SGX-ST, Companies Act and other statutory requirements when the need arises.

BOARD COMPOSITION AND BALANCE

The Board comprises 6 members, 2 of whom are executives, 2 non-executives and 2 independent. The Directors are professionals in business, commerce and manufacturing. The strong independent element of the Board ensures that it is able to exercise objective and independent judgement on corporate affairs.

The Nominating Committee (“NC”), which reviews the independence of each director on an annual basis, adopts the Code’s definition of what constitute an independent director.

The Board is of the view that the current size of the Board is appropriate, taking into account the nature and scope of the Company’s operations.

The NC is of the view that the current Board comprises directors who as a group provide core competencies such as commerce, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

Corporate Governance

CHAIRMAN AND MANAGING DIRECTOR

In compliance of the Code, the Chairman and the Managing Director (“MD”) are separate persons. The Chairman is Mr Cheng Theng Kee, while the MD is Mr Cheng Yong Liang. Both Chairman and MD are related to each other, in that the MD is the son of the Chairman.

The Chairman is responsible for the Board and the Board has delegated the day-to-day management to the MD. The MD’s role includes reviewing papers or reports prior to their submission to the Board and ensure timely submission of the requisite information. The MD also assists in ensuring compliance with the Company’s guidelines on corporate governance.

BOARD MEMBERSHIP AND BOARD PERFORMANCE

The Nominating Committee (“NC”) comprises 3 directors, 2 of whom, including its Chairman, are Independent Directors. The NC members are:

Mr Ong Teong Wan (Chairman)
Mr Chay Yee
Mr Cheng Yong Liang

The NC serves to provide a formal, transparent and objective procedure for appointing Board members and evaluating each Board member’s performance. The NC performs the following functions:

1. To recommend appointment and re-appointment of directors in accordance with the Articles of Association of the Company.
2. To re-nominate directors, taking into account the individual director’s contribution and performance.
3. To determine annually whether or not a director is independent, taking into account the relationship a director may have with the company and its related companies.
4. To determine whether or not a director is able to and has been adequately carrying out his/her duties as a director of the company, in the event that a director has multiple board representations.
5. To evaluate the Board’s performance and the contribution by each director to the effectiveness of the Board, and to adopt appropriate measures to assess performance.

At present, the Company’s Articles of Association require one-third of the Directors, including a person holding the office of Managing Director, to retire from office by rotation at each Annual General Meeting. Accordingly, the NC recommended to the Board that Messrs Cheng Yong Liang and Ong Teong Wan, who are subjected to retire by rotation, nominated themselves for re-election at the forthcoming Annual General Meeting. One Director, Mr Cheng Theng Kee, is subject to Section 153(6) of the Companies Act to hold office until the conclusion of each Annual General Meeting and he 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.

The NC has an established appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the contribution of individual Directors.

The assessments of a Director are experience in being a company director, competence and knowledge, including level and quality of involvement during the course of the year, attendance record at meetings of the Board and Board Committees, intensity of participation at meetings, the quality of interventions and special contributions.

On an annual basis, each Director will assess the effectiveness and performance of the Board as a whole and fellow directors’ performance based on the assessments adopted by the Board. The Chairman, in consultation with the NC, would evaluate and act on the results of the assessments and where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors.

Each member of the Board has and will continue to have full access to the management and records.

Corporate Governance

ACCESS TO PERSONNEL AND INFORMATION

Prior to each Board meeting, all Directors are provided with Board reports. These reports provide information on the Company's performance, financial position and significant issues.

All directors are updated on an on-going basis via Board meetings and by way of circulars on matters relating to changes to the regulations of the SGX-ST, Companies Act, accounting standards and other statutory requirements. Each Director may also seek independent professional advice on any Company matters, as he requires. The phone numbers and email addresses of each director and company secretary have also been provided to facilitate access to any required information.

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

REMUNERATION MATTERS

The Remuneration Committee ("RC") comprises 3 non-executive directors, 2 of whom, including its Chairman, are Independent Directors. The RC members are:

Mr Chay Yee (Chairman)
Mr Ong Teong Wan
Encik Mazlan Bin Dato' Harun

The RC meets at least once a year and their responsibilities include:

1. Recommend to the Board a framework of remuneration for the directors and key executives.
2. Ensure that the remuneration package are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

The Company has a formal and transparent process for fixing the directors' fees for individual directors. The RC ensures that the remuneration packages takes into consideration the Company's relative performance and the performance of individual directors. The RC has access to external expert advice, if required.

Directors' fees are set in accordance with a framework comprising basic fees, board fees and committee fees, which are subject to shareholders' approval at the Annual General Meeting ("AGM") of the Company.

During the financial period under review, only non-executive directors are paid directors' fees. The payment of such fee is recommended for approval at the AGM of the Company. No director is involved in deciding his own remuneration.

The annual remuneration bands for the Directors and key management staff are set out below:-

Remuneration Band	Salary ¹ %	Fees %	Bonus %	Benefits-in-kind ² %	Total %
Name of Director (Below \$250,000)					
Cheng Yong Liang	70.8	–	24.9	4.3	100
Cheng Theng Kee	71.6	–	22.0	6.4	100
Ong Teong Wan	–	100	–	–	100
Chay Yee	–	100	–	–	100
Mazlan Bin Dato' Harun	–	100	–	–	100
Tan Sri Cheng Heng Jem	–	100	–	–	100
Juliana Cheng San San (Alternate Director to Tan Sri Cheng Heng Jem)	–	100	–	–	100

Corporate Governance

Remuneration Band	Salary ¹ %	Fees %	Bonus %	Benefits-in-kind ² %	Total %
Key Management (Below \$250,000)					
Freddy Mok	87.4	–	12.6	–	100
Cheng Theng How	73.3	–	19.6	7.1	100
Jenny Ng Kim Kwee	84.3	–	15.7	–	100
Tay Hui Siang	87.0	–	13.0	–	100
Wong Choy Ling	87.5	–	12.5	–	100

Note:-

- 1 Salary includes basic salaries, employer's CPF
2. Benefits-in-kind includes car and club membership

Apart from Mr Cheng Theng How, who is a brother to Mr Cheng Theng Kee and Tan Sri Cheng Heng Jem, there are no other employees who are immediate family members of a director whose remuneration exceeds \$150,000 during the year.

ACCOUNTABILITY AND AUDIT

It is the aim of the Board to provide shareholders with explanation and assessment of the Group's financial position and prospects. The directors have access to senior management at all times.

AUDIT COMMITTEE

The Audit Committee ("AC") comprises 3 members, 2 of whom, including its Chairman, are Independent Directors. The AC members are:

Mr Ong Teong Wan (Chairman)
Mr Chay Yee
Encik Mazlan Bin Dato' Harun

The AC meets at least twice a year to perform the following functions:

1. To review with the external auditors the audit plan, and the results of their examination and evaluation of the Group's system of internal accounting controls.
2. To review the Group's financial and operating results and accounting policies.
3. To review, with the internal auditors, the scope and results of the internal audit procedures and to monitor the response to their findings to ensure that appropriate follow-up measures are taken.
4. To review compliance with the corporate governance guidelines on processes and activities adopted by the Board.
5. To review Interested Person Transactions ("IPTs").
6. To make recommendations to the Board on the nominating of the external auditors, as well as reviewing the remuneration and terms of engagement of the external auditors.

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

The AC has full access to both the external and internal auditors. The internal audit plan is reviewed by the Audit Committee in consultation with the external auditors.

The AC has also conducted a review of all non-audit services provided by external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

Corporate Governance

INTERNAL CONTROLS AND INTERNAL AUDIT

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

An internal audit team is in place to review, at least once annually, the risks incurred by the Group in its activities and promote continuous improvement to the Group's operations. The internal audit team reports the AC on any material non-compliance and internal control weakness.

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

The Board believes that 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 Company is committed to disseminate effective and fair information to shareholders on a timely basis. Announcement on material information and the release of half-year and full year results are released to SGX-ST via SGXNET.

All shareholders of the Company receive the annual report of the Company and notice of AGM, together with explanatory notes at least 14 working days before the meeting. The notice is also advertised in a national newspaper.

The chairpersons of the Audit, Nominating and Remuneration Committees are present and available to address questions at annual general meetings with the presence of external auditors.

The Company's main forum for dialogue with shareholders takes place at its AGM, whereas members of the Board, senior management and the external auditors are in attendance. At the AGM, shareholders are given the opportunity to air their views and ask questions regarding the Company. The Company's Articles of Association allow a shareholder to appoint one or two proxies to attend and vote at general meetings on his/her behalf.

DEALINGS IN SECURITIES

The Company has adopted a Code of Best Practices on Securities Transactions that is in line with the Best Practices Guide issued by the SGX-ST. All directors and officers of the Company who have access to price sensitive information are prohibited from dealing in securities of the Company prior to the announcement of a matter that involves material unpublished price-sensitive information. They are required to report on all their dealings in securities of the Company to the Company Secretary.

RISK MANAGEMENT

An organisational risk management framework has been established by management to formalise and document the internal processes, to enable significant business risks within the Group to be identified, assessed, monitored, managed and evaluated.

The AC has reviewed the Group's risk management process and is satisfied that there are adequate internal controls in place to manage any risks identified.

The risk factors are discussed on page 63 of the Annual Report 2007 under the section on "Notes to the Financial Statements".

Other risk factors

Factors affecting the Group's property development activity in Singapore and Malaysia include the general state of the economy in the country where the project is located, the availability of suitable land banks for future development, level of interest rates and other factors that affect the housing affordability. The prospects for the Group are also dependent upon levels of infrastructure development, which in turn would affect the demand and supply of residential property, timing of development of properties and the property sales price.

In the property investment sector, rental and occupancy rates of industrial space are affected by the state of the Singapore economy, the future supply of industrial spaces and overall rental rates.

In the steel business activity, factors which affect the price of steel include the state of the construction industry, cost of steel scraps and the international demand and supply of rebars.

During periods of slowdown in construction industry, the collection of trade receivables generally takes longer and the rate of default also tends to increase. Any significant default in payment by trade debtors will have a negative impact on our earnings and cash flow position.

Corporate Governance

INTERESTED PERSON TRANSACTIONS

The aggregate value of IPT entered into during the financial period under review pursuant to the Shareholders' Mandate obtained under Chapter 9 of the Listing manual were as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Amsteel Mills Sdn Bhd	–	\$7,771,000
Antara Steel Mills Sdn Bhd	–	\$6,488,000

RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. Introduction

The Directors' of Lion Teck Chiang Limited ("the Company") proposed to renew the Shareholders' Mandate for Interested Person Transactions ("IPT Mandate") that will enable the Company and its subsidiaries and associated company ("LTC Group" or the "Group"), or any of them, to enter into transactions with the Company's interested person ("Interested Person").

The approval of shareholders of the Company ("Shareholders") for the renewal of the IPT Mandate will be sought at the Annual General Meeting of the Company ("AGM") to be held at 10 Arumugam Road, #10-00 Lion Building A, Singapore 409957 on 26 October 2007 at 11.00 a.m.

The Singapore Exchange Securities Trading Limited ("SGX-ST") takes no responsibility for the accuracy of any statements or opinions made in this IPT Mandate.

General information with respect to listing rules of the SGX-ST relating to interested person transactions, including meanings or terms such as "associate", "entity at risk", "interested person" and "interested person transaction" used in Chapter 9 of the Listing Manual, is also set out on page 20 of this Report.

2. Rationale for the proposed renewal of IPT Mandate

It is envisaged that the Group which is considered to be entity at risk within the meaning of Chapter 9 of the Listing Manual ("the EAR Group"), or any of them, would, in the ordinary course of their businesses, enter into Interested Person Transactions ("IPT or IPTs") with certain classes of Interested Persons in the categories of transactions as set out in paragraphs 5 and 6 below.

Given that such IPTs will occur with some degree of frequency and may arise at any time, the IPT Mandate is intended to facilitate transactions in the normal course of business of LTC Group provided that such IPTs are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

3. Scope of IPT Mandate

The IPT Mandate will cover a range of transactions arising in the ordinary course of business operations of the EAR Group as set out in paragraph 6 below.

The IPT Mandate will not cover any IPT, which has a value below S\$100,000 as the threshold and aggregate requirements of Chapter 9 of the Listing Manual do not apply to such transactions.

Transactions by the EAR Group with Interested Persons that do not fall within the ambit of the IPT Mandate (including any renewal thereof) will be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

Corporate Governance

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

4. Benefits of IPT Mandate

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

Where the IPTs relate to the purchase of products and receipt of services from Interested Persons, the EAR Group will benefit from having access, where applicable, to competitive quotes from its Interested Persons, and may also derive savings in terms of cost efficiencies and greater economies of scale in its transactions with Interested Persons. The sale of products and provision of services to Interested Persons are also an additional source of revenue for the EAR Group, provided that such products and services are sold or provided on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The IPT Mandate will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when the need to enter a specified category of IPT with an Interested Person arises, thereby substantially reducing the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the EAR Group.

5. Classes of Interested Persons

The IPT Mandate will apply to transactions (described in paragraph 6 below) that are carried out with the following classes of Interested Persons:

- (a) Lion Investment (Singapore) Pte Ltd and its associates;
- (b) Lion Realty Private Limited and its associates;
- (c) William Cheng Sdn Bhd and its associates; and
- (d) Mr Cheng Theng Kee, Mr Cheng Yong Liang, Tan Sri Cheng Heng Jem, Ms Juliana Cheng San San, Mr Mazlan Bin Dato' Harun and their associates.

6. Categories of IPTs

The IPTs entered into by the EAR Group with the Interested Persons (as described in paragraph 5 above) which will be covered by the IPT Mandate and which will not include transactions in respect of the purchase or sale of assets, undertakings or business, are as follows:

(a) Revenue Transactions

This category covers the revenue transactions ("Revenue Transactions") entered into by the EAR Group, including the sale or provision to, or the purchase or obtaining from, Interested Persons of products and services in the normal course of the businesses of the EAR Group which are defined as follows:

- (i) the leasing or rental of office space and plant premises to Interested Persons;
- (ii) the provision and obtaining of property services, including project management, building maintenance, estate management, and security, sales and marketing services;
- (iii) the sale and purchase of iron and steel products, including steel rebars, deformed bars, round bars and wire rods; and
- (iv) the provision and obtaining of services in relation to the iron and steel business, including contract manufacturing, storage, marketing, distribution and transportation services.

(b) General Transactions

This category covers transactions in relation to the provision or obtaining of management, support and other related services, including internal audit and information technology services.

Corporate Governance

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

7. Review Procedures for IPTs

In general, the EAR Group has internal control procedures to ensure that the IPTs are undertaken on normal commercial terms, are not prejudicial to the interests of the Company and its minority Shareholders, and consistent with the EAR Group's usual business practices and policies, which (in relation to products or services to be provided to an Interested Person) are no more favourable to the Interested Person than those extended to unrelated third parties, or (in relation to products or services to be obtained from an Interested Person) are no less favourable than those extended to the EAR Group by unrelated third parties.

In particular, the following review procedures have been established:-

Revenue Transactions

(a) Leasing or Rental of Office Space and Plant Premises

The EAR Group will determine that the rental arrangements between the EAR Group and the Interested Person, including but not limited to, the rental rates and terms offered to the Interested Person, are comparable to the then prevailing market rates and terms for other properties within the vicinity of similar or comparable standing and facilities, after taking into account the tenure of the lease, the area of the leased premises and any other factor which may affect the rental rates or terms of the lease.

(b) Provision of Services or Sale of Products

The review procedures are as follows:-

- (i) All contracts entered into or transactions with an Interested Person are to be carried out at the prevailing market rates or prices and on normal commercial terms of the service or product provider within the EAR Group, which are no more favourable than those extended to unrelated third parties. As a basis to determine whether the price and terms offered to the Interested Person are no more favourable than those extended to unrelated third parties, the EAR Group will take into account at least two recent contracts for the same or substantially similar type of unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to a class of customers or for long-term contracts or for bulk purchases, where the giving of such preferential rates/prices/discounts are commonly practiced within the applicable industry), or otherwise in accordance with applicable industry norms.
- (ii) Where the prevailing market rates or prices are not available due to the nature of the service to be provided or the product to be sold, or where it is not possible to obtain at least two recent contracts for the same or substantially similar type of unrelated third party transaction (for instance, if there are no unrelated third party purchasers or customers for similar products or services, or if the product or service is proprietary), the terms of supply will (where applicable) be in accordance with the EAR Group's usual business practices and pricing policies. In determining the transaction price payable by the Interested Person for such service or product, the EAR Group will take into account various factors including, where applicable, the type and volume of the product to be sold, the prices of raw materials, the type and complexity of the service to be provided, the credit worthiness of the customers, the duration of the contract, the strategic purposes of the transaction, and the then prevailing business conditions.

(c) Obtaining of Services or Purchase of Products

The review procedures are as follows:-

- (i) All contracts entered into or transactions with an Interested Person are to be carried out at the prevailing market rates or prices and on normal commercial terms for the service or product obtained by the EAR Group from unrelated third parties. As a basis to determine whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties to the EAR Group for the same or substantially similar type of service or product, the EAR Group will obtain at least two quotations from unrelated third party vendors or suppliers for the same or substantially similar type of service or product and will take into account, where applicable, factors such as, but are not limited to, preferential rates, rebates, discounts accorded to long-term contracts or bulk purchases and credit terms.

Corporate Governance

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

7. Review Procedures for IPTs (Cont'd)

- (c) Obtaining of Services or Purchase of Products (Cont'd)
 - (ii) Where the prevailing market rates or prices are not available due to the nature of the service to be obtained or the product to be purchased, or where it is impractical or not possible for such quotes to be obtained (for instance, if there are no unrelated third party vendors or suppliers of similar services or products, or if the service or product is proprietary), the EAR Group will ensure that the price and terms of purchase are in accordance with industry norms, and/or will take into account, where relevant, factors such as, but are not limited to, specification compliance, skill, track record, quality of service, and delivery schedules.

General Transactions

Provision and Obtaining of Management, Support and Other Related Services

In relation to the provision and obtaining of management, support and other related services, the EAR Group will ensure that the costs for any management, support and other related services provided to, or obtained from, any Interested Person shall be in accordance with the cost recovery or sharing formula agreed with the Interested Person. The EAR Group will review and approve the computation of the cost recovery or sharing formula prior to the entry of the agreement with the Interested Person and will ensure that such cost recovery or sharing formula shall be based on actual costs incurred and shall not be prejudicial to the interests of the Company and its minority Shareholders.

Other Review Procedures

In addition to the review procedures set out above, the following review and approval procedures for IPTs will be applied to ensure that the IPTs are undertaken on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders:-

- (a) IPTs equal to or exceeding S\$100,000 but less than S\$3 million in value will be reviewed and approved by two (2) senior members of the management of the relevant company of the EAR Group who are designated by the Audit Committee (the "Management Members");
- (b) IPTs equal to or exceeding S\$3 million but less than S\$5 million in value will be reviewed and approved by either one (1) of the Management Members and any one of the Independent Directors of the LTC Group; and
- (c) IPTs equal to or exceeding S\$5 million in value will be reviewed and approved by the Audit Committee.

IPTs which need not have the prior approval of the Audit Committee will be reviewed on a half-yearly basis by the Audit Committee.

A register will be maintained by the Company to record all IPTs (and the basis on which they are entered into) which are entered into pursuant to the IPT Mandate.

The Company shall, on a half-yearly basis, report to the Audit Committee on all IPTs, and the basis of such transactions, entered into with Interested Persons during the preceding half-year. The Audit Committee shall review such IPTs at its half-yearly meetings except where such IPTs are required under the review procedures to be approved by the Audit Committee prior to the entry thereof.

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

The Audit Committee shall, in conjunction with its review of the IPTs and the internal audit report, ascertain whether the established review procedures have been complied with. If, during its reviews, the Audit Committee is of the view that the review procedures as stated above are not sufficient or have become inappropriate, in view of changes to the nature of, or the manner in which, the business activities of the EAR Group are conducted, it will take such actions as it deems appropriate and/or institute additional procedures as necessary to ensure that the IPTs will be on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders, and the Company will revert to the Shareholders for a fresh shareholders mandate based on new guidelines for the IPTs. In such a case, all IPTs will be reviewed and approved by the Audit Committee prior to their entry thereof.

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

Corporate Governance

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

8. Expiry and renewal of the IPT Mandate

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

9. Disclosures

Pursuant to Chapter 9 of the Listing Manual, the Company will disclose in its annual report the aggregate value of the Interested Person Transactions conducted under the IPT Mandate during the financial year, and in the annual reports for the subsequent financial year during which the IPT Mandate is in force. In addition, the Company will announce the aggregate value of the IPTs conducted pursuant to the IPT Mandate for the financial periods which it is required to report on (in accordance with Rule 705 of the Listing Manual) within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 907 of the Listing Manual.

10. Statement of the Audit Committee

The Audit Committee of the Company confirms that:

- (a) the methods and procedures for determining the transaction prices of the IPTs conducted under the IPT Mandate have not changed since the Shareholders approval the IPT Mandate at the 2006 AGM;
- (b) the methods and procedures referred to in (a) above continue to be sufficient to ensure that these IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders; and
- (c) the Company will obtain a fresh mandate from the shareholders if the methods or procedures for determining transaction prices referred to in paragraph 10(a) becomes inappropriate.

11. Directors' and substantial shareholders' interest

The interest of the directors' and substantial shareholders' interests of the Company as at 30 June 2007 and as at 12 September 2007 respectively, can be found on page 24 and page 67 of this Report respectively.

Directors and his alternate director of the Company will abstain from voting their shareholdings in the Company, if any, on Resolution relating to the renewal of the IPT Mandate at the forthcoming AGM.

Controlling Shareholders and their respective associates, being Interested Persons under the IPT Mandate, will abstain from voting their respective shareholdings in the Company on the Resolution relating to the renewal of the IPT Mandate at the forthcoming AGM.

12. Independent directors' recommendation

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

13. Directors' responsibility statement

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

Corporate Governance

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

1. Introduction

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

2. Terms used in Chapter 9 of the Listing Manual

“Entity at Risk”

The term “entity at risk” is defined to mean (a) the listed Company, (b) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange and (c) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries and its interested person(s) has control over the associated company.

“Interested Person”

The term “interested person” is defined to mean a director, or controlling shareholder of the listed issuer, or an associate of any such director, or controlling shareholder.

“Interested Person Transaction”

The term “interested person transaction” is defined to mean a transaction between an entity at risk and an interested person.

“Associate”

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

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

“Associated Company”

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

“Controlling Shareholder”

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

“Approved Exchange”

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

“Chief Executive Officer”

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

Corporate Governance

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL (CONT'D)

3. Materiality Thresholds, Disclosure Requirements and Shareholders' Approval

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

Immediate Announcement

An immediate announcement is required where the interested person transaction is of a value equal to, or more than, 3% of the listed group's latest audited NTA.

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

Shareholders' Approval

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

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

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

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

4. Exceptions

Rule 916 of the Listing Manual provides that the following transactions are not required to comply with Rule 906:-

- (1) The entering into, or renewal of a lease or tenancy of real property of not more than 3 years if the terms are supported by independent valuation.
- (2) Investment in a joint venture with an interested person if:-
 - (a) the risks and rewards are in proportion to the equity of each joint venture partner;
 - (b) the issuer confirms by an announcement that its audit committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders; and
 - (c) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture.

Corporate Governance

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL (CONT'D)

4. Exceptions (Cont'd)

- (3) The provision of a loan to a joint venture with an interested person if:-
- (a) the loan is extended by all joint venture partners in proportion to their equity and on the same terms;
 - (b) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture; and
 - (c) the issuer confirms by an announcement that its audit committee is of the view that:-
 - (i) the provision of the loan is not prejudicial to the interests of the issuer and its minority shareholders; and
 - (ii) the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders.
- (4) The award of a contract by way of public tender to an interested person if:-
- (a) the awarder entity at risk announces the following information:-
 - (i) the prices of all bids submitted;
 - (ii) an explanation of the basis for selection of the winning bid; and
 - (b) both the listed bidder (or if the bidder is unlisted, its listed parent company) and listed awarder (or if the awarder is unlisted, its listed parent company) have boards, the majority of whose directors are different and are not accustomed to act on the instructions of the interested person or its associates and have audit committees whose members are completely different.
- (5) The receipt of a contract which was awarded by way of public tender, by an interested person if:-
- (a) the bidder entity at risk announces the prices of all bids submitted; and
 - (b) both the listed bidder (or if the bidder is unlisted, its listed parent company) and listed awarder (or if the awarder is unlisted, its listed parent company) have boards, the majority of whose directors are different and are not accustomed to act on the instructions of the interested person or its associates and have audit committees whose members are completely different.

5. Shareholders' Mandate

Rule 920(1) of the Listing manual permits a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

Financial Statements

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Directors' Report

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Lion Teck Chiang Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 30 June 2007 and the balance sheet and statement of changes in equity of the Company as at 30 June 2007.

DIRECTORS

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

Cheng Theng Kee (Chairman)
 Cheng Yong Liang (Managing Director)
 Tan Sri Cheng Heng Jem
 Mazlan Bin Dato' Harun
 Ong Teong Wan
 Chay Yee
 Juliana Cheng San San (Alternate Director for Tan Sri Cheng Heng Jem)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company, as stated below :

Name of Director	Held in the name of Director		Deemed interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Ordinary shares				
Cheng Theng Kee	300,000	300,000	53,134,000	53,134,000
Cheng Yong Liang	150,000	150,000	–	–
Tan Sri Cheng Heng Jem	–	–	33,902,000	33,902,000
Juliana Cheng San San	12,000	12,000	–	–

There was no change in the above-mentioned interests between the end of the financial year and 21 July 2007.

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Cheng Theng Kee and Tan Sri Cheng Heng Jem are deemed to have an interest in shares of the subsidiary companies of the Company.

Except as disclosed in this report, no Director who held office at the end of the financial year had interest in shares or debentures of the Company, or of related corporations either at the beginning or at the end of the financial year.

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company 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 the Director is a member, or with a Company in which the Director has a substantial financial interest.

Directors' Report

SHARE OPTIONS

During the financial year there were :

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

AUDIT COMMITTEE

The Audit Committee comprises the following members:

Ong Teong Wan (Chairman)	(Non-executive and independent Director)
Chay Yee	(Non-executive and independent Director)
Mazlan Bin Dato' Harun	(Non-executive Director)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, including a review of the financial statements of the Company and of the Group for the financial year and the auditors' report thereon.

Pursuant to Rule 1207(6) of the Listing Manual of Singapore Exchange Securities Trading Limited, the Committee has conducted an annual review of the non-audit services provided by its external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence of the external auditors. It has recommended to the Board of Directors the nomination of Ernst & Young as external auditors at the forthcoming Annual General Meeting of the Company.

The functions performed are detailed in the Report on Corporate Governance.

AUDITORS

Ernst & Young have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,

Cheng Theng Kee

Director

Cheng Yong Liang

Director

Singapore
1 September 2007

Statement by Directors

Pursuant to Section 201(15)

We, Cheng Theng Kee and Cheng Yong Liang, being two of the Directors of Lion Teck Chiang Limited, do hereby state that, in the opinion of the Directors :

- (a) the accompanying balance sheets, consolidated profit and loss account, statements of changes in equity and consolidated statement of cash flows together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2007, and of the results, changes in equity and cash flows of the Group and the changes in the equity of the Company for the financial year ended on that date; 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 Board of Directors,

Cheng Theng Kee

Director

Cheng Yong Liang

Director

Singapore
1 September 2007

Independent Auditors' Report

to the Members of Lion Teck Chiang Limited

We have audited the accompanying financial statements of Lion Teck Chiang Limited (the "Company") and its subsidiaries (the "Group") set out on pages 28 to 65, which comprise the balance sheets of the Group and the Company as at 30 June 2007, the statements of changes in equity of the Group and the Company, and the profit and loss account and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion,

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

ERNST & YOUNG

Certified Public Accountants

Singapore
1 September 2007

Balance Sheets

as at 30 June 2007

	Note	Group		Company	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Non-current assets					
Investment properties	3	69,579	69,500	-	-
Property, plant and equipment	4	11,384	10,825	2	1
Subsidiary companies	5	-	-	124,112	109,592
Associated company	6	16	16	33	33
Long-term investments	7	3,720	3,720	380	380
Properties under development	8	34,090	52,456	-	-
Deferred tax assets	17	1,334	1,234	-	-
Current assets					
Completed properties held for sale	9	31,931	33,678	-	-
Stocks	10	44,729	28,931	-	-
Trade debtors	11	21,679	13,045	-	-
Other debtors	12	3,729	1,255	-	319
Amounts due from related parties	13	2,986	4,625	-	-
Fixed deposits	29	3,752	2,177	-	-
Cash and bank balances	29	8,559	6,555	6	6
		117,365	90,266	6	325
Current liabilities					
Trade creditors	14	33,123	21,790	-	-
Other creditors	15	6,703	5,902	187	177
Interest-bearing loans and borrowings	16	1,443	15,537	-	-
Amounts due to related parties	13	13,057	8,858	19	33
Provision for taxation		725	539	-	-
		55,051	52,626	206	210
Net current assets/(liabilities)		62,314	37,640	(200)	115
Non-current liabilities					
Interest-bearing loans and borrowings	16	30,262	38,178	-	-
Trade creditors	14	407	-	-	-
Amount due to subsidiaries	5	-	-	12,109	11,834
Deferred tax liabilities	17	845	964	-	-
		31,514	39,142	12,109	11,834
		150,923	136,249	112,218	98,287
Capital and reserves					
Share capital	18	150,113	150,113	150,113	150,113
Capital reserve		1,250	1,299	-	-
Exchange translation reserve		(13,628)	(15,269)	-	-
Dividend reserve		1,924	626	1,924	626
Accumulated losses		(5,029)	(15,671)	(39,819)	(52,452)
Shareholders' funds		134,630	121,098	112,218	98,287
Minority interests		16,293	15,151	-	-
		150,923	136,249	112,218	98,287

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

Consolidated Profit and Loss Account

for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
Continuing operations			
Revenues	19	134,979	90,429
Other revenues	20	556	1,134
Total revenues		135,535	91,563
Costs and expenses			
Cost of sales	21	(111,149)	(77,786)
Salaries and employee benefits	22	(2,383)	(2,283)
Depreciation of property, plant and equipment	4	(937)	(1,261)
Other operating expenses		(3,634)	(2,613)
Total costs and expenses		(118,103)	(83,943)
Operating profit	23	17,432	7,620
Finance costs	24	(2,773)	(2,645)
Profit before taxation and minority interests and exceptional item		14,659	4,975
Exceptional item	25	-	487
Profit before taxation and minority interests		14,659	5,462
Taxation	26	(835)	(240)
Profit from continuing operation		13,824	5,222
Discontinued operation			
Loss for the year from discontinued operation	27	-	(60)
Net profit for the year		13,824	5,162
Attributable to:			
Minority interests		1,258	950
Shareholders of the Company		12,566	4,212
		13,824	5,162
		Cents	Cents
Earning per share - Basic and diluted	28	8.0	2.7

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

Statements of Changes in Equity

for the year ended 30 June 2007

	Share capital (Note 18) \$'000	Share premium \$'000	Capital reserve \$'000	Exchange translation reserve \$'000	Accumulated losses \$'000	Dividend reserve (Note 30) \$'000	Minority interests \$'000	Total \$'000
Group								
Balance as at 1 July 2006	150,113	–	1,299	(15,269)	(15,671)	626	15,151	136,249
Realisation of surplus on sale	–	–	(49)	–	–	–	–	(49)
Exchange differences on consolidation	–	–	–	1,641	–	–	–	1,641
Net (loss)/gain directly recognised in equity	–	–	(49)	1,641	–	–	–	1,592
Net profit for the period	–	–	–	–	12,566	–	1,258	13,824
Total (loss)/gain for the period	–	–	(49)	1,641	12,566	–	1,258	15,416
Dividends paid by subsidiary	–	–	–	–	–	–	(116)	(116)
Dividend paid by the company	–	–	–	–	–	(626)	–	(626)
Transfer to dividend reserve	–	–	–	–	(1,924)	1,924	–	–
Balance as at 30 June 2007	150,113	–	1,250	(13,628)	(5,029)	1,924	16,293	150,923
Balance as at 1 July 2005	78,227	71,886	1,299	(12,958)	(19,257)	–	14,316	133,513
Transfer on liquidation of a subsidiary	–	–	–	(697)	–	–	–	(697)
Exchange differences on consolidation	–	–	–	(1,614)	–	–	–	(1,614)
Net loss directly recognised in equity	–	–	–	(2,311)	–	–	–	(2,311)
Net profit for the period	–	–	–	–	4,212	–	950	5,162
Total gain/(loss) for the period	–	–	–	(2,311)	4,212	–	950	2,851
Transfer from share premium to capital	71,886	(71,886)	–	–	–	–	–	–
Transfer to dividend reserve	–	–	–	–	(626)	626	–	–
Dividends paid by subsidiary	–	–	–	–	–	–	(115)	(115)
Balance as at 30 June 2006	150,113	–	1,299	(15,269)	(15,671)	626	15,151	136,249
		Share capital	Share premium	Accumulated losses	Dividend reserve (Note 30)	Total		
		\$'000	\$'000	\$'000	\$'000	\$'000		
Company								
Balance as at 1 July 2006		150,113	–	(52,452)	626	98,287		
Net profit for the period		–	–	14,557	–	14,557		
Dividends paid		–	–	–	(626)	(626)		
Transfer to dividend reserves		–	–	(1,924)	1,924	–		
Balance as at 30 June 2007		150,113	–	(39,819)	1,924	112,218		
Balance as at 1 July 2005		78,227	71,886	(53,211)	–	96,902		
Net profit for the period		–	–	1,385	–	1,385		
Transfer from share premium to capital		71,886	(71,886)	–	–	–		
Transfer to dividend reserves		–	–	(626)	626	–		
Balance as at 30 June 2006		150,113	–	(52,452)	626	98,287		

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

Consolidated Cash Flow Statement

for the year ended 30 June 2007

	2007	2006
	\$'000	\$'000
Cash flows from operating activities :		
Operating profit before interest and taxation	17,095	7,190
Loss from discontinued operations	-	(60)
	17,095	7,130
Adjustments for :		
Depreciation of property, plant and equipment	937	1,261
Gain on sale of long-term investment	-	(153)
Gain on disposal of property, plant and equipment	(130)	-
Provision for/(write back of) foreseeable losses in value of properties under development	640	(272)
Write back of impairment loss in value of long-term investments	-	(49)
Currency realignment	1,641	(1,615)
Operating profit before reinvestment in working capital	20,183	6,302
Increase in stocks	(15,798)	(4,122)
(Increase)/decrease in debtors	(11,108)	1,189
Increase in creditors	12,541	3,829
Increase/(decrease) in amounts due to related parties	4,199	(5,807)
Decrease in amounts due from related parties	1,639	2,290
Decrease/(increase) in properties under development	17,726	(3,894)
Decrease/(increase) in completed properties held for sale	1,698	(2,800)
Cash generated from/(used in) operations	31,080	(3,013)
Interest paid	(2,773)	(2,645)
Income taxes paid	(868)	(1,015)
Net cash generated from/(used in) operating activities	27,439	(6,673)
Cash flows from investing activities :		
Capital expenditure on investment properties	(79)	(368)
Interest received	337	430
Proceeds from disposal of property, plant and equipment	168	16
Liquidation of a subsidiary, net of cash disposed (Note 27)	-	(4)
Purchase of property, plant and equipment	(1,534)	(585)
Proceeds from disposal of long-term investments	-	153
Net cash used in investing activities	(1,108)	(358)
Cash flows from financing activities :		
Increase/(decrease) in finance lease obligations	55	(32)
Proceeds from long-term borrowings	-	4,000
Repayment of long-term borrowings	(6,764)	(2,952)
(Repayment)/proceeds of short-term borrowings	(11,674)	2,083
Dividend paid to minority interests of a subsidiary	(116)	(115)
Dividends paid by the company	(626)	-
Net cash (used in)/generated from financing activities	(19,125)	2,984
Net increase/(decrease) in cash and cash equivalents	7,206	(4,047)
Cash and cash equivalents at beginning of year	5,105	9,152
Cash and cash equivalents at end of year (Note 29)	12,311	5,105

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

Notes to the Financial Statements

30 June 2007

1. Corporate information

Lion Teck Chiang Limited is a limited liability company which is incorporated in Singapore.

The registered office and principal place of business of Lion Teck Chiang Limited is located at 10 Arumugam Road #10-00, Lion Building A, Singapore 409957.

The principal activity of the Company is that of investment holding. The subsidiary companies are primarily engaged in investment holding, property investment and development and steel trading. There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act, Cap. 50.

The financial statements of the Company and the Group have been prepared on a historical cost basis except for the revaluation of certain property, plant and equipment, completed properties and investment properties that have been measured at their fair values.

The accounting policies have been consistently applied by the Company and the Group and except for the changes in accounting policies discussed more fully below, are consistent with those used in the previous year.

The financial statements are presented in Singapore dollars (SGD or S\$) and all values are rounded to the nearest thousand (\$'000) except when otherwise indicated.

2.2 Changes in accounting policies

The Group and the Company have not applied the following FRS and INT FRS that have been issued but not yet effective :

	Effective date (annual periods beginning on or after)
FRS 1 : Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)	1 January 2007
FRS 40 : Investment Property	1 January 2007
FRS 107 : Financial Instruments: Disclosures	1 January 2007
FRS 108 : Operating Segments	1 January 2009
INT FRS 111 : Group and Treasury Share Transactions	1 March 2007
INT FRS 112 : Service Concession Arrangements	1 January 2008

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 107 and the amendment to FRS 1 and FRS 40 as indicated below.

- **FRS 107, Financial Instruments: Disclosures and Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)**

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to FRS 1 requires the group to make new disclosures to enable users of the financial statements to evaluate the group's objectives, policies and processes for managing capital. The Group will apply FRS 107 and the amendment to FRS 1 from annual period beginning 1 July 2007.

- **FRS 40 – Investment Property**

The Group will adopt FRS 40 for the financial year beginning 1 July 2007. Following the adoption, investment properties will be measured at fair value and gains or losses arising from the changes in the fair value of the investment properties are included in the profit and loss account in the year in which they arise.

Notes to the Financial Statements

30 June 2007

2. Summary of significant accounting policies (cont'd)

2.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be between 3 to 30 years. The carrying amount of the Group's property, plant and equipment at 30 June 2007 was \$11,384,000 (2006 : \$10,825,000). Changes in the expected level of usage and technological advancements could impact the economic useful lives and the residual values of these assets. As a result, future depreciation charges could be revised.

(b) Income taxes

The Group has exposure to income taxes in both Singapore and Malaysia jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables at 30 June 2007 was \$725,000 (2006: \$539,000).

2.4 Foreign currency translation

The management has determined the currency of the primary economic environment in which the company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuation in SGD.

Transactions in currencies other than SGD are measured in the respective functional currencies of the company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange ruling at balance sheet date. Non-monetary assets and liabilities items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rate at the date when fair value was determined.

All resultant exchange differences are recognised in the profit and loss account.

On disposal of a foreign operation, the cumulative amount of exchange differences in deferred equity relating to that foreign operation is recognised in the profit and loss account as a component of the gain or loss on disposal.

2.5 Investment in subsidiary companies

A subsidiary is a company in which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

Notes to the Financial Statements

30 June 2007

2. Summary of significant accounting policies (cont'd)

2.6 Investment in associated company

An associated company is an entity, not being a subsidiary, in which the Group has a long-term interest of not less than 20% nor more than 50% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

The Group's investment in associated company is accounted for under the equity method. Investment in associated company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of associated company, less any impairment loss.

When the Group's share of losses exceeds the carrying amount of the investment, the investment is reported at nil value and the recognition of losses is discontinued except to the extent of the Group's commitment.

The Group's share of the results of associated company is included in the consolidated profit and loss account. Investment in associated company is stated at cost less any impairment loss in the Company's balance sheet. An assessment of investment in associated company is performed when there is indication that the asset has been impaired or the impairment losses recognised in the prior years no longer exist.

2.7 Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

The subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date such control ceases.

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Minority interests represent the portion of profit and loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parents shareholders' equity, and are separately disclosed in the consolidated profit and loss account.

2.8 Investment properties

Investment properties are those properties which are held either to earn rental income or for capital appreciation or both. Investments properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date.

Gains or losses arising from changes in fair values of investment properties are included in the revaluation reserve account except when the total revaluation reserve is insufficient to cover the deficit, then the amount by which the deficit exceeds the revaluation reserve is charged to the profit and loss account in the year in which they arise.

A surplus on revaluation directly related to a previous deficit arising from the same investment property that was charged to the profit and loss account, will be credited to the profit and loss account to the extent that it offsets the previously recorded deficit.

On the sale of a property, the relevant revaluation surplus shall be credited to the profit and loss account.

Notes to the Financial Statements

30 June 2007

2. Summary of significant accounting policies (cont'd)

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit and loss account in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property, plant and equipment.

Depreciation is computed on a straight-line basis, the estimated useful lives are as follows :

Industrial buildings	–	30 years
Plant and machinery	–	3 – 10 years
Renovation	–	5 – 10 years
Furniture and fittings	–	8 – 10 years
Office equipment	–	5 – 10 years
Electrical fittings	–	3 – 10 years
Computers	–	5 years
Motor vehicles	–	5 – 10 years

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

Any surpluses held in capital reserves in respect of previous revaluations of property, plant and equipment disposed off during the year are regarded as having become realised and are transferred to the accumulated earnings.

Industrial buildings are stated at Directors' valuation which is based on independent professional valuation on an open market value basis.

Revaluation surpluses arising on valuations of the Group's industrial building are credited directly to capital reserves. Revaluation deficits are taken to the profit and loss account in the absence of or to the extent that they exceed any surpluses held in reserves relating to previous revaluations.

Revaluations are made by the Directors annually to ensure their carrying amount does not differ materially from their fair value at the balance sheet date.

Industrial buildings are revalued by an independent professional valuer at least once every five years.

Notes to the Financial Statements

30 June 2007

2. Summary of significant accounting policies (cont'd)

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the profit and loss account as 'impairment losses' or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for that same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss account unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit and loss account is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.11 Long-term investments

Investments held on a long-term basis are stated at cost less any decline, other than temporary, in the value of the investment. When there is a decline, other than temporary, in the value of a long-term investment, the carrying amount is reduced to recognise the decline. Reduction for other than a temporary decline in the carrying amounts of long-term investments are charged in the profit and loss account. Reductions in carrying amount may be reversed when there is an increase in the value of the investment, or if the reasons for the reduction no longer exists.

2.12 Financial assets

Financial assets within the scope of FRS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial statements.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for sale financial assets are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

Notes to the Financial Statements

30 June 2007

2. Summary of significant accounting policies (cont'd)

2.13 Properties under development

- (i) Properties under development are properties developed for sale. They are stated at the lower of cost and estimated net realisable value. Provision is made for foreseeable losses and for diminution in value where the cost of any property exceeds net realisable value. Cost comprises land cost, development and construction expenditures, and where applicable, finance costs.

Provision for foreseeable losses on properties under development for sale is recognised in the financial statements as soon as the possibility of a loss is ascertained.

- (ii) Revenue and profit are recognised on the percentage of completion method. These revenue and profit are brought into the financial statements only in respect of sale agreements finalised and in proportion to the extent of completion of development work undertaken. The extent of completion is measured by reference to construction costs incurred to date as a percentage of total estimated construction costs for each contract.

2.14 Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, and interest incurred during the period of construction.

Provision for diminution in value of properties held for sale is made when it is anticipated that the net realisable value has fallen below cost.

2.15 Stocks

Stocks are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows :

- Raw materials – purchase cost on a weighted average cost basis; and
- Finished goods – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Trade and other debtors

Trade and other debtors, including amounts due from subsidiaries, associates, related companies and loans to related companies are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.12.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.24 below.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Short-term deposits which are held to maturity are carried at cost.

For the purposes of the consolidated cash flows statement, cash and cash equivalents consist of cash on hand and deposits in bank, net of outstanding bank overdrafts.

2.18 Trade and other creditors

Liabilities for trade and other amounts creditors, which are normally settled on 30-90 day terms, are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Payables to related parties are carried at cost.

Notes to the Financial Statements

30 June 2007

2. Summary of significant accounting policies (cont'd)

2.19 Leases

(i) Finance lease

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit and loss account.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

(ii) Operating lease

(a) As lessee

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income (Note 2.25).

2.20 Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where :

- The contractual rights to receive cash flows from the asset have expired;
- The Group retains the contractual rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the Financial Statements

30 June 2007

2. Summary of significant accounting policies (cont'd)

2.20 Derecognition of financial assets and liabilities (cont'd)

(a) Financial assets (cont'd)

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss account.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit and loss account.

2.21 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.22 Loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process.

Borrowing costs incurred for property under development are capitalised up to the time when the property is certified by the requisite authority as being fit for occupation.

Notes to the Financial Statements

30 June 2007

2. Summary of significant accounting policies (cont'd)

2.23 Income taxes

(a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(b) Deferred tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investment in subsidiary and associated companies, 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.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set-off current tax assets against tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.24 Impairment of financial assets

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

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the profit and loss account. Reversals of impairment losses on debt instruments are reversed through the profit and loss account, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

Notes to the Financial Statements

30 June 2007

2. Summary of significant accounting policies (cont'd)

2.25 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer.

Sale from properties development

Profit is recognised as outlined in paragraph 2.13(ii) above.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

Rental

Rental and related income from investment properties is recognised on the time apportionment basis.

2.26 Segment reporting

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

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Intersegment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one year.

The Group comprises 4 main business segments as follows :

- Steel trading
- Property development
- Property rental
- Investment holding

The Group operates in 2 principal geographical areas, Singapore and Malaysia. Segment revenue is based on the geographical location of assets.

2.27 Employee benefits

Defined contribution plan

As required by law, the Group's subsidiary companies in Singapore and Malaysia make contributions to the state pension scheme, the Central Provident Fund ("CPF") and Employee Provident Fund ("EPF") respectively. CPF and EPF contributions are recognised as compensation expenses in the same period as the employment that give rise to the contribution.

Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

Notes to the Financial Statements

30 June 2007

2. Summary of significant accounting policies (cont'd)

2.28 Derivative financial instruments

The group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to the profit and loss account for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

Details of the Group's financial risk management objectives and policies are set out in Note 35.

2.29 Capital reserve

Capital reserve comprises revaluation reserves for certain property, plant and equipment and completed properties.

3. Investment properties

	Group	
	2007 \$'000	2006 \$'000
Investment properties, at valuation and beginning of year	69,500	69,297
Additions during the year	79	368
Deficit on revaluation	-	(165)
Investment properties, at end of year	69,579	69,500

The details of the Group's investment properties are as follows :

Location	Tenure of land	Approximate lettable area	Group's effective interest	Description and existing use
(i) 10 Arumugam Road Singapore 409957	Freehold	4,970 sq.m.	100%	Lion Building A / Industrial
(ii) 12 Arumugam Road Singapore 409958	Freehold	8,500 sq.m.	100%	Lion Building B / Industrial
(iii) 14 Arumugam Road Singapore 409959	Freehold	8,630 sq.m.	100%	Lion Building C / Industrial
(iv) 16 Arumugam Road Singapore 409961	Freehold	5,031 sq.m.	100%	Lion Building D / Industrial

The above investment properties were professionally valued by Knight Frank Pte Ltd on 14 March 2006 at \$69,500,000. The resulting deficit of \$165,000 was taken up in the prior year profit and loss account.

Investment properties have been mortgaged to secure various banking facilities as disclosed in Note 16.

Notes to the Financial Statements

30 June 2007

4. Property, plant and equipment

Group	Construction in progress	Industrial buildings	Plant and machinery	Renovation	Furniture and fittings	Office equipment	Electrical fittings	Computers	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost and valuation										
At 1 July 2006	–	11,311	6,638	567	430	234	27	691	998	20,896
Additions	1,020	–	70	129	1	8	–	15	291	1,534
Disposals	–	–	(9)	(4)	(3)	(68)	(20)	(147)	(424)	(675)
Currency realignment	–	–	–	1	–	1	–	–	–	2
At 30 June 2007	1,020	11,311	6,699	693	428	175	7	559	865	21,757
Representing :										
Cost	1,020	–	6,699	693	428	175	7	559	865	10,446
Valuation	–	11,311	–	–	–	–	–	–	–	11,311
	1,020	11,311	6,699	693	428	175	7	559	865	21,757
Accumulated depreciation										
At 1 July 2006	–	2,703	4,987	507	399	151	26	561	737	10,071
Charge for the year	–	393	288	42	10	20	–	36	148	937
Disposals	–	–	(9)	(4)	(3)	(53)	(20)	(147)	(401)	(637)
Currency realignment	–	–	–	1	–	1	–	–	–	2
At 30 June 2007	–	3,096	5,266	546	406	119	6	450	484	10,373
Cost and valuation										
At 1 July 2005	–	11,311	6,230	570	430	258	27	581	1,056	20,463
Additions	–	–	412	–	–	49	–	112	–	573
Disposals	–	–	(4)	(2)	–	(73)	–	(2)	(58)	(139)
Currency realignment	–	–	–	(1)	–	–	–	–	–	(1)
At 30 June 2006	–	11,311	6,638	567	430	234	27	691	998	20,896
Representing :										
Cost	–	–	6,638	567	430	234	27	691	998	9,585
Valuation	–	11,311	–	–	–	–	–	–	–	11,311
	–	11,311	6,638	567	430	234	27	691	998	20,896
Accumulated depreciation										
At 1 July 2005	–	2,311	4,398	467	376	192	26	538	627	8,935
Charge for the year	–	392	592	41	23	25	–	25	163	1,261
Disposals	–	–	(3)	–	–	(66)	–	(2)	(52)	(123)
Currency realignment	–	–	–	(1)	–	–	–	–	(1)	(2)
At 30 June 2006	–	2,703	4,987	507	399	151	26	561	737	10,071
Net book value										
At 30 June 2007	1,020	8,215	1,433	147	22	56	1	109	381	11,384
At 30 June 2006	–	8,608	1,651	60	31	83	1	130	261	10,825

Notes to the Financial Statements

30 June 2007

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

Company

	Computers	
	2007	2006
	\$'000	\$'000
Cost		
At 1 July	6	5
Additions	2	2
Disposals	(2)	(1)
	<hr/>	<hr/>
At 30 June	6	6
Accumulated depreciation		
At 1 July	5	5
Charge for the year	1	1
Disposals	(2)	(1)
	<hr/>	<hr/>
At 30 June	4	5
Net book value		
At 30 June	2	1
	<hr/>	<hr/>

- (a) Net book value of motor vehicles under hire purchase arrangement at 30 June 2007 is \$256,928 (2006 : \$236,659) (Note 16) .
- (b) Net book value of property, plant and equipment pledged as security over bills payable of the Group amounts to \$10,857,000 (2006 : \$10,475,000) (Note 14).
- (c) Net book value of revalued assets if carried at cost less accumulated depreciation amounts to \$6,785,746 (2006 : \$7,098,976).
- (d) The following are industrial buildings held by the Group :

Location	Description	Approx. site area	Tenure of land
20 Woodlands Loop, Singapore	Factory and office building	11,203 sq.m.	30-year leasehold commencing 1 October 1994
22 Woodlands Loop, Singapore	Plant	9,007 sq.m.	30-year leasehold commencing 1 September 2002

The industrial buildings at 20 and 22 Woodlands Loop were professionally valued by Knight Frank Pte Ltd on 29 July 2005. The valuation was performed on an open market value basis. The Group's share of the deficit arising from the valuation which amounted to \$69,000 was charged to capital reserve against previous years' revaluation surplus.

Notes to the Financial Statements

30 June 2007

5. Subsidiary companies

	Company	
	2007 \$'000	2006 \$'000
Unquoted equity investments, at cost (Note 34)	130,070	130,070
Less: Impairment loss	(31,439)	(46,439)
	98,631	83,631
Amount due from a subsidiary company	25,481	41,361
Less: Allowance for doubtful debts	-	(15,400)
	25,481	25,961
	124,112	109,592
Amounts due to subsidiary companies	(12,109)	(11,834)

The amount due from a subsidiary company is a quasi-equity loan which represents an extension of investment in the subsidiary company. It is non-trade related, unsecured, interest-free, and not due for repayment within the next twelve months and is denominated in Singapore Dollars.

Amounts due to subsidiary companies are non-trade related, unsecured, interest-free, not due for repayment within the next twelve months, to be settled in cash and includes an amount of \$11,976,527 (2006: \$11,679,141) denominated in Malaysia Ringgit. The remaining amount is denominated in Singapore Dollars.

6. Associated company

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Unquoted equity investment, at cost (Note 34)	-	-	-	-
Share of net post-acquisition reserves	(16)	(16)	-	-
Amount due from associated company	32	32	33	33
	16	16	33	33

The amount due from associated company, Teck Chiang Investment Pte Ltd, is non-trade related, unsecured, interest-free, not due for repayment within the next twelve months, to be settled in cash and is denominated in Singapore Dollars.

The associate's asset amounts to \$Nil (2006: \$Nil), and liabilities amounts to \$32,921 (2006: \$32,921). The associate has been dormant since the financial year beginning 1 July 2006, with no resulting revenue and profit or loss.

Notes to the Financial Statements

30 June 2007

8. Properties under development (cont'd)

Certain properties under development are mortgaged as detailed in Note 16 to the financial statements.

The details of the Group's properties under development are as follows :

Property	Tenure of land	Percentage of completion at 30.6.2007/ expected date of completion	Site area/ gross floor area	Group's effective interest	Description and existing use
Malaysia					
(i) Kawasan Bandar XLII District of Melaka Tengah	99 years	Planning stage	1.30 hectares/ 15,216 sq.m.	100%	36 units of 4-storey shop/apartment
(ii) Lot 8243 (formerly Lot 1916) Mukim Tanjung Duabelas, District of Kuala Langat, Selangor	Freehold	Planning stage	184.33 hectares	100%	Residential, commercial and industrial land
(iii) Lot 3066 & 3067 Mukim Tebrau District of Johor Bahru, Johor	Freehold	75% December 2007	0.79 hectares/ 15,080 sq.m.	100%	48 units of shophouses
		23% November 2009	1.04 hectares/ 10,582 sq.m.	100%	154 units of low cost flats
(iv) Lot 1644, 1645, 1647 & 1648 Mukim Tanjung Duabelas Daerah District of Kuala Langat, Selangor	Freehold	Planning stage	4.65 hectares/ 46,517 sq.m.	100%	47 units double-storey terrace houses, 480 units low cost flats and 32 units low cost shops
(v) Lot 2090 Mukim Plentong District of Johor Bahru, Johor	Freehold	Planning stage	0.58 hectares/ 6,317 sq.m.	100%	80 units of low cost flats
Singapore					
(vi) Lot 98384 Mukim 25 120 Branksome Road	Freehold	25% August 2008	1,322.4 sq.m./ 1,359.3 sq.m.	100%	3 units of double-storey detached houses

Item (i) was professionally valued by C H Williams Talhar on 5 December 1994. Item (ii) was professionally valued by Appraisal (Malaysia) Sdn Bhd on 28 November 1994.

Notes to the Financial Statements

30 June 2007

9. Completed properties held for sale

	Group	
	2007	2006
	\$'000	\$'000
Freehold and leasehold land	7,607	9,285
Construction costs	22,714	23,006
Interest capitalised	1,610	2,759
Less: Allowance for foreseeable losses	–	(1,372)
	31,931	33,678

Certain completed properties held for sale are mortgaged as detailed in Note 16 to the financial statements.

The details of the Group's completed properties held for sale are as follows :

Property	Tenure of land	Site area/ gross floor area	Group's effective interest	Description and existing use
Malaysia				
(i) Kawasan Bandar XLII District of Melaka Tengah	99 years lease (expiring in 2090)	8.92 hectares/ 104,516 sq.m.	100%	280 units of 4-storey shop/office
		0.33 hectares/ 5,072 sq.m.	100%	12 units of 4-storey shop/apartment
(ii) Lot 3066 & 3067 Mukim Tebrau District of Johor Bahru, Johor	Freehold	3.19 hectares/ 20,241 sq.m.	100%	Hypermarket
		2.28 hectares/ 25,715 sq.m.	100%	180 units of double-storey terrace houses
(iii) Lot 2090 Mukim Plentong District of Johor Bahru, Johor	Freehold	0.66 hectares/ 7,265 sq.m.	100%	112 units of low cost flats

10. Stocks

	Group	
	2007	2006
	\$'000	\$'000
Trading stocks	39,311	27,433
Goods in transit	2	9
Raw material (scrap)	5,300	1,143
Remnant	116	346
Total inventories at lower of cost and net realisable value	44,729	28,931

During the year, the amount recognised as expense in the profit and loss for the write-down of stocks was \$Nil (2006: \$50,000).

The Group has pledged a floating charge over the stocks as security over the bills payable (Note 14).

Notes to the Financial Statements

30 June 2007

11. Trade debtors

	2007	Group
	\$'000	2006 \$'000
Trade debtors are stated after deducting allowance for uncollectible amounts	136	36

Trade debtors, which generally have 30-90 day terms, are recognised and carried at original invoice amount less impairment losses on any uncollectible amounts.

The Group has pledged a floating charge over the trade debtors net of allowance for uncollectible amounts, amounting to \$14,894,000 (2006 : \$11,606,000) as security over the bills payable (Note 14).

Included in the trade debtors of the Group is an amount of \$1,582,757 (2006 : \$1,253,971) denominated in Malaysia Ringgit. The remaining amount is denominated in Singapore Dollars.

12. Other debtors

	Group		Company	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Deposits	3,137	599	-	-
Prepayments	458	249	-	3
Tax recoverable	-	-	-	316
Financial derivatives	52	317	-	-
Sundry debtors	82	90	-	-
	3,729	1,255	-	319

The Group has pledged a floating charge over the other debtors, amounting to \$2,310,000 (2006 : \$421,000) as security over the bills payable (Note 14).

Included in the other debtors of the Group is an amount of \$506,487 (2006 : \$434,526) denominated in Malaysia Ringgit. The remaining amount is denominated in Singapore Dollars.

13. Amounts due from/(to) related parties

	Group		Company	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Trade related	2,947	4,595	-	-
Non-trade related (a)	39	30	-	-
	2,986	4,625	-	-
Trade related	(11,879)	(7,784)	-	-
Non-trade related (b)	(1,178)	(1,074)	(19)	(33)
	(13,057)	(8,858)	(19)	(33)

Notes to the Financial Statements

30 June 2007

13. Amounts due from/(to) related parties (cont'd)

Trade amounts are unsecured, interest-free, repayable within trade credit terms and to be settled in cash.

- (a) Non-trade amounts are unsecured, have no fixed terms of repayment, to be settled in cash and includes an amount of \$2,142,481 (2006 : \$2,682,806) that bears interest at 8% (2006 : 8%) per annum. Receivables from related parties are recognised and carried at cost less impairment losses on any uncollectible amounts.

The Group has pledged a floating charge over the amounts due from related parties, amounting to \$9,324 (2006 : \$Nil) as security over the bills payable (Note 14).

Included in the amounts due from related parties of the Group are amounts of \$2,928,332 (2006 : \$4,545,726) dominated in Malaysia Ringgit. The remaining amounts are dominated in Singapore Dollars.

- (b) Non-trade amounts are unsecured, have no fixed terms of repayment, to be settled in cash and includes an amount of \$1,002,465 (2006 : \$888,443) that bears interest at 8% (2006 : 8%) per annum.

Included in the amount due to related parties of the Group are amounts of \$1,395,390 and \$11,566,591 (2006 : \$1,045,689 and \$7,437,802) denominated in Malaysia Ringgit and US Dollars respectively. The remaining amount is denominated in Singapore Dollars.

14. Trade creditors

	Group	
	2007 \$'000	2006 \$'000
Trade creditors		
- Current	21,395	10,147
- Non-current	407	-
Bills payable	11,728	11,643
	33,530	21,790

Bills payable of the Group are secured by letters of comfort from the Company and a floating charge over all assets of a subsidiary company, bearing interest ranging from 4.57% to 5.75% (2006 : 5.54% to 5.58%) per annum during the financial year and mature on dates ranging from 13 August 2007 to 19 October 2007 (2006 : 25 September 2006 to 5 October 2006).

Included in the trade creditors of the Group is an amount of \$3,001,465 (2006 : \$4,141,100) denominated in Malaysia Ringgit. The remaining amount is denominated in Singapore Dollars.

15. Other creditors

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Accruals	1,141	941	184	174
Accrued development cost	4,672	3,757	-	-
Provision for late deliverables	-	19	-	-
Deposits received	336	345	-	-
Derivative instruments	74	126	-	-
Sundry creditors	480	714	3	3
	6,703	5,902	187	177

Included in the other creditors of the Group is an amount of \$4,808,648 (2006 : \$4,666,410) denominated in Malaysia Ringgit. The remaining amount is denominated in Singapore Dollars.

Notes to the Financial Statements

30 June 2007

16. Interest-bearing loans and borrowings

	Group	
	2007 \$'000	2006 \$'000
Payable within 12 months :		
Bank overdraft, secured (Note 29)	–	3,627
Bank loan, secured	–	10,509
Term loan, secured	886	864
Revolving credit facility, secured	500	500
Lease liabilities, secured	57	37
	1,443	15,537
Payable after 12 months :		
Bank loan, secured	4,000	4,764
Term loan, secured	7,132	7,819
Revolving credit facility, secured	19,000	25,500
Lease liabilities, secured	130	95
	30,262	38,178

Bank loan is secured on one of the Group's properties under development and is repayable on 31 October 2008. Interest paid on the loan during the financial year ranged from 4.20% to 5.31% (2006 : 5.09% to 5.46%) per annum.

The bank overdraft and revolving credit facility are secured on the first legal mortgage over the Group's investment properties, first equity mortgage on the Company's 11,518,000 shares in Angkasa Hong Leong Pte Ltd and personal guarantees of certain Directors. They are repayable on demand and on 20 March 2009 respectively. During the financial year, the interest paid ranged from 3.87% to 5.07% (2006 : 5.00% to 5.07%) per annum.

The term loan is secured by one of the Group's completed properties and is repayable on 30 September 2009. Interest paid during the financial year was at 7.4% (2006 : 7.4%) per annum.

Included in the interest-bearing loans and borrowings of the Group is an amount of \$8,018,300 (2006 : \$8,683,200) denominated in Malaysia Ringgit. The remaining amounts are denominated in Singapore Dollars.

The future minimum lease payments under hire purchase together with the present value of the net minimum lease payments are as follows :

	Minimum payments 2007 \$'000	Present value of payments 2007 \$'000	Minimum payments 2006 \$'000	Present value of payments 2006 \$'000
Within one year	65	57	42	37
After one year but not more than five years	146	130	107	95
Total minimum lease payments	211	187	149	132
Less: Amount representing finance charges	(24)	–	(17)	–
Present value of minimum lease payments	187	187	132	132

These obligations are secured by a charge over the leased assets (Note 4).

All amounts under finance lease arrangement are denominated in Singapore Dollars.

Notes to the Financial Statements

30 June 2007

17. Deferred taxation

	2007	Group
	\$'000	2006
		\$'000
Deferred tax assets		
At 1 July	1,234	–
Recognised during the year	–	1,234
Movement during the year	346	–
Reversal based on percentage of completion on amount previously capitalised in properties under development	(15)	–
Written back during the prior year	(113)	–
Effect of changes in statutory tax rate		
- Singapore	(100)	–
- Malaysia	(26)	–
Currency alignment	8	–
	<hr/> 1,334	<hr/> 1,234
At 30 June		
Deferred tax liabilities		
At 1 July	964	1,164
Movement during the year	(23)	–
Written back during the year	–	(196)
Effect of changes in statutory tax rate - Singapore	(96)	–
Currency realignment	–	(4)
	<hr/> 845	<hr/> 964
At 30 June		
The deferred taxation arises as a result of :		
Deferred tax assets		
- unabsorbed tax losses carried forward	981	1,000
- other timing differences	486	384
- revaluation of assets	(133)	(150)
	<hr/> 1,334	<hr/> 1,234
Deferred tax liabilities		
- revaluation of assets	278	309
- excess of net book value over tax written down value	567	665
- other timing differences	–	(10)
	<hr/> 845	<hr/> 964

Notes to the Financial Statements

30 June 2007

18. Share capital

	Company	
	2007	2006
	\$'000	\$'000
Issued and fully paid :		
Balance at beginning of year : 156,453,000 ordinary shares	150,113	78,227
Transfer from share premium	-	71,886
	<hr/>	<hr/>
Balance at end of year	150,113	150,113

The concept of par value and authorised share capital has been abolished by the Companies (Amendment) Act 2005 which is effective for all balance sheet date on and after 1 January 2006.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

19. Revenues

	Group	
	2007	2006
	\$'000	\$'000
Revenues consisted of the following :		
Sales of goods	88,096	74,691
Sales from property development	41,980	11,038
Dividend income from unquoted investments	93	79
Rental and service revenue	4,810	4,621
	<hr/>	<hr/>
	134,979	90,429

20. Other revenues

Other revenues included the following :

Gain on disposal of long-term investment	-	152
Gain on disposal of property, plant and equipment	130	-
Derivative instrument fair value adjustment	(140)	270
Interest income from :		
- Fixed deposits	61	76
- Housing development account (Note 29)	55	74
- Trade receivables	211	253
- Miscellaneous interest	10	27
	<hr/>	<hr/>

Included in the interest income from trade receivables is an amount of \$176,975 (2006 : \$184,723) from related party for trade related balances (Note 13).

Notes to the Financial Statements

30 June 2007

21. Cost of sales

	Group	
	2007	2006
	\$'000	\$'000

Included in cost of sales are the following items :

Staff and related costs	1,176	1,013
Operating lease expenses	434	463
	<hr/>	<hr/>

22. Salaries and employee benefits

Directors of the Company and its subsidiary companies

- Directors' remuneration	449	384
- CPF contributions	25	25

Key management personnel of the Company and its subsidiary companies

- Employees' remuneration	454	438
- CPF contributions	33	38

Staff costs

- Salaries and other benefits	1,294	1,281
- CPF and other defined contributions	128	117
	<hr/>	<hr/>

	2,383	2,283
	<hr/>	<hr/>

The remuneration is paid to Directors and key management officers in their capacity as employees.

	2007	2006
Number of Directors in remuneration bands :		
Below \$250,000	6	6
	<hr/>	<hr/>

Number of key management officers in remuneration bands :		
Below \$250,000	5	5
	<hr/>	<hr/>

23. Operating profit

	Group	
	2007	2006
	\$'000	\$'000

Operating profit is stated after charging/(crediting) :

Directors' fees	82	80
Write back in value of long-term investments, net	-	(49)
Write back of uncollectible amounts	-	(11)
Allowance for stock obsolescence written back	(43)	(225)
Foreign exchange loss/(gain), net	168	(416)
Carriage outwards	730	500
Provision for/(write-back) of foreseeable losses in value of properties under development	640	(272)
	<hr/>	<hr/>

Notes to the Financial Statements

30 June 2007

24. Finance costs

	Group	
	2007	2006
	\$'000	\$'000
Interest on amounts due to related parties	73	63
Interest on bank overdrafts	157	108
Interest on revolving credit facilities and bank loans	1,643	1,709
Interest on hire purchase	6	5
Interest on trust receipts	889	752
Others	5	8
	2,773	2,645

25. Exceptional item

Deficit on revaluation of investment properties	-	(165)
Gain on liquidation of subsidiary (Note 27)	-	652
	-	487

26. Taxation

Major components of income tax expense for the year ended 30 June were :

Current taxation :		
Singapore	537	548
Foreign	424	857
Deferred taxation :		
Singapore	(104)	(1,009)
Foreign	(223)	(82)
Under/(over) provision in respect of prior years :		
Current taxation	64	272
Deferred taxation	113	(346)
Adjustments for reduction in statutory tax rate :		
Singapore	4	-
Malaysia	20	-
	835	240

On 15 February 2007, the Singapore Government announced a 2% points reduction in statutory tax rate, from 20% to 18%, from Year of Assessment 2008. For the same basis year, there is a 1% point reduction in the Malaysia statutory tax rate from 28% to 27%. The financial effect of the reduction in tax rates were reflected in the current financial year.

The Group has unabsorbed tax losses amounting to approximately \$10,579,000 (2006 : \$22,756,000) available for offset against future taxable income subject to the agreement of Inland Revenue Authority of Singapore and compliance with certain provisions of the Singapore Income Tax Act. The deferred tax benefit relating to these trade losses of approximately \$1,904,000 (2006 : \$4,551,000) has not been recognised in the financial statements as its realisation is not certain at this juncture.

Notes to the Financial Statements

30 June 2007

26. Taxation (Cont'd)

A reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rates is as follows :

	Group	
	2007	2006
	\$'000	\$'000
Accounting profit	14,659	5,402
Tax at statutory rate of 18% (2006 : 20%)	2,639	1,080
Tax effect on expenses not deductible in determining taxable profit	159	313
Tax effect on income not taxable in determining taxable profit	(206)	(350)
Under provision of tax in respect of prior years	64	272
Under/(over) provision of deferred taxation in respect of prior years	113	(346)
Tax effect on different tax rate of other country	61	206
Tax effect on benefit from operating losses not recorded	(2,022)	65
Effect of change in statutory tax rate	24	-
Tax effect of tax asset previously not recognised	-	(1,000)
Others	3	-
	835	240

27. Discontinued operations

On 29 August 2005, the Company board of directors decided to discontinue and dispose of Guangzhou Lion Communication Development Co Ltd. The disposal is consistent with the Group's long-term strategy to maximise growth and profitability by focusing on steel trading and property related businesses and disposing of the telecommunication business, which has been under performing over the last five years. As at 30 June 2007, the telecommunication division was fully liquidated.

The results of the Guangzhou Lion Communication Development Co Ltd for the year ended 30 June 2007 are as follows :

	2007	2006
	\$'000	\$'000
Employee benefit	-	(20)
Other operating expense	-	(40)
Loss for the year from discontinued operation	-	(60)

Notes to the Financial Statements

30 June 2007

27. Discontinued operations (Cont'd)

The value of assets and liabilities of Guangzhou Lion Communication Development Co Ltd recorded in the consolidated financial statements as at 30 June 2007, and the cash flow effects of the disposal were :

	2007 \$'000	2006 \$'000
Property, plant and equipment	-	12
Debtor	-	35
Cash	-	33
	-	80
Creditor	-	(6)
Exchange translation reserve	-	(697)
	-	(623)
Carrying value of net liabilities	-	29
Net cash recovered	-	652
Gain on liquidation of a subsidiary (Note 25)	-	652
	-	29
Net cash recovered	-	(33)
Cash and cash equivalents of the subsidiary	-	(4)
Net cash outflow on the liquidation of the subsidiary	-	(4)

28. Earning per share

	2007 \$'000	Group 2006 \$'000
Net earning attributable to ordinary shareholders	12,566	4,212
Weighted average number of ordinary shares for calculation of basic and fully diluted earnings per share ('000)	156,453	156,453
	Cents	Cents
Earning per share – basic and diluted	8.0	2.7

Notes to the Financial Statements

30 June 2007

29. Cash and cash equivalents

Cash and cash equivalents comprise the following balance sheet amounts :

	Group	
	2007 \$'000	2006 \$'000
Cash and bank balances	8,559	6,555
Fixed deposits	3,752	2,177
Bank overdraft, secured (Note 16)	-	(3,627)
	12,311	5,105

The interest rate on fixed deposits ranged from 1.45% to 3.8% (2006 : 3.35%) per annum. The maturity dates of these deposits range from 27 July 2007 to 24 March 2008 (2006 : 10 April 2007). Included in the fixed deposits is an amount of \$62,741 (2006 : \$59,974) which is pledged for certain credit facilities not yet utilised as at year end and an amount of \$1,677,713 (2006 : \$Nil), charged to the financial institution to secure a bank guarantee of the Group (Note 32).

Included in the cash and bank balances is an amount of \$3,901,852 (2006 : \$2,201,505) held pursuant to a foreign Housing Development Act and therefore restricted from use in other operations.

The Group has pledged a floating charge over the cash and cash equivalents, amounting to \$3,191,669 (2006 : \$4,103,490) as security over the bills payable (Note 14).

Included in the cash and cash equivalents of the Group is an amount of \$6,044,101 and \$8,521 (2006 : \$4,524,904 and \$86,998) denominated in Malaysia Ringgit and the US Dollars respectively. The remaining amounts are denominated in Singapore Dollars.

30. Dividends

Proposed but not recognised as a liability at 30 June. Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting.

	Group	
	2007 \$'000	2006 \$'000
Final dividend of 1.5 cents per share less tax of 18% (2006 : Final dividend of 0.5 cents per share less tax of 20%)	1,924	626

31. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following are the transactions entered into by the Group and the Company with related parties :

	Group		Company	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Accounting fee paid	4	8	4	8
Dividend income	-	-	646	1,677
Management fee paid	51	111	51	111
Purchases of goods	16,586	11,622	-	-
Rental expense	-	-	20	20
Rental and service income	(2,291)	(2,224)	-	-
Sale of scrap	(1,752)	(698)	-	-
Sale of unquoted equity investment	-	(153)	-	-

Notes to the Financial Statements

30 June 2007

32. Commitments and contingencies

(i) Operating lease commitments :

Rental expenses (principally for warehouse and factory) for the year were \$434,000 (2006 : \$463,000) for the Group.

Future minimum lease payments payable under non-cancellable leases are as follows :

	2007	Group
	\$'000	2006
		\$'000
Within one year	506	506
After one year but not more than five years	2,022	2,022
More than five years	8,243	8,749
	10,771	11,277

Future minimum lease payments receivable (principally for rental income from investment properties and completed properties) under non-cancellable operating leases are as follows as of 30 June :

Not later than one year	3,723	3,755
Later than one year but not later than five years	1,348	1,892
	5,071	5,647

(ii) Capital commitments and forward exchange contracts :

Capital expenditure not provided for in the financial statements :

Commitments in respect of contracts placed	3,428	3,688
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As at the end of the financial year, the Group has the following outstanding foreign exchange forward contract commitments for the purpose of hedging against currency fluctuations in connection with payment of overseas trade creditors.

To sell Singapore dollars for United States dollars	6,756	14,928
Unrealised foreign exchange loss recognised in profit and loss	(74)	(80)

(iii) Contingent liabilities :

Guarantees given by the Company to banks in connection with bank facilities provided to subsidiary companies	51,740	79,618
Amount utilised in respect of guarantees issued at 30 June	33,620	64,929
Bank guarantee issued by a subsidiary company of the Group on behalf of a company incorporated in the Socialist Republic of Vietnam	3,064	–

A subsidiary company of the Group has entered an agreement with the Vietnamese company to provide financial assistance in the form of the bank guarantee and management and consultancy services in relation to the management of a commercial building in Ho Chi Minh City, Vietnam.

The bank guarantee is secured by a fixed deposit (Note 29) and a corporate guarantee by the Company.

Notes to the Financial Statements

30 June 2007

33. Segment information

Business segments

	Steel trading		Property development		Property rental		Investment holding		Eliminations		Consolidated	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Revenue												
Sales to external customers	88,096	74,691	41,980	11,038	4,810	4,621	-	-	-	-	134,886	90,350
Investment income	-	-	-	-	-	-	93	79	-	-	93	79
Intersegment sales	-	-	-	-	20	20	-	-	(20)	(20)	-	-
Other revenue	215	100	82	56	(78)	548	-	-	-	-	219	704
	88,311	74,791	42,062	11,094	4,752	5,189	93	79	(20)	(20)	135,198	91,133
Unallocated revenue											337	430
Total revenues											135,535	91,563
Segment results	3,824	3,150	12,098	1,068	2,867	3,316	(73)	1,451	(644)	(1,677)	18,072	7,308
Write back of impairment loss on investment	-	-	-	-	-	-	-	49	-	-	-	49
Provision for foreseeable loss on properties under development	-	-	(640)	-	-	-	-	-	-	-	(640)	-
Write back of impairment loss on completed properties held for sales and properties under development	-	-	-	263	-	-	-	-	-	-	-	263
Operating profit/(loss)	3,824	3,150	11,458	1,331	2,867	3,316	(73)	1,500	(644)	(1,677)	17,432	7,620
Finance costs											(2,773)	(2,645)
Exceptional item											-	487
Profit before tax											14,659	5,462
Taxation											(835)	(240)
Net profit for continuing operations											13,824	5,222
Discontinued operations												
Expenses for the year before liquidation											-	(60)
Net profit for the year											13,824	5,162

Notes to the Financial Statements

30 June 2007

33. Segment information (cont'd)

Business segments

	Steel trading		Property development		Property rental		Investment holding		Eliminations		Consolidated	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Assets and liabilities												
Segment assets	76,303	55,683	75,973	90,895	93,334	89,440	29,219	29,802	(38,691)	(39,053)	236,138	226,767
Tax assets											1,334	1,234
Investment in associated company											16	16
Total assets											237,488	228,017
Segment liabilities	41,981	23,876	9,313	9,510	27,303	29,004	13,384	13,213	(38,691)	(39,053)	53,290	36,550
Tax liability											1,570	1,503
Loans and borrowings											31,705	53,715
Total liabilities											86,565	91,768
Other segment information												
Depreciation of property, plant and equipment	753	1,074	5	5	178	181	1	1	-	-	937	1,261
Capital expenditure	1,318	513	-	-	214	60	2	-	-	-	1,534	573

Geographical segments

	Singapore		Malaysia		Eliminations		Consolidated	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Segment revenue								
Sales to external customers	127,673	78,933	7,213	11,417	-	-	134,886	90,350
Investment income	93	79	-	-	-	-	93	79
Inter-segment sales	20	20	-	-	(20)	(20)	-	-
Other revenue	137	648	82	56	-	-	219	704
Total revenues	127,923	79,680	7,295	11,473	(20)	(20)	135,198	91,563
Other geographical information :								
Segment assets	165,928	156,203	82,187	82,243	(11,977)	(11,679)	236,138	226,767
Capital expenditure	1,534	573	-	-	-	-	1,534	573

Notes to the Financial Statements

30 June 2007

34. Subsidiary and associated companies

The subsidiary and associated companies at 30 June are :

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost		Percentage of equity held	
		2007 \$'000	2006 \$'000	2007 %	2006 %
Subsidiary companies					
* Che Kiang Realty Sdn Bhd (Malaysia)	Property development (Malaysia)	42,070	42,070	100	100
Teck Chiang Realty Private Limited (Singapore)	Investment holding, Property investment and development and general merchants (Singapore)	73,000	73,000	100	100
Angkasa Hong Leong Pte Ltd (Singapore)	Importers, exporters and distributors of steel and iron products and commission agents (Singapore)	15,000	15,000	50 plus 1 share	50 plus 1 share
LTC Telecommunications Pte Ltd (Singapore)	Investment holding (Singapore)	##	–	100	100
LTC Building Materials Pte Ltd (Singapore)	Steel trading (Singapore)	–	–	100	100
Teck Chiang (International) Pte Ltd (Singapore)	Investment holding (Singapore)	**	**	100	100
Angkasa Welded Mesh Pte Ltd (Singapore)	Dormant (Singapore)	**	**	51	51
Lion Venture Pte Ltd (Singapore)	Investment holding (Singapore)	##	**	100	100
		130,070	130,070		

Notes to the Financial Statements

30 June 2007

34. Subsidiary and associated companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost		Percentage of equity held	
		2007 \$'000	2006 \$'000	2007 %	2006 %
Associated company					
# Teck Chiang Investment Pte Ltd (Singapore)	Dormant (Singapore)	-	-	50	50

* Audited by Ernst & Young, Malaysia (associate firm of Ernst & Young, Singapore).

**The shareholdings of these companies are held indirectly through subsidiary companies of the Company.

Not required to be audited in the country of incorporation.

##Liquidated during the year.

35. Financial risk management objectives and policies

The main risk arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk.

The Directors review and agree policies for managing each of these risks and they are summarised below :

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its bank borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. To manage the interest rate risk exposure, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. The interest rate swaps are due for maturity on 2 March 2009.

As at 30 June 2007, after taking into account the effect of the interest rate swap, approximately 32% (2006 : 19%) of the Group's borrowings are at a fixed rate of interest.

Liquidity risk

Funding for the Company and the Group is obtained from interest-bearing loans from banks, overdraft and credit facilities.

Foreign currency risk

The Group uses forward foreign exchange contracts with maturities of up to 12 months to hedge its forecasted purchases of steel from overseas suppliers denominated in United States dollars.

Credit risk

The carrying amount of investments, trade and other receivables as of 30 June 2007 represents the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risk. Forward foreign exchange contracts are entered into and cash is placed with reputable financial institutions.

Notes to the Financial Statements

30 June 2007

35. Financial risk management objectives and policies (cont'd)

Fair values

The carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables, and short term loans approximate their fair values due to their short-term nature.

The present value of lease payments, as disclosed in Note 16, approximates the fair value of hire purchase creditors.

The carrying amount of long-term bank loan approximates its fair value as interest is charged at a floating rate.

The amounts due from/to subsidiaries have no repayment terms and are repayable only when there is availability of cash flows. Accordingly, the fair values of the amounts are not determinable as the timing of the future cash flows arising from the amounts cannot be estimated reliably.

It is not practicable to determine with sufficient reliability the fair value of the unquoted equity investments because of the lack of quoted market prices and the ability to estimate fair value without incurring excessive costs. However management is of the opinion that the carrying amounts recorded as at balance sheet date, in accordance with the Company's accounting policies, are not in excess of the recoverable amount of the unquoted equity investments.

The fair value of derivative instruments are as follows :

	Total		Group	
	notional amount		Aggregate net fair value	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Interest rate swap contract	10,000	10,000	52	270
Forward foreign exchange contracts	6,756	14,928	(74)	(80)

The fair value of interest rate swap and forward foreign exchange contracts is determined by reference to a financial institution's valuation report for identical instruments in the open market.

Notes to the Financial Statements

30 June 2007

36. Comparative figures

Certain reclassifications have been made to the segment information in Note 33. This is to better reflect the substance of the segment balances and to conform with current year's presentation.

Business segments

	Steel trading		Property development		Property rental		Consolidated	
	2006 (After reclassi- fication) \$'000	2006 (Previously reported) \$'000	2006 (After reclassi- fication) \$'000	2006 (Previously reported) \$'000	2006 (After reclassi- fication) \$'000	2006 (Previously reported) \$'000	2006 (After reclassi- fication) \$'000	2006 (Previously reported) \$'000
Revenue								
Other revenue	100	108	56	478	548	548	704	1,134
Unallocated revenue							430	–
Assets and liabilities								
Segment liabilities	23,876	23,876	9,510	24,783	29,004	67,446	36,550	90,265
Loans and borrowings							53,715	–

Geographical segments

	Singapore		Malaysia		Consolidated	
	2006 (After reclassi- fication) \$'000	2006 (Previously reported) \$'000	2006 (After reclassi- fication) \$'000	2006 (Previously reported) \$'000	2006 (After reclassi- fication) \$'000	2006 (Previously reported) \$'000
Segment revenue						
Other revenue	648	656	56	478	704	1,134

37. Event after balance sheet date

On 27 July 2007, the Group completed the purchase of a property at 30 Wareham Road with approximate land area of 9,800 sf for a sum of \$5.9m. The property can be redeveloped into 2 detached houses.

38. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2007 were authorised for issue in accordance with a resolution of the Directors on 1 September 2007.

Analysis Of Shareholdings

as at 12 September 2007

Issued and fully paid-up capital	:	S\$150,112,500
No. of shares issued	:	156,453,000 ordinary shares
Class of shares	:	Ordinary shares fully paid
Voting rights	:	1 Vote per share

DISTRIBUTION OF SHAREHOLDINGS AS AT 12 SEPTEMBER 2007

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 999	1,120	10.97	334,054	0.21
1,000 - 10,000	8,364	81.96	16,663,055	10.65
10,001 - 1,000,000	708	6.94	34,952,641	22.34
1,000,001 and above	13	0.13	104,503,250	66.80
Total	10,205	100.00	156,453,000	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 12 SEPTEMBER 2007

No.	Name of shareholders	No. of shares	%
1	Lion Investment (Singapore) Pte Ltd	53,100,000	33.94
2	United Overseas Bank Nominees Pte Ltd	11,351,000	7.26
3	Lion Realty Pte Ltd	9,950,000	6.36
4	The Brooklands Selangor Rubber Co Limited	5,583,000	3.57
5	Andalas Development Sdn Bhd	4,961,000	3.17
6	Raffles Nominees Pte Ltd	4,892,571	3.13
7	Lion Enterprise (Kuala Lumpur) Sdn Bhd	3,451,429	2.21
8	Umatrac Enterprises Sdn Bhd	3,275,000	2.09
9	UOB Kay Hian Pte Ltd	2,083,000	1.33
10	Mayban Nominees (S) Pte Ltd	1,700,000	1.09
11	MORPH Investments Ltd	1,448,000	0.93
12	Neo Poo Chu	1,406,000	0.89
13	DBS Vickers Securities (S) Pte Ltd	1,302,250	0.83
14	Yim Chee Tong	948,000	0.61
15	Ching Kwong Yew	935,000	0.60
16	Tan Boon Kay	925,000	0.59
17	Phillip Securities Pte Ltd	913,450	0.58
18	DBS Nominees Pte Ltd	815,200	0.52
19	Vellayappan S/o Karrupiah	799,000	0.51
20	Ng Chwee Cheng	708,000	0.45
	Total:	110,546,900	70.66

SHAREHOLDINGS IN THE HANDS OF PUBLIC

On the basis of the information available to the Company, approximately 37.2% of the equity securities of the Company are held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual of the SGX-ST, which requires at least 10% of a listed issuer's equity securities to be held by the public.

Substantial Shareholders

As at 12 September 2007

Name of Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	Percentage	No. of Shares	Percentage
Lion Investment (Singapore) Pte Ltd	53,100,000	33.94	–	–
Datuk Cheng Yong Kim ⁽²⁾	50,000	0.03	53,100,000	33.94
Lion Realty Private Limited ⁽³⁾	9,950,000	6.36	23,952,000	15.31
Lion Holdings Sdn Bhd ⁽⁴⁾	9,950,000	6.36	–	–
Angkasa Marketing (Singapore) Pte Ltd ⁽⁵⁾	10,000,000	6.39	–	–
The Brooklands Selangor Rubber Company Limited ⁽⁶⁾	5,583,000	3.57	4,961,000	3.17
Cheng Theng Kee ⁽¹⁾	300,000	0.19	53,134,000	33.96
Tan Sri Cheng Heng Jem ⁽⁷⁾	–	–	33,902,000	21.67
Lancaster Trading Company Limited ⁽⁸⁾	–	–	9,950,000	6.36
William Cheng Sdn Bhd ⁽⁸⁾	–	–	9,950,000	6.36
Utara Enterprise Sdn Bhd ⁽⁸⁾	–	–	9,950,000	6.36
Akurjaya Sdn Bhd ⁽⁹⁾	–	–	10,544,000	6.74
Amsteel Corporation Berhad ⁽¹⁰⁾	–	–	23,919,000	15.29
Lion Corporation Berhad ⁽¹¹⁾	–	–	23,952,000	15.31
Horizon Towers Sdn Bhd ⁽³⁾	–	–	23,952,000	15.31
Lion Development (Penang) Sdn Bhd ⁽³⁾	–	–	23,952,000	15.31
LDH (S) Pte. Ltd. ⁽¹²⁾	–	–	23,952,000	15.31
Lion Diversified Holdings Berhad ⁽¹²⁾	–	–	23,952,000	15.31
LLB Steel Industries Sdn Bhd ⁽¹²⁾	–	–	23,952,000	15.31
Steelcorp Sdn Bhd ⁽¹²⁾	–	–	23,952,000	15.31
Amsteel Mills Sdn Bhd ⁽¹²⁾	–	–	23,952,000	15.31
Lion Industries Corporation Berhad ⁽¹³⁾	33,000	0.02	23,919,000	15.29

Notes:-

- (1) Mr Cheng Theng Kee is deemed to be interested in 53,134,000 shares comprising 53,100,000 shares held by Lion Investment (Singapore) Pte Ltd and 34,000 shares held by his spouse, Madam Chen Shok Ching.
- (2) Datuk Cheng Yong Kim, who is a son of Mr Cheng Theng Kee, is deemed to be interested in 53,100,000 shares held by Lion Investment (Singapore) Pte Ltd.
- (3) Lion Realty Private Limited, Horizon Towers Sdn Bhd and Lion Development (Penang) Sdn Bhd are deemed to be interested in 23,952,000 shares held by Lion Corporation Berhad.
- (4) Lion Holdings Sdn Bhd is the beneficial owner of 9,950,000 shares registered under Lion Enterprise (Kuala Lumpur) Sdn Bhd.
- (5) Angkasa Marketing (Singapore) Pte Ltd is the beneficial owner of 10,000,000 shares registered under RHB Sakura Merchant Bankers Berhad.
- (6) The Brooklands Selangor Rubber Company Limited is deemed to be interested in 4,961,000 shares held by Andalas Development Sdn Bhd.
- (7) Tan Sri Cheng Heng Jem is deemed to be interested in 33,902,000 shares comprising 23,952,000 shares held by Lion Corporation Berhad and 9,950,000 shares held by Lion Holdings Sdn Bhd.
- (8) Lancaster Trading Company Limited, William Cheng Sdn Bhd and Utara Enterprise Sdn Bhd are deemed to be interested in the 9,950,000 shares held by Lion Holdings Sdn Bhd.
- (9) Akurjaya Sdn Bhd is deemed to be interested in 10,544,000 shares comprising 4,961,000 shares held by Andalas Development Sdn Bhd and 5,583,000 shares held by The Brooklands Selangor Rubber Company Limited.
- (10) Amsteel Corporation Berhad is deemed to be interested in 23,919,000 shares comprising 10,544,000 shares held by Akurjaya Sdn Bhd, 10,000,000 shares held by Angkasa Marketing (Singapore) Pte Ltd, 100,000 shares held by Silverstone Corporation Berhad and 3,275,000 shares held by Umatrac Enterprises Sdn Bhd.
- (11) Lion Corporation Berhad is deemed to be interested in 23,952,000 shares comprising 23,919,000 shares held by Amsteel Corporation Berhad and 33,000 shares held by Lion Industries Corporation Berhad.
- (12) LDH (S) Pte. Ltd., Lion Diversified Holdings Berhad, LLB Steel Industries Sdn Bhd, Steelcorp Sdn Bhd and Amsteel Mills Sdn Bhd are deemed to be interested in 23,952,000 shares held by Lion Corporation Berhad.
- (13) Lion Industries Corporation Berhad is deemed to be interested in 23,919,000 shares held by Amsteel Corporation Berhad.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Lion Teck Chiang Limited (the “Company”) will be held at 10 Arumugam Road #10-00, Lion Building A, Singapore 409957 on Friday, 26 October 2007 at 11.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts and Report of the Directors and Auditors of the Company for the year ended 30 June 2007. (Resolution 1)
2. To declare a first and final dividend of S\$0.015 less income tax for the year ended 30 June 2007. (Resolution 2)
3. To re-elect Mr Cheng Yong Liang, a Director retiring pursuant to Article 91 of the Company’s Articles of Association. (Resolution 3)
4. To re-elect Mr Ong Teong Wan, a Director retiring pursuant to Article 91 of the Company’s Articles of Association. (Resolution 4)

Mr Ong Teong Wan will, upon re-election, remain as Chairman of the Audit Committee and will be considered independent.

5. To pass the following resolution under Section 153(6) of the Companies Act, Cap. 50:-

That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Cheng Theng Kee be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. (Resolution 5)

6. To approve the payment of Directors’ fees of S\$78,500 for the year ended 30 June 2007 (2006: S\$78,500). (Resolution 6)
7. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)

AS SPECIAL BUSINESS

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

8. General Mandate to Directors to Issue Shares

THAT pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”), authority be and is hereby given to the Directors of the Company to issue shares and convertible securities in the Company (whether by way of rights, bonus or otherwise) 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 provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50% of the issued share capital of the Company at the time when the mandate is passed, 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 at the time that the mandate is passed (taking into account the conversion or exercise of any convertible securities and employee share options on issue at the time that the mandate is passed, which were issued pursuant to previous shareholder approval), adjusted for any subsequent consolidation or subdivision of the Company’s shares, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(See Explanatory Note i)

(Resolution 8)

Notice Of Annual General Meeting

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

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

- (a) approval be and is hereby given for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the categories of Interested Person Transactions as described on page 16 of this Annual Report, with any party, who is of the class or classes of interested persons as described on page 16 of this Annual Report, provided that such transactions are carried out on normal commercial terms, are not prejudicial to the interests of the Company and its minority Shareholders and in accordance with the review procedures for Interested Person Transactions set out on pages 17 and 18 of this Annual Report (the "IPT Mandate");
- (b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting continue to be in force until the conclusion of the next Annual General Meeting of the Company; and
- (c) authority be given to the Directors to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate.
(See Explanatory Note ii) (Resolution 9)

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

By Order of the Board

Silvester Bernard Grant
Company Secretary

Singapore, 8 October 2007

Explanatory Note on Special Business to be transacted: -

- (i) Resolution 8 proposed in item 8 above, if passed, authorises the Directors of the Company to issue shares and convertible securities of the Company (in case of issuance other than on a pro rata basis to existing shareholders, such aggregate number of shares not to exceed 20% of the Company's issued share capital) for such purposes as they consider to be in the interests of the Company.
- (ii) Resolution 9 proposed in item 9 above, if passed, renews the IPT Mandate and will allow the Company, its subsidiaries and associated companies or any of them to enter into certain interested person transactions as described on page 16 of this Annual Report and will empower the Directors to do all acts necessary to give effect to the IPT Mandate. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Notes :

A member of the Company entitled to attend and vote at the above 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 must be deposited at the Registered Office of the Company at 10 Arumugam Road #10-00, Lion Building A, Singapore 409957, not less than 48 hours before the time appointed for holding the meeting.

NOTICE OF BOOKS CLOSURE DATE

NOTICE IS HEREBY GIVEN THAT the Transfer Books and Register of Members of the Company will be closed on 6 November 2007, for the preparation of dividend warrants. Duly completed transfers received by the Company's Registrar, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758 up to the close of business at 5.00 p.m. on 5 November 2007 will be registered to determine shareholders' entitlement to the proposed first and final dividend.

The proposed first and final dividend if approved at the Annual General Meeting will be paid on 22 November 2007.

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PROXY FORM

IMPORTANT : FOR CPF INVESTORS ONLY

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

LION TECK CHIANG LIMITED

Registration No. 196400176K
(Incorporated in the Republic of Singapore)

I/We, _____ (Name)
of _____ (Address)

being a member/members of LION TECK CHIANG LIMITED hereby appoint :

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

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 10 Arumugam Road #10-00, Lion Building A, Singapore 409957 on Friday, 26 October 2007 at 11.00 a.m., and at any adjournment(s) thereof.

(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 directions, 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.	Ordinary Resolutions :	For	Against
1	Adoption of Audited Accounts, Directors' Report and Auditors' Report		
2	Declaration of first and final dividend		
3	Re-election of Mr Cheng Yong Liang as a Director of the Company		
4	Re-election of Mr Ong Teong Wan as a Director of the Company		
5	Re-appointment of Mr Cheng Theng Kee as a Director of the Company		
6	Approval of Directors' fees		
7	Re-appointment of Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration		
8	Authority for Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50		
9	Renewal of the Shareholders' Mandate for Interested Person Transactions		

Dated this _____ day of _____ 2007

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

Signature(s) of Member(s)/Corporation's Common Seal

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 or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead and such proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 10 Arumugam Road #10-00 Lion Building A, Singapore 409957, not less than 48 hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of 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 seal or under the hand of an officer or attorney duly authorised.
6. A corporation which is a member 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, Chapter 50 of Singapore.

General :

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or 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 shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor is not shown to have 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.

LION TECK CHIANG LIMITED

(Co. Reg. No. 196400176K)

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

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