



**LION ASIAPAC LIMITED**

(Co. Reg. No. 196800586R)

**ANNUAL REPORT 2012**



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## ■ CORPORATE INFORMATION

Chairman's Message  
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### **BOARD OF DIRECTORS**

Othman Wok, *Chairman*  
Loh Kgai Mun, *Executive Director*  
Tan Sri Cheng Heng Jem  
Ying Yoke Kwai  
Sam Chong Keen  
Cheng Theng How  
Lee Whay Keong

### **AUDIT COMMITTEE**

Othman Wok, *Chairman*  
Ying Yoke Kwai  
Cheng Theng How

### **NOMINATING COMMITTEE**

Othman Wok, *Chairman*  
Ying Yoke Kwai  
Sam Chong Keen

### **REMUNERATION COMMITTEE**

Othman Wok, *Chairman*  
Ying Yoke Kwai  
Cheng Theng How

### **EXECUTIVES' SHARE OPTION SCHEME COMMITTEE**

Othman Wok  
Ying Yoke Kwai

### **COMPANY SECRETARIES**

Tan Yen Hui, ACIS  
Silvester Bernard Grant, ACIS

### **REGISTERED OFFICE**

10 Arumugam Road  
#10-00 Lion Building A  
Singapore 409957  
Tel: (65) 6632 0500  
Fax: (65) 6747 9493  
Website: [www.lionapac.com](http://www.lionapac.com)

### **REGISTRARS**

B.A.C.S. Private Limited  
63 Cantonment Road  
Singapore 089758  
Tel: (65) 6593 4848  
Fax: (65) 6593 4847

### **AUDITORS**

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

Partner-in-charge of the audit:  
Yee Chen Fah  
(Appointed from the financial year  
ended 30 June 2008)

### **PRINCIPAL BANKERS**

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

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

### **LAWYERS**

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

## CHAIRMAN'S MESSAGE

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“During the year, we built on the expansion of our quicklime plant and the operation of a new hydrated lime plant, and achieved a growth in revenue.”

**OTHMAN WOK**  
*Chairman*

**DEAR SHAREHOLDERS,**

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Financial Statements for the year ended 30 June 2012. The last financial year has been a challenging year for our Group due to the sluggish global economies, especially in the Eurozone and USA.

**BUSINESS HIGHLIGHTS**

During the year, we built on the expansion of our quicklime plant and the operation of a new hydrated lime plant, and achieved a growth in revenue. Hydrated lime, used by various industries, allows us opportunities to tap into the mining industry and water treatment plants.

**FINANCIAL HIGHLIGHTS**

With the additional sales from the expanded quicklime production plant and the new hydrated lime plant, our Group recorded a 55% rise in revenue from S\$23.7 million in financial year ended 30 June 2011 ("FY 2011"), to S\$36.7 million in financial year ended 30 June 2012 ("FY 2012").

Our Group's other operating expenses increased five-fold to S\$18.8 million during FY2012, mainly attributable to impairment losses of S\$1.5 million on shares received from Lion Corporation Berhad ("LCB") pursuant to a scheme of arrangement ("Scheme") implemented by a trade debtor and S\$10.8 million on shares in Mindax Limited ("Mindax"), and the increases in overheads, professional fees and rental.

Net profit attributable to equity holders of the Company doubled from S\$2.8 million in FY 2011 to S\$5.8 million, due to S\$12.4 million in capital gain tax refund from the China tax authority relating to the disposal of an investment, and S\$2.4 million in write back of provision for capital gain tax for another investment, but offset by the impairment losses.

Our financial position remained healthy with working capital of S\$93.4 million as at 30 June 2012, from S\$82.0 million as at 30 June 2011. In FY 2012, the Group made additional investment of S\$2.6 million in Mindax, which is an Australia-listed minerals exploration company.

**CHAIRMAN'S MESSAGE**

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During FY 2012, the Group received interest income of S\$1.1 million and a tax refund of S\$12.4 million. As such, the Group's cash balances went up from S\$73.4 million as at 30 June 2011 to S\$82.5 million as at 30 June 2012.

Trade and other payables decreased from S\$6.0 million as at 30 June 2011 to S\$5.1 million as at 30 June 2012, as a result of payments made to suppliers. Meanwhile, trade and other receivables reduced from S\$13.0 million to S\$11.5 million, after taking into account, *inter alia*, a settlement of S\$3.1 million pursuant to the Scheme. Factoring in the additional investment in Mindax as well as the LCB shares received, and deducting impairment losses relating to these shares, the available-for-sale financial assets went down by S\$2.6 million to S\$4.2 million as at 30 June 2012.

**DIVIDEND**

For FY 2012, the Board is pleased to propose a first and final dividend of 0.5 cent per ordinary share (tax-exempt one-tier), subject to shareholders' approval at the upcoming Annual General Meeting.

**THE YEAR AHEAD**

The global business environment is still clouded with uncertainties, which is manifested in the global economic slowdown and the ongoing Eurozone's sovereign debt crisis. Notwithstanding the challenges in market conditions, our Group will continue to make an effort in the pursuit of new investment projects so as to widen the Group's asset and earnings bases.

**ACKNOWLEDGMENT**

On behalf of the Board, I would like to express our heartfelt gratitude to our management and staff for your hard work, commitment and skill. I would also like to thank customers, business associates and shareholders for your support. We look forward to growing our strengths and navigating the challenges ahead, and to deliver on our commitment as a company towards all our stakeholders in terms of returns and corporate responsibility.

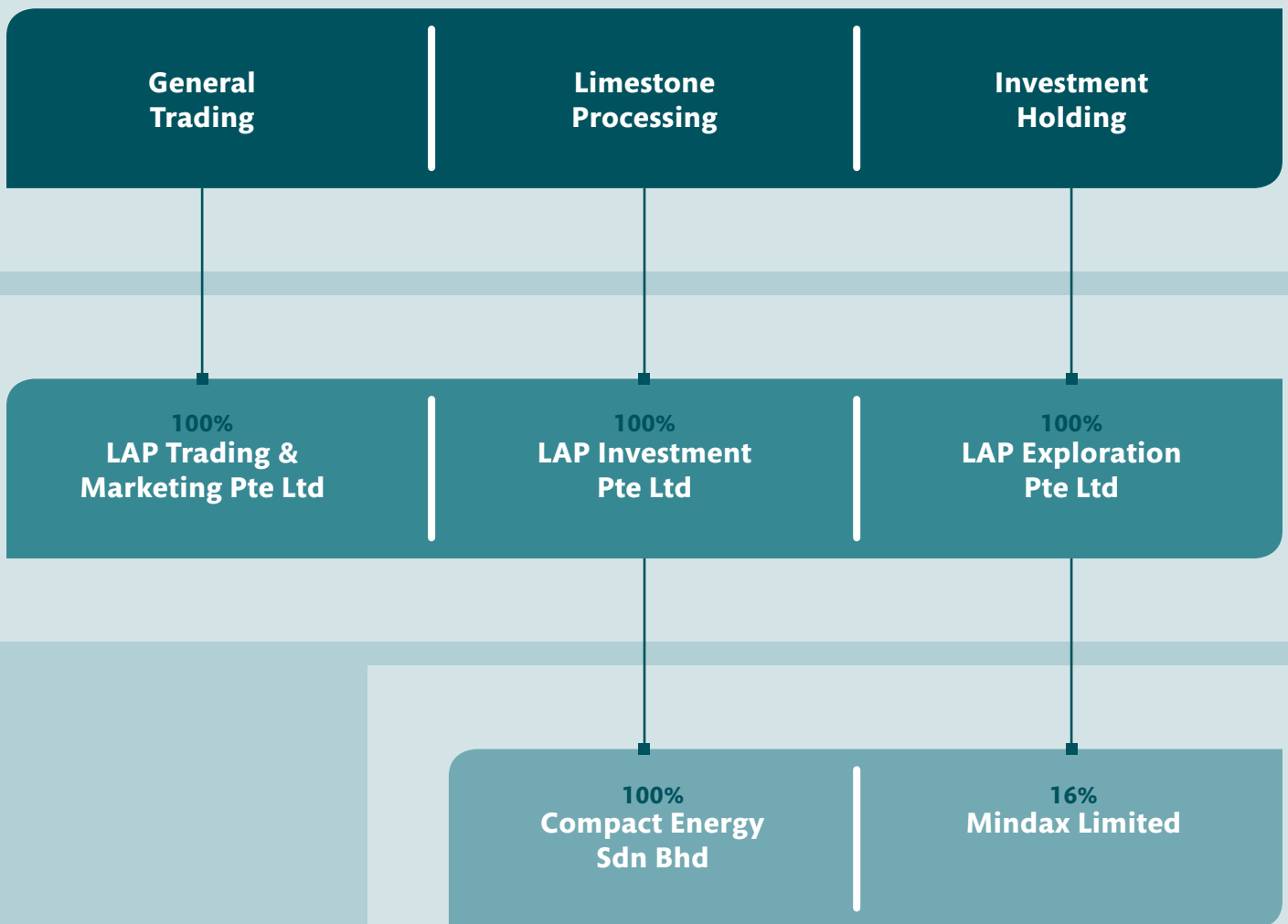
**OTHMAN WOK***Chairman*

■ **BUSINESS STRUCTURE**

As at 28 September 2012



**LION ASIAPAC LIMITED**



## **BUSINESS REVIEW**



The financial year ended 30 June 2012 ("FY 2012") was a year of expansion when the additional capacity of quicklime business had borne fruit, and our disciplined approach managed to navigate us through the volatile scrap metal trading business.

### **LIMESTONE PROCESSING**

Limestone Processing remained one of our core business segments and business drivers, with revenue up 62% to S\$29.9 million in FY 2012. This amounted to 81% of the Group's revenue of S\$36.7 million during the year. The earnings of Limestone Processing segment decreased 10% year-on-year to S\$2.8 million, mainly due to an impairment loss of S\$1.5 million on the fair value of shares received from Lion Corporation Berhad pursuant to a scheme of arrangement implemented by a trade debtor. During the year, the Group enhanced its core operations in limestone processing through the expansion of its quicklime plant and the operation of its hydrated lime plant, both in Malaysia.

As Malaysia is undergoing rapid industrialisation and urbanization, the new hydrated lime plant, which has an annual output capacity of 72,000 tons, will enable our Malaysian subsidiary, Compact Energy Sdn Bhd, to capitalise on the demand from mining sector



## ■ BUSINESS REVIEW



and count on the water treatment plants as potential client base. Hydrated lime is an important additive in several industrial processes, namely for pH control in potable water treatment plants and in the flotation or recovery of many non-ferrous ores. Hydrated lime is also used in the flotation of copper, zinc, nickel and lead-bearing ores.

### **SCRAP METAL TRADING**

Scrap Metal Trading, which is conducted by LAP Trading & Marketing Pte Ltd, saw an increase in turnover to S\$6.8 million and a rise in earnings to S\$0.15 million during the year. Sales in this segment comprised 19% of the Group's revenue for FY 2012. As the trend towards environmentally-friendly industrial processes gains traction, we believe there is still long-term demand for recycled scrap metal, but with volatility and unrelentless competition in this market place, the Group will adopt a prudent approach on this front.

### **MOVING FORWARD**

As we come into a new financial year, we strive to enhance our core limestone processing operations. To stay relevant in this business, we will leverage on our product range and strong production capabilities to service more industries. Our group will also actively explore new business opportunities in order to sustain growth in the long run.

■ **BOARD OF DIRECTORS**



**OTHMAN WOK**  
*Chairman &  
Independent Director*



**LOH KGAI MUN**  
*Executive Director*



**YING YOKE KWAI**  
*Independent Director*



**SAM CHONG KEEN**  
*Independent Director*



**TAN SRI CHENG HENG JEM**  
*Non-Executive Director*



**CHENG THENG HOW**  
*Non-Executive Director*



**LEE WHAY KEONG**  
*Non-Executive Director*

## **OTHMAN WOK**

*Chairman & Independent Director*

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

Mr Othman started his career in journalism with Utusan Melayu Press, Singapore in 1946 and left as Deputy Editor after 17 years.

In 1963, Mr Othman was the Minister for Social Affairs in Singapore for 14 years till 1977, and then as the Singapore Ambassador to Indonesia till 1980. He was the Singapore Honorary Consul at the Consulate of the Principality Monaco from 1996 to 1999.

Mr Othman is currently a permanent member of the Presidential Council for Minority Rights since March 1981.

Mr Othman holds a Diploma in Journalism from the Polytechnic School of Journalism, London.

## **LOH KGAI MUN**

*Executive Director*

Mr Loh Kgai Mun is the Executive Director of the Company since August 2008. He was last re-elected as a Director in October 2011.

Mr Loh has a wealth of management experience in multi-national organisations as well as listed companies. Prior to 2008, he was the Group General Manager of the Company and oversaw financial, operational and compliance matters of the Group.

In 1998, Mr Loh joined The Lion Group as the Financial Controller of the Group's telecommunications business unit. Concurrently, he also headed the Group Internal Audit and Group MIS Divisions in Singapore.

Mr Loh currently sits on the board of Mindax Limited, which is a public listed company in Australia.

Mr Loh holds a Masters Degree in Business Administration from the Edinburgh University Management School, and is an Associate Member of the Institute of Chartered Accountants in England and Wales.

## **YING YOKE KWAI**

*Independent Director*

Mr Ying Yoke Kwai is an Independent Director of the Company since March 1996. He is also a member of the Audit Committee, Nominating Committee and Remuneration Committee. He is subject to re-election as Director at each annual general meeting of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50.

Mr Ying joined Lever Brothers (Singapore) Sdn. Bhd. ("Lever Brothers"), a multi-national company in Singapore, in 1952 as Marketing Assistant. After various rounds of promotion, he became the General Manager for a new factory in 1970 and subsequently served as Director of Administration from 1976 till his retirement in 1981. During his 29 years' tenure at Lever Brothers, Mr Ying was involved in and responsible for sales, marketing, advertising, accounting, manufacturing and human resources. Thereafter, he was engaged as a Consultant to the Detergent Division of British Petroleum Plc till 1986.

Mr Ying has also played an active role in social work on a voluntary capacity, especially in the Singapore Chemical Industries Council of which he was responsible for its formation in 1978 and became its first Chairman for four (4) years. Thereafter he was its Honorary Chairman for 10 years till 1992.

Mr Ying holds a school certificate from the University of Cambridge, and a certificate in Advanced Management from the Singapore Institute of Management.

## ■ BOARD OF DIRECTORS

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### **SAM CHONG KEEN**

*Independent Director*

Mr Sam Chong Keen is an Independent Director of the Company, and a member of the Nominating Committee. Appointed to the Board in February 1997, Mr Sam served as the Company's Managing Director till May 2002. Concurrently, he was the Chief Executive Officer and Executive Vice-Chairman of Lion Teck Chiang Limited. Pursuant to Article 91 of the Company's Articles of Association, he will be due for re-election at the forthcoming Annual General Meeting to be held on 31 October 2012.

Mr Sam has a wealth of management experience, having held senior/CEO positions in the Singapore Government Administrative Service, National Trades Union Congress (NTUC), Intraco Ltd, Comfort Group Ltd, VICOM Ltd, Xpress Holdings Ltd ("Xpress"), Jade Technologies Holdings Ltd and Sino-Environment Technology Group Limited.

Mr Sam was the Political Secretary to the Minister for Education from 1988 to 1991. He has served on various government boards and committees, including the Central Provident Fund Board and the National Co-operative Federation.

Mr Sam currently sits on the boards of other public listed companies, namely Xpress and Stamford Tyres Corporation Ltd as an independent director and chairman respectively.

Mr Sam holds a Bachelor of Arts (Engineering Science and Economics) (Honours) degree and a Master of Arts degree from the University of Oxford, as well as a Diploma from the Institute of Marketing, United Kingdom.

### **TAN SRI CHENG HENG JEM**

*Non-Executive Director*

Tan Sri Cheng Heng Jem is a Non-Executive Director of the Company since September 2010. He was last re-elected as a Director in October 2010.

Tan Sri Cheng has more than 35 years of experience in the business operations of The Lion Group encompassing steel, retail, property development, mining, tyre, motor, plantation and computer operations.

Tan Sri Cheng is currently the Chairman and Managing Director of Lion Corporation Berhad and Parkson Holdings Berhad, and the Chairman of Lion Diversified Holdings Berhad and Lion Forest Industries Berhad, all public companies listed on Bursa Malaysia Securities Berhad. He is also the Chairman of Lion AMB Resources Berhad and ACB Resources Berhad, and a Founding Trustee of The Community Chest, Malaysia, a company limited by guarantee incorporated for charity purposes.

Tan Sri Cheng currently sits on the boards of other public listed companies, namely Lion Teck Chiang Limited and Parkson Retail Asia Limited in Singapore, and Parkson Retail Group Limited in Hong Kong.

### **CHENG THENG HOW**

*Non-Executive Director*

Mr Cheng Theng How is a Non-Executive Director since February 1997. He is also a member of the Audit Committee and Remuneration Committee. He was last re-elected as a Director in October 2011.

Mr Cheng is currently the General Manager and Director of Angkasa Amsteel Pte Ltd, which distributes steel and iron products and is a subsidiary of SGX-listed Lion Teck Chiang Limited, since 1994.

Concurrently, Mr Cheng is also the Executive Director of Antara Steel Mills Sdn Bhd ("Antara"), a subsidiary of Lion Industries Corporation Berhad which is listed on Bursa Malaysia Securities Berhad, since July 2006. Antara manufactures steel products such as steel reinforcement bars and angle bars, for supply to the local construction industry and export markets.

Prior to 1994, Mr Cheng has served as the Assistant General Manager (Production) of Amalgamated Steel Mills Bhd.

Mr Cheng holds a Diploma in Mechanical Engineering from Singapore Polytechnic.

## **LEE WHAY KEONG**

*Non-Executive Director*

Mr Lee Whay Keong is a Non-Executive Director of the Company since September 2010. He was last re-elected as a Director in October 2010.

Mr Lee is currently the Personal Assistant to the Group Executive Director ("GED"), a position he held since he joined The Lion Group in 1992. His responsibilities include advising and assisting the GED on governmental, corporate, strategic, joint venture, accounting and corporate finance issues. His main duties also involve assisting the GED in overseeing some of The Lion Group's subsidiaries and in the acquisitions and divestments of businesses and companies of The Lion Group.

In 2003, Mr Lee was appointed General Manager of Lion Plate Mills Sdn Bhd, a company which manufactures and markets steel plates in Malaysia. In 2009, he was also tasked with overseeing PT Kebunaria, a plantation company in Indonesia.

Mr Lee is currently the Commissioner of PT Lion Metal Works Tbk and PT Lionmesh Prima Tbk, both of which are public listed companies in Indonesia.

Mr Lee holds a Diploma in Education and a Bachelor of Science (Honours) degree from the University of Malaya, and a Master of Business Administration (Banking and Finance) from North Texas State University.

## **WONG MIN SEONG**

*Assistant General Manager,  
Limestone Processing Division*

Mr Wong Min Seong is the Assistant General Manager of Compact Energy Sdn Bhd since May 2007, and is overall in charge of the operations of the Group's limestone processing division in Malaysia.

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

Mr Wong holds a Class 2 Engineer Certificate of Competency Examination (equivalent to a Bachelor Degree) from Jabatan Laut Malaysia, and a Diploma in Marine Mechanical Engineering from Polytechnic Ungku Omar, Ipoh.

## **ONG YUNG WEI**

*Group Accountant*

Mr Ong Yung Wei joined the Company in October 2011 as Group Accountant, and is responsible for financial accounting and reporting, treasury control and taxation of the Group. He previously worked in Kinerjy Ltd since 2007, and left as its Finance Manager to join the Company. He has served as an auditor with public accounting firms from 1999 to 2002, and thereafter took up accounting and finance positions in other companies. Mr Ong holds a Bachelor of Commerce Degree in Accounting from the University of Queensland in Australia. He is a member of CPA Australia and Singapore.

## **TAN YEN HUI**

*Company Secretary*

Ms Tan Yen Hui joined the Company in August 2000 as Company Secretary, and is primarily responsible for assisting the Group in its compliance with the company laws, SGX-ST listing rules and other applicable regulations. Prior to that, she has worked in other public listed companies and management consultancy firms. During her working career, Ms Tan has been involved in corporate secretarial, trademark management, investor relations, human resources, taxation, accounting and finance. Ms Tan holds a Bachelor of Science (Economics) degree from the University of London, and is an Associate Member of the Singapore Association of the Institute of Chartered Secretaries and Administrators.

## ■ FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30 June 2012 S\$'000	30 June 2011 S\$'000
<b>Continuing Operations</b>		
<b>Revenue</b>		
- Limestone processing	29,930	18,537
- Scrap metal trading	6,810	5,065
- Electronic component distribution	-	108
	<b>36,740</b>	<b>23,710</b>
<b>(Loss)/profit before tax</b>	<b>(7,762)</b>	3,939
<b>Profit from continuing operations</b>	<b>5,761</b>	2,843
<b>Segmental result</b>		
- Limestone processing	2,789	3,067
- Scrap metal trading	152	121
- Electronic component distribution	-	(447)
- Investment holding / others	(12,255)	(131)
	<b>(9,314)</b>	2,610
<b>CONSOLIDATED BALANCE SHEET</b>	<b>30 June 2012 S\$'000</b>	<b>30 June 2011 S\$'000</b>
Current assets	98,633	91,230
Current liabilities	(5,202)	(9,207)
Net current assets	93,431	82,023
Property, plant and equipment	26,535	26,502
Available-for-sale financial assets	4,249	6,776
Deferred income tax liabilities	(3,320)	(2,469)
<b>Net assets</b>	<b>120,895</b>	<b>112,832</b>
<b>Represented by:</b>		
Shareholders' equity	120,203	111,216
Non-controlling interests	692	1,616
<b>Shareholders' funds</b>	<b>120,895</b>	<b>112,832</b>
	<b>30 June 2012 (cents)</b>	<b>30 June 2011 (cents)</b>
Earnings per share		
- Basic	1.42	0.70
- Diluted	1.42	0.70
Net asset value per ordinary share	29.64	27.43
First and final dividend per ordinary share	0.50	0.50

## ■ CORPORATE GOVERNANCE REPORT

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

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

### BOARD MATTERS

#### The Board’s Conduct of its Affairs

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

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

During the financial year, the Board met five (5) times. The Board reviews and approves appropriate strategic plans, key operational and financial matters, major acquisition and divestment plans, major expenditure projects and funding decisions.

#### Board Composition and Balance

The Board comprises seven (7) Directors, three (3) of whom are independent, and one (1) of whom holds executive position. The Directors have core competencies in accounting and finance, business and management experience, industry knowledge, and strategic planning experience.

The members of the Board are as follows:

#### Executive

Loh Kgai Mun

#### Non-Executive

Othman Wok

(Chairman, Independent Director)

Ying Yoke Kwai

(Independent Director)

Sam Chong Keen

(Independent Director)

Tan Sri Cheng Heng Jem

Cheng Theng How

Lee Whay Keong

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

#### Chairman of the Board

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

## ▪ CORPORATE GOVERNANCE REPORT

### BOARD MATTERS (CONT'D)

#### Chairman of the Board (cont'd)

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

#### Directors' Attendance

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

The number of meetings of the Company attended by the Directors during the financial year ended 30 June 2012 is set out as follows:

	<b>Board</b>	<b>Audit</b>	<b>Nominating</b>	<b>Remuneration</b>
<b>Number of meetings held:</b>	<b>5</b>	<b>10</b>	<b>1</b>	<b>1</b>
<b>Number of meetings attended:</b>				
Othman Wok	4	9	1	1
Loh Kgai Mun	5	n.a.	n.a.	n.a.
Tan Sri Cheng Heng Jem	5	n.a.	n.a.	n.a.
Ying Yoke Kwai	5	10	1	1
Sam Chong Keen	5	n.a.	1	n.a.
Cheng Theng How	3	8	n.a.	1
Lee Whay Keong	5	n.a.	n.a.	n.a.

#### Nominating Committee

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

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

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

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

A director is generally assessed by his/her experience in being a company director, competence and knowledge, level and quality of involvement during the course of the year, attendance record at meetings of the Board and Board Committees, intensity of participation at meetings, the quality of interventions and any special contributions.



## ▪ CORPORATE GOVERNANCE REPORT

### BOARD MATTERS (CONT'D)

#### Nominating Committee (cont'd)

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

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

Pursuant to Article 91 of the Articles of Association of the Company, every Director shall retire from office at least once every three (3) years, and at each annual general meeting ("AGM") of the Company, one-third of the Directors shall retire from office by rotation and the retiring Directors shall be eligible for re-election. In addition, Directors who are appointed during the year shall hold office only until the next AGM pursuant to Article 97 and shall be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Accordingly, Mr Sam Chong Keen will retire by rotation at the forthcoming 42<sup>nd</sup> AGM pursuant to Article 91 and shall be eligible for re-election. Two Directors, Messrs Othman Wok and Ying Yoke Kwai, are subject to Section 153(6) of the Companies Act to hold office until the conclusion of each AGM and shall be eligible for re-appointment, but shall not be subject to the provisions of the Articles relating to the rotation and retirement of Directors.

#### Executives' Share Option Scheme Committee

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

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

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

The ESOS expired on 20 September 2010, and the outstanding 2007 Options will expire on 29 November 2012. Upon the exercise and/or expiry of all the outstanding 2007 Options on 29 November 2012, the ESOS Committee will be dissolved accordingly.

#### Access to Information

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

## ▪ CORPORATE GOVERNANCE REPORT

### BOARD MATTERS (CONT'D)

#### Access to Information (cont'd)

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 Group in its compliance with the requirements of the Companies Act, rules of the SGX-ST Listing Manual and other applicable regulations. The Company Secretary shall ensure good information flows within the Board and its committees, as well as between senior management and non-executive Directors, and where necessary, shall facilitate orientation and assist in professional development. The appointment and removal of the Company Secretary are subject to Board's approval.

### REMUNERATION MATTERS

#### Remuneration Committee

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

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

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

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

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

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

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

## ■ CORPORATE GOVERNANCE REPORT

### REMUNERATION MATTERS (CONT'D)

#### Remuneration Report

Details of remuneration paid to the Directors of the Company for the financial year ended 30 June 2012 are set out as follows:

Remuneration Band	Name of Director	Salary	Bonus	Directors' Fees	Total
S\$250,000 to below S\$500,000	Loh Kgai Mun	64%	36%	-	100%
Below S\$250,000	Othman Wok	-	-	100%	100%
	Tan Sri Cheng Heng Jem	-	-	100%	100%
	Ying Yoke Kwai	-	-	100%	100%
	Sam Chong Keen	-	-	100%	100%
	Cheng Theng How	-	-	100%	100%
	Lee Whay Keong	-	-	100%	100%

For competitive reasons, details of remuneration paid to the top five (5) key executives of the Group for the financial year ended 30 June 2012 are not disclosed.

### ACCOUNTABILITY AND AUDIT

#### Audit Committee

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

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

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

During the financial year, the AC met four (4) times with the presence of internal and external auditors and appropriate members of the management, once with the internal auditors and the management, and another five (5) times with the presence of management. The AC also met once with the external auditors, without the presence of management and internal auditors. It reviews the consolidated financial statements of the Group and the report of the external auditors thereon for submission to the Board. It also reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements, as well as formal announcements relating to the Group's financial performance.

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

## ▪ CORPORATE GOVERNANCE REPORT

### ACCOUNTABILITY AND AUDIT (CONT'D)

#### Audit Committee (cont'd)

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

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

The AC is responsible for nominating external auditors, as well as reviewing the remuneration and terms of engagement of the external auditors for recommendation to the Board. It reviews the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors. The nature and extent of non-audit services performed by external auditors are also reviewed by the AC. There were no non-audit services provided by the external auditors during the financial year ended 30 June 2012.

The Company has complied with SGX-ST Listing Rules 712 and 715 in relation to the engagement of external auditors.

#### Internal Controls and Internal Audit

The Board is responsible for ensuring that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets. A review of the Group's risk management framework and processes is conducted on an annual basis to ensure adequacy and effectiveness of the Group's internal controls, addressing financial, operational and compliance risks. The identification and management of risks are delegated to management of the Group who assumes ownership and management of these risks. Management is responsible for the effective implementation of risk management strategy, policies and processes. Key risks are identified, addressed and reviewed by the management. The significant risks including mitigating measures are reported to and reviewed by the Board.

An internal audit team is in place to review, at least once annually, the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or lapses in internal controls together with remedial measures recommended by internal auditors are reported to the AC. The AC also reviews the adequacy and timeliness of the actions taken by management in response to the recommendations made by the internal auditors.

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

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

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

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

## ▪ CORPORATE GOVERNANCE REPORT

### ACCOUNTABILITY AND AUDIT (CONT'D)

#### Internal Controls and Internal Audit (cont'd)

Based on the internal controls and risk management systems established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, are adequate and effective as at 30 June 2012.

The Board notes that such systems established by the Group are designed to manage, rather than eliminate, the risk of failure in achieving the Company's strategic objectives. As such, the Board recognises that such systems are designed to provide reasonable assurance, but not an absolute guarantee, against material misstatement or loss.

### COMMUNICATION WITH SHAREHOLDERS

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

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

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

### SECURITIES TRANSACTIONS

The Company has issued a Compliance Code on Securities Transactions ("Compliance Code") to all Directors and officers of the Group, setting out the implications of insider trading and the guidelines on dealing in the Company's shares.

In compliance with SGX-ST Listing Rule 1207(19), all Directors and officers of the Company who have access to price sensitive information, are prohibited by the Compliance Code from dealing in the shares of the Company, during the periods commencing 1 January to the date of announcement of the Company's second-quarter results ending 31 December, 1 April to the date of announcement of third-quarter results ending 31 March, 1 July to the date of announcement of full-year results ending 30 June, and 1 October to the date of announcement of first-quarter results ending 30 September. A Director or an officer should not deal in the Company's shares on short-term considerations.

# ▪ CORPORATE GOVERNANCE REPORT

## RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

### 1. Introduction

At the 41<sup>st</sup> AGM of the Company held on 27 October 2011, shareholders of the Company ("Shareholders") approved the renewal of the general mandate for Interested Person Transactions ("IPT Mandate") that will enable the Company, its subsidiaries and associated companies, or any of them, that are entities at risk, to enter into certain transactions ("IPT") with the classes of interested persons ("Interested Persons") as set out in the IPT Mandate.

Pursuant to Chapter 9 of the listing manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"), a general mandate for transactions with Interested Persons is subject to annual renewal. The IPT Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the forthcoming 42<sup>nd</sup> AGM.

Accordingly, the Directors of the Company are proposing that the approval of the Shareholders for the renewal of the IPT Mandate be sought at the 42<sup>nd</sup> AGM of the Company to be held at The Conference Room, 10 Arumugam Road, #10-00 Lion Building A, Singapore 409957 on 31 October 2012 at 2:30 p.m.

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

General information with respect to listing rules of the SGX-ST relating to interested person transactions, including the definitions of "approved exchange", "associate", "associated company" and "interested person", used in Chapter 9 of the Listing Manual, is also set out in pages 29 to 31 of this Annual Report.

### 2. Rationale for the Proposed Renewal of the IPT Mandate

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

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

### 3. Benefits of the IPT Mandate

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

## ■ CORPORATE GOVERNANCE REPORT

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

#### 3. Benefits of the IPT Mandate (cont'd)

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

#### 4. Classes of Interested Persons

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

- (A) Lion Corporation Berhad ("LCB"), its subsidiaries and associated companies;
- (B) Lion Industries Corporation Berhad ("LICB"), its subsidiaries and associated companies;
- (C) Lion Diversified Holdings Berhad ("LDHB"), its subsidiaries and associated companies; and
- (D) ACB Resources Berhad ("ACB") (formerly known as Amsteel Corporation Berhad), its subsidiaries and associated companies.

The relationships between the classes of Interested Persons and the Company are disclosed in page 91 of this Annual Report.

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

#### 5. Categories of IPTs

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

##### 5.1 Sale of Quicklime

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

##### 5.2 Sale of Scrap Metal

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

##### 5.3 Trading of Automotive Components

The Group will supply CKD (acronym for Completely Knocked Down which refers to automotive kits used for assembly) to the Interested Persons for assembly by the Interested Persons into CBU (acronym for Completely Built Up which refers to the assembled automotive from CKD that is ready for sale to the end customer) for distribution. Payment by the Interested Persons can be made via the following two options:

## ▪ CORPORATE GOVERNANCE REPORT

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

#### 5. Categories of IPTs (cont'd)

##### 5.3 Trading of Automotive Components (cont'd)

- (A) Cash on Delivery; or
- (B) Deferred Payment Scheme ("Scheme")

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

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

##### 5.4 Provision and/or Obtaining of Services arising from business operations

The Group will in the ordinary course of business provide or obtain, *inter alia*, management, consultancy, leasing or warehousing, internal audit and information technology services relating to its business operations. The basis of determining the contract and/or transaction terms are defined herein below.

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

#### 6. Review Procedures for IPTs

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

- (A) Sale of Quicklime

The review procedures are as follows:

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



## ▪ CORPORATE GOVERNANCE REPORT

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

#### 6. Review Procedures for IPTs (cont'd)

##### 6.1 (cont'd)

##### (A) Sale of Quicklime (cont'd)

- (ii) Where the prevailing market prices or rates are not available due to the nature of the products to be sold or the services to be provided and the then prevailing business conditions, the Company will, subject to the Audit Committee's concurrence, determine a reasonable percentage mark-up from cost to ensure that the pricing for such products or services to an Interested Person is in accordance with industry norms and usual business practices, strategic direction of the Group and pricing policies of the relevant company in the Group. In determining the transaction price or rate payable by the Interested Person for such products and services, factors such as, but not limited to, specifications, quantity, volume, customer requirements, duration of contract, and credit worthiness, will be taken into consideration; and
- (iii) Notwithstanding the aforementioned, prior approval will have to be sought for contracts and transactions, which are not already covered under the aforementioned contracts, in accordance with the following threshold:
  - (a) Contracts and transactions amounting to or exceeding S\$100,000 but less than S\$500,000 in value to be reviewed and approved by the Group Internal Audit Manager; or
  - (b) Contracts and transactions amounting to or exceeding S\$500,000 but less than S\$1,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the non-executive Directors; or
  - (c) Contracts and transactions amounting to or exceeding S\$1,000,000 in value to be reviewed and approved by the Audit Committee;

##### (B) Sale of Scrap Metal

The review procedures are as follows:

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

## ▪ CORPORATE GOVERNANCE REPORT

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

#### 6. Review Procedures for IPTs (cont'd)

##### 6.1 (cont'd)

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

- (ii) Where the prevailing market prices or rates are not available due to the nature of the products to be sold, the Company will, subject to the Audit Committee's concurrence, determine a reasonable percentage mark-up from cost to ensure that the pricing for such products or services to an Interested Person is in accordance with industry norms and usual business practices, strategic direction of the Group and pricing policies of the relevant company in the Group. In determining the transaction price or rate payable by the Interested Person for such products and services, factors such as, but not limited to, specifications, quantity, volume, customer requirements, duration of contract, and credit worthiness, will be taken into consideration; and
- (iii) Notwithstanding the aforementioned, prior approval will have to be sought for contracts and transactions, which are not already covered under the aforementioned contracts, in accordance with the following threshold:
  - (a) Contracts and transactions amounting to or exceeding S\$100,000 but less than S\$2,500,000 in value to be reviewed and approved by the Group Internal Audit Manager; or
  - (b) Contracts and transactions amounting to or exceeding S\$2,500,000 but less than S\$5,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the non-executive Directors; or
  - (c) Contracts and transactions amounting to or exceeding S\$5,000,000 in value to be reviewed and approved by the Audit Committee;

##### (C) Trading of Automotive Components

The review procedures are as follows:

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

## ▪ CORPORATE GOVERNANCE REPORT

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

#### 6. Review Procedures for IPTs (cont'd)

6.1 (cont'd)

(C) Trading of Automotive Components (cont'd)

(ii) (cont'd)

- (a) Contracts and transactions amounting to or exceeding S\$100,000 but less than S\$2,500,000 in value to be reviewed and approved by the Group Internal Audit Manager; or
- (b) Contracts and transactions amounting to or exceeding S\$2,500,000 but less than S\$5,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the non-executive Directors; or
- (c) Contracts and transactions amounting to or exceeding S\$5,000,000 in value to be reviewed and approved by the Audit Committee;

(D) Provision and/or Obtaining of Services arising from business operations

The review procedures are as follows:

- (i) All contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market prices determined by market conditions on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential prices/rates/discounts accorded to a class of customers and long-term contracts where the giving of such preferential prices/rates/discounts are commonly practised within the applicable industry and may be extended to unrelated third parties), or otherwise in accordance with applicable industry norms. The Company will source for documented evidences of market prices, where practicable, for ascertaining the reasonableness of the pricing;
- (ii) Where the prevailing market prices or rates are not available due to the nature of the service to be provided, the Company will, subject to the Audit Committee's concurrence, determine a reasonable percentage mark-up from cost or through a formula, to ensure that the pricing for such services to an Interested Person is in accordance with industry norms and usual business practices, strategic direction of the Group and pricing policies of the relevant company in the Group. In determining the price or rate payable by the Interested Person for such services, factors such as but not limited to, service requirements, duration of contract, and credit worthiness, will be taken into consideration; and
- (iii) Notwithstanding the aforementioned, prior approval will have to be sought for contracts and transactions, which are not already covered under the aforementioned contracts, in accordance with the following threshold:
  - (a) Contracts and transactions amounting to or exceeding S\$100,000 but less than S\$500,000 in value to be reviewed and approved by the Group Internal Audit Manager; or
  - (b) Contracts and transactions amounting to or exceeding S\$500,000 but less than S\$1,000,000 in value to be reviewed and approved by the Group Internal Audit Manager and any one of the non-executive Directors; or

## ■ CORPORATE GOVERNANCE REPORT

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

#### 6. Review Procedures for IPTs (cont'd)

##### 6.1 (cont'd)

(D) Provision and/or Obtaining of Services arising from business operations (cont'd)

(iii) (cont'd)

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

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

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

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

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

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

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

##### 6.3 Additional Controls

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

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

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

## ■ CORPORATE GOVERNANCE REPORT

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

#### 6. Review Procedures for IPTs (cont'd)

##### 6.3 Additional Controls (cont'd)

- (D) The Group Internal Audit Manager shall, on at least a half-yearly basis, subject to adjustment in frequency, depending on factors such as, *inter alia*, substantial increment of aggregate transactional value, report to the Audit Committee on all IPTs, and the basis of such transactions, entered into with Interested Persons during the preceding period. The Audit Committee shall review such IPTs at its periodic meetings except where IPTs are required under the review procedures to be approved by the Audit Committee prior to the entry thereof.
- (E) The Audit Committee will conduct periodic reviews (not less than half-yearly) of the review procedures for IPTs. If, during these periodic reviews, the Audit Committee is of the view that these review procedures are not sufficient to ensure that the IPTs are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh IPT Mandate from the Shareholders based on new review procedures for IPTs. All IPTs will be reviewed and approved by the Audit Committee prior to entry while a fresh IPT Mandate is being sought from the Shareholders.
- (F) For the purposes of the above review and approval process, any Director who is not considered independent for the purposes of the IPT Mandate and/or any IPTs will abstain from voting on any resolution relating thereof, and/or abstain from participating in the Audit Committee's decision during its review of the established review procedures for the IPTs or during its review or approval of any IPT.

##### 6.4 Further Compliance

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

#### 7. Expiry and Renewal of the IPT Mandate

If approved by Shareholders at the forthcoming 42<sup>nd</sup> AGM, the IPT Mandate will take effect from the date of receipt of Shareholders' approval, and will (unless revoked or varied by the Company in general meeting) continue to be in force until the next AGM of the Company and will apply to IPTs entered into from the date of receipt of Shareholders' approval. Approval from Shareholders will be sought for the renewal of the IPT Mandate at each subsequent AGM, subject to review by the Audit Committee of its continued application to the IPTs.

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

## ■ CORPORATE GOVERNANCE REPORT

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

#### 8. Disclosure

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

#### 9. Directors' and Substantial Shareholders' Interests

The interests of the Directors and substantial shareholders of the Company (the "Substantial Shareholders") in the share capital of the Company as at 30 June 2012 and 18 September 2012 respectively, can be found in pages 33 and 91 of this Annual Report respectively.

#### 10. Abstentions

Tan Sri Cheng Heng Jem, a Non-Executive Director, is a controlling Shareholder of the Company. He is also a director of LDHB and LCB, and of certain subsidiaries of LICB. LDHB, LCB and LICB are controlling Shareholders of the Company. By virtue of Tan Sri Cheng's deemed interest in the share capital of the Company and directorships in the aforementioned companies, he is considered an Interested Person in relation to the IPT Mandate. Tan Sri Cheng will abstain from recommending in voting on the ordinary resolution relating to the renewal of the IPT Mandate.

Mr Cheng Theng How, a Non-Executive Director, is also a director of Antara Steel Mills Sdn Bhd and Amsteel Mills Sdn Bhd, both of which are subsidiaries of LICB, which in turn is a controlling Shareholder of the Company. By virtue of Mr Cheng's directorship in the aforementioned companies, he is considered an Interested Person in relation to the IPT Mandate. Mr Cheng will abstain from recommending in voting on the ordinary resolution relating to the renewal of the IPT Mandate.

Mr Lee Whay Keong, a Non-Executive Director, is also a director of Omali Corporation Sdn Bhd ("Omali") and AMB Venture Sdn Bhd ("AMBV"), and of certain subsidiaries of LCB, LDHB and LICB. Omali, AMBV, LCB, LDHB and LICB are controlling Shareholders of the Company. By virtue of Mr Lee's directorships in the aforementioned companies, he is considered an Interested Person in relation to the IPT Mandate. Mr Lee will abstain from recommending in voting on the ordinary resolution relating to the renewal of the IPT Mandate.

Further, Tan Sri Cheng Heng Jem, Mr Cheng Theng How and Mr Lee Whay Keong will decline to accept appointment as proxy to vote on the ordinary resolution approving the renewal of the IPT Mandate unless the Shareholder appointing them as his proxy shall have given specific instructions as to the manner in which his votes are to be cast.

Save as disclosed above, none of the Directors and the Substantial Shareholders have any interest, whether directly or indirectly, in the IPT Mandate.

#### 11. Independent Directors' Recommendation

The Independent Directors having considered, *inter alia*, the terms, the rationale and the benefits of the proposed renewal of the IPT Mandate, are of the view that the said renewal is in the interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution thereof at the forthcoming 42<sup>nd</sup> AGM.

## ▪ CORPORATE GOVERNANCE REPORT

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

#### 12. Statement of the Audit Committee

The Audit Committee confirms that:

- (A) The methods and procedures for determining the transaction prices of the IPTs conducted under the IPT Mandate have not changed since the Shareholders' approval of the renewal of the IPT Mandate at the 41<sup>st</sup> AGM held on 27 October 2011;
- (B) The methods and procedures referred to in paragraph 12(A) above continue to be sufficient to ensure that the said 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 referred to in paragraph 12(A) above are no longer sufficient to ensure that the said IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

#### 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 Annual Report misleading.

### OVERVIEW OF LISTING MANUAL REQUIREMENTS FOR INTERESTED PERSON TRANSACTIONS

#### 1. Introduction

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries or associated companies (other than a subsidiary or an associated company that is itself listed on the SGX-ST or an approved exchange, or an associated company over which the listed group and/or its interested person(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

##### ***"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.

##### ***"associate"***

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

# ■ CORPORATE GOVERNANCE REPORT

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

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

#### ***“associate” (cont'd)***

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

#### ***“associated company”***

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

#### ***“chief executive officer”***

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

#### ***“controlling shareholder”***

A “controlling shareholder” of a listed company is a person who holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the listed company, or a person who in fact exercises control over the listed company.

#### ***“interested person”*** means:

- (a) a director, chief executive officer or controlling shareholder of the Company; or
- (b) an associate of any such director, chief executive officer or controlling shareholder.

### 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 net tangible assets (“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.



## ■ CORPORATE GOVERNANCE REPORT

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

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

##### ***Shareholders' Approval***

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

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

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

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

#### 4. General Mandate

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

### INTERESTED PERSON TRANSACTIONS

The aggregate value of IPTs entered into during the financial year ended 30 June 2012 pursuant to the IPT Mandate obtained under Chapter 9 of the Listing Manual is set out as follows:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under IPT Mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under IPT Mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000	S\$'000
Amsteel Mills Sdn Bhd	-	8,827
Antara Steel Mills Sdn Bhd	-	8,384
Megasteel Sdn Bhd	-	6,676

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## ▪ DIRECTORS' REPORT

For the financial year ended 30 June 2012

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 30 June 2012 and the balance sheet of the Company as at 30 June 2012.

### Directors

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

Othman Wok  
Loh Kgai Mun  
Tan Sri Cheng Heng Jem  
Ying Yoke Kwai  
Sam Chong Keen  
Cheng Theng How  
Lee Whay Keong

### Arrangements to enable directors to acquire shares and debentures

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

### Directors' interests in shares or debentures

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related companies, except as follows:

	Holdings in which a director is deemed to have an interest	
	At 30.6.2012	At 1.7.2011
<b>Company</b>		
(No. of ordinary shares)		
Tan Sri Cheng Heng Jem	<b>279,167,280</b>	279,167,280

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

	Number of unissued ordinary shares under option	
	At 30.6.2012	At 1.7.2011
<u>Loh Kgai Mun</u>		
2007 Options	<b>52,500</b>	52,500

- (c) The directors' interests in the ordinary shares of the Company as at 21 July 2012 were the same as those as at 30 June 2012.

## ▪ DIRECTORS' REPORT

For the financial year ended 30 June 2012

### Directors' contractual benefits

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

### Share options

#### (a) LAP Share Option Scheme

The LAP Share Option Scheme (the "Scheme") was approved by the members of the Company at an Extraordinary General Meeting on 20 September 2000. Particulars of the Scheme were set out in the Circular to the members dated 28 August 2000. The Scheme expired on 20 September 2010.

The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for three market days immediately preceding the date of the grant ("Market Price") or a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 20% of the Market Price and that the offer is approved by the Company's shareholders. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Scheme, shall not exceed 10% of the issued share capital of the Company on the day preceding that date.

On 29 November 2007, options to subscribe for 525,000 ordinary shares of the Company at an exercise price of \$0.24 per ordinary share were granted to executives and directors of the Company pursuant to the Scheme ("2007 Options"). The 2007 Options are exercisable from 30 November 2008 and will expire on 29 November 2012, notwithstanding the expiration of the Scheme.

During the financial year, options to subscribe for 15,000 ordinary shares of the Company were forfeited.

#### (b) Share options outstanding

The number of unissued ordinary shares of the Company under option in relation to the Scheme outstanding at the end of the financial year was as follows:

	<b>Number of unissued ordinary shares under option at 30.6.2012</b>	<b>Exercise price</b>	<b>Exercise period</b>
2007 Options	313,500	\$0.24	30.11.2008 – 29.11.2012

## ▪ DIRECTORS' REPORT

For the financial year ended 30 June 2012

### Share options (cont'd)

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

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

- (i) the Committee administering the Scheme comprises directors Othman Wok and Ying Yoke Kwai;
- (ii) no options were granted to controlling shareholders, their employees or associates, and no employee under the Scheme has received 5% or more of the total options available under the Scheme; and
- (iii) participants of the Scheme who are directors of the Company are as follows:

Name of director	Number of unissued ordinary shares of the Company under option			
	Granted in financial year ended 30.6.2012	Aggregate granted since commencement of Scheme to 30.6.2012	Aggregate lapsed since commencement of Scheme to 30.6.2012	Aggregate outstanding as at 30.6.2012
Loh Kgai Mun	-	84,250	(31,750)	52,500

- (d) No options were granted by the Company or any subsidiary during the financial year and there were no other unissued shares under option at the end of the financial year.
- (e) No options have been granted at a discount under the Scheme.

### Audit committee

The members of the Audit Committee at the end of the financial year were as follows:

Othman Wok (Chairman)  
Ying Yoke Kwai  
Cheng Theng How

All members of the Audit Committee were non-executive directors. Except for Mr Cheng Theng How, who is an executive director of Antara Steel Mills Sdn Bhd, a related party of the Group, all members were independent.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- (i) the scope and the results of internal audit procedures with the internal auditor;
- (ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- (iii) the assistance given by the Company's management to the independent auditor; and

## ▪ **DIRECTORS' REPORT**

For the financial year ended 30 June 2012

### **Audit committee (cont'd)**

- (iv) the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2012 before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

### **Independent auditor**

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

On behalf of the directors

**LOH KGAI MUN**

Director

Singapore

28 September 2012

**CHENG THENG HOW**

Director

## ▪ **STATEMENT BY DIRECTORS**

For the financial year ended 30 June 2012

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 39 to 89 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2012 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

**LOH KGAI MUN**

Director

Singapore

28 September 2012

**CHENG THENG HOW**

Director

# ▪ INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LION ASIAPAC LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of Lion Asiapac Limited (the "Company") and its subsidiaries (the "Group") set out on pages 39 to 89, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 30 June 2012, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 controls relevant to the entity's preparation of financial statements that give a true and fair view 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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, the consolidated financial statements of the Group and the balance sheet 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 2012, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

## Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

**PricewaterhouseCoopers LLP**  
**Public Accountants and Certified Public Accountants**

Singapore, 28 September 2012



## ■ CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
<b>Continuing operations</b>			
Revenue – sale of goods		36,740	23,710
Other gains – net	4	3,032	2,821
Expenses			
- Purchases of inventories		(24,677)	(16,237)
- Employee compensation	5	(1,800)	(1,620)
- Depreciation		(2,297)	(1,345)
- Finance	6	(8)	(17)
- Other	7	(18,782)	(3,369)
Changes in inventories		30	(4)
Total expenses		(47,534)	(22,592)
(Loss)/profit before income tax		(7,762)	3,939
Income tax credit/(expense)	8	13,523	(1,096)
<b>Profit from continuing operations</b>		<b>5,761</b>	<b>2,843</b>
<b>Discontinued operations</b>			
Loss from discontinued operations		-	(126)
<b>Total profit</b>		<b>5,761</b>	<b>2,717</b>
<b>Other comprehensive income/(loss):</b>			
Available-for-sale financial assets			
- Fair value losses		(7,900)	(2,534)
- Reclassification		12,336	-
Currency translation differences arising from consolidation		812	(3,777)
<b>Other comprehensive income/(loss), net of tax</b>		<b>5,248</b>	<b>(6,311)</b>
<b>Total comprehensive income/(loss)</b>		<b>11,009</b>	<b>(3,594)</b>
<b>Profit attributable to:</b>			
Equity holders of the Company		5,767	2,839
Non-controlling interests		(6)	(122)
		<b>5,761</b>	<b>2,717</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		11,015	(3,472)
Non-controlling interests		(6)	(122)
		<b>11,009</b>	<b>(3,594)</b>

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

## ▪ CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2012

	Note	2012	2011
<b>Earnings per share for profit from continuing operations attributable to equity holders of the Company</b> (expressed in cents per share)			
- Basic	10	<b>1.42</b>	0.73
- Diluted	10	<b>1.42</b>	0.73
<b>Loss per share for profit from discontinued operations attributable to equity holders of the Company</b> (expressed in cents per share)			
- Basic	10	-	(0.03)
- Diluted	10	-	(0.03)

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

## ■ BALANCE SHEETS

As at 30 June 2012

	Note	Group		Company	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	11	82,473	73,440	51,997	43,104
Trade and other receivables	12	11,513	13,035	58,088	56,113
Inventories	13	4,393	4,545	-	-
Other current assets	14	254	166	52	38
		<b>98,633</b>	91,186	<b>110,137</b>	99,255
Disposal group classified as held-for-sale	9(c)	-	44	-	-
		<b>98,633</b>	91,230	<b>110,137</b>	99,255
<b>Non-current assets</b>					
Available-for-sale financial assets	15	4,249	6,776	-	-
Investments in subsidiaries	17	-	-	921	946
Property, plant and equipment	18	26,535	26,502	7	10
		<b>30,784</b>	33,278	<b>928</b>	956
<b>Total assets</b>		<b>129,417</b>	124,508	<b>111,065</b>	100,211
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	19	5,055	6,038	9,161	454
Current income tax liabilities	8(b)	147	2,791	50	30
Borrowings	20	-	259	-	-
		<b>5,202</b>	9,088	<b>9,211</b>	484
Liabilities directly associated with disposal group classified as held-for-sale	9(d)	-	119	-	-
		<b>5,202</b>	9,207	<b>9,211</b>	484
<b>Non-current liabilities</b>					
Deferred income tax liabilities	21	3,320	2,469	444	551
<b>Total liabilities</b>		<b>8,522</b>	11,676	<b>9,655</b>	1,035
<b>NET ASSETS</b>		<b>120,895</b>	112,832	<b>101,410</b>	99,176
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	22	47,494	47,494	47,494	47,494
Other reserves	23	11,548	6,300	13,543	13,543
Retained profits	24	61,161	57,422	40,373	38,139
		<b>120,203</b>	111,216	<b>101,410</b>	99,176
<b>Non-controlling interests</b>		<b>692</b>	1,616	-	-
<b>Total equity</b>		<b>120,895</b>	112,832	<b>101,410</b>	99,176

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

## ■ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2012

	← Attributable to equity holders of the Company →										
	Share capital \$'000	Capital redemption reserve \$'000	Fair value reserve \$'000	Currency translation reserve \$'000	Capital reduction reserve \$'000	Capital reserve \$'000	Consolidation reserve \$'000	Retained profits \$'000	Total \$'000	Non-controlling interests \$'000	Total Equity \$'000
<b>2012</b>											
<b>Beginning of financial year</b>	47,494	105	(4,436)	(4,988)	13,543	2,112	(36)	57,422	111,216	1,616	112,832
Dividend relating to 2011 paid (Note 25)	-	-	-	-	-	-	-	(2,028)	(2,028)	-	(2,028)
Purchase of additional equity interest in a subsidiary	-	-	-	-	-	-	-	-	-	(18)	(18)
Distributions from cancellation of shares by a subsidiary	-	-	-	-	-	-	-	-	-	(900)	(900)
Total comprehensive income for the year	-	-	4,436	812	-	-	-	5,767	11,015	(6)	11,009
<b>End of financial year</b>	<b>47,494</b>	<b>105</b>	<b>-</b>	<b>(4,176)</b>	<b>13,543</b>	<b>2,112</b>	<b>(36)</b>	<b>61,161</b>	<b>120,203</b>	<b>692</b>	<b>120,895</b>
<b>2011</b>											
<b>Beginning of financial year</b>	47,494	105	(1,902)	(1,211)	13,543	2,112	(36)	54,583	114,688	1,738	116,426
Total comprehensive income for the year	-	-	(2,534)	(3,777)	-	-	-	2,839	(3,472)	(122)	(3,594)
<b>End of financial year</b>	<b>47,494</b>	<b>105</b>	<b>(4,436)</b>	<b>(4,988)</b>	<b>13,543</b>	<b>2,112</b>	<b>(36)</b>	<b>57,422</b>	<b>111,216</b>	<b>1,616</b>	<b>112,832</b>

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

## ■ CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
<b>Cash flows from operating activities</b>			
Total profit		5,761	2,717
Adjustments for			
- Income tax (credit)/expense		(13,523)	1,096
- Depreciation		2,297	1,345
- Finance expenses		8	17
- Interest income		(1,857)	(1,971)
- Impairment loss on available-for-sale financial assets		12,336	-
- Gain on disposal of property, plant and equipment		(7)	(5)
- Fixed asset written off		37	-
- Unrealised currency translation gains		(267)	(33)
		<b>4,785</b>	3,166
Change in working capital			
- Trade and other receivables	12	(494)	1,482
- Inventories		152	(2,603)
- Other current assets		(44)	12
- Trade and other payables		(1,102)	(80)
Cash generated from operations		<b>3,297</b>	1,977
Income tax refund received/(paid)		<b>11,944</b>	(663)
<b>Net cash provided by operating activities</b>		<b>15,241</b>	1,314
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(2,799)	(9,191)
Purchase of available-for-sale financial assets		(2,586)	(1,961)
Disposal of property, plant and equipment		15	39
Interest received		1,086	545
Purchase of additional equity interests in a subsidiary		(18)	-
Distributions to non-controlling interests arising from reduction of capital of a subsidiary		(900)	-
<b>Net cash used in investing activities</b>		<b>(5,202)</b>	(10,568)
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(242)	(571)
Proceeds from borrowings		-	813
Repayment of lease liabilities		(17)	(37)
Interest paid		(8)	(17)
Dividends paid to equity holders of the Company		(2,028)	(40,552)
<b>Net cash used in financing activities</b>		<b>(2,295)</b>	(40,364)
<b>Net increase/(decrease) in cash and cash equivalents</b>			
		<b>7,744</b>	(49,618)
Cash and cash equivalents at beginning of financial year		<b>73,440</b>	125,342
Effects of currency translation on cash and cash equivalents		<b>1,289</b>	(2,284)
<b>Cash and cash equivalents at end of financial year</b>	11	<b>82,473</b>	73,440

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

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

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

### 1. General

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

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries consist of investment holding as well as limestone processing, scrap metal trading, and electronic component distribution.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

#### ***Interpretations and amendments to published standards effective in 2011***

On 1 July 2011, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 2. Significant accounting policies (cont'd)

#### 2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Sale of goods – electronic components, quicklime and scrap metal*

Revenue from these sales is recognised when a Group entity has delivered the products to locations specified by its customers and the customers have accepted the products in accordance with the sales contract.

(b) *Interest income*

Interest income, including income arising from finance leases and other financial instruments, is recognised using the effective interest method.

#### 2.3 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

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

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 2. Significant accounting policies (cont'd)

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

##### (a) *Subsidiaries (cont'd)*

##### (ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

##### (iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

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

##### (b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.



## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 2. Significant accounting policies (cont'd)

#### 2.4 Property, plant and equipment

##### (a) *Measurement*

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

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

##### (b) *Depreciation*

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

	<b>Useful lives</b>
Buildings and infrastructure	20 years
Plant and machinery	1 - 15 years
Office equipment and vehicle	2.5 - 10 years
Furniture and fittings	3 - 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

##### (c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

##### (d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

#### 2.5 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

#### 2.6 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 2. Significant accounting policies (cont'd)

#### 2.7 Impairment of non-financial assets

*Property, plant and equipment*

*Investments in subsidiaries*

Property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

#### 2.8 Financial assets

##### (a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### (i) *Loans and receivables*

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

##### (ii) *Available-for-sale financial assets*

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

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 2. Significant accounting policies (cont'd)

#### 2.8 Financial assets (cont'd)

##### (b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in other comprehensive income relating to that asset is reclassified to profit or loss.

##### (c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

##### (d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

##### (e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

##### (i) *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 2. Significant accounting policies (cont'd)

#### 2.8 Financial assets (cont'd)

##### (e) Impairment (cont'd)

##### (ii) *Available-for-sale financial assets*

A significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

#### 2.9 Financial guarantees

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

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intragroup transactions are eliminated on consolidation.

#### 2.10 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

#### 2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 2. Significant accounting policies (cont'd)

#### 2.12 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

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

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

#### 2.13 Leases

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

##### (a) *Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

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

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

##### (b) *Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

#### 2.14 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 2. Significant accounting policies (cont'd)

#### 2.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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

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

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

#### 2.16 Provisions

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

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using the pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 2. Significant accounting policies (cont'd)

#### 2.17 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

##### (a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

##### (b) *Share-based compensation*

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

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

#### 2.18 Currency translation

##### (a) *Functional and presentation currency*

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

##### (b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 2. Significant accounting policies (cont'd)

#### 2.18 Currency translation (cont'd)

##### (b) *Transactions and balances (cont'd)*

When a foreign operation is disposed of or any borrowing forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated translation difference is reclassified to profit or loss as part of the gain or loss on disposal.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

##### (c) *Translation of Group entities' financial statements*

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

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in the currency translation reserve.

Fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

#### 2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

#### 2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

#### 2.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.



## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 2. Significant accounting policies (cont'd)

#### 2.22 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

#### 2.23 Non-current assets (or disposal groups) held-for-sale and discontinued operations

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

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

- (a) represents a separate major line of business or geographical area of operations; or
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) is a subsidiary acquired exclusively with a view to resale.

### 3. Critical accounting estimates, assumptions and judgements

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

#### (a) *Uncertain tax positions*

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses at each tax jurisdiction. The Group has open tax assessments at the balance sheet date. As management believes that the tax positions are sustainable, the Group has not recognised any additional tax liability on these uncertain tax positions.

#### (b) *Impairment of available-for-sale financial assets*

As at the balance sheet date, the fair values of equity securities classified as available-for-sale financial assets have declined below cost by \$12,336,000. The Group has made a judgement that this decline is significant or prolonged, and has reclassified this fair value loss of \$12,336,000 included in the fair value reserve to profit or loss. In making this judgement, the Group has considered, among other factors, the duration of the decline, the magnitude by which the fair value of the investment is below cost, and the financial health and business outlook of the investee companies.

## ▪ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 3. Critical accounting estimates, assumptions and judgements (cont'd)

#### (c) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

As at 28 September 2012, the date of authorisation for issuance of these financial statements, the carrying amount of loans and receivables that was subjected to significant estimation risks of recoverability was \$1,516,000 relating to receivables from related parties, for which management has assessed that no allowance for impairment was required.

#### (d) Impairment of investment in subsidiaries

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

### 4. Other gains - net

	Group	
	2012 \$'000	2011 \$'000
Interest income		
- bank deposits	<b>1,023</b>	452
- amounts due from related and third parties	<b>834</b>	1,519
	<b>1,857</b>	1,971
Currency translation gains/(losses) - net	<b>102</b>	(874)
Management fee income	<b>154</b>	153
Penalties received from related parties for shortfall on minimum purchases	<b>717</b>	1,384
Others	<b>202</b>	187
	<b>3,032</b>	2,821

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 5. Employee compensation

	Group	
	2012 \$'000	2011 \$'000
Wages and salaries	1,360	1,421
Employer's contribution to defined contribution plans including Central Provident Fund	162	152
Other benefits	278	47
	<b>1,800</b>	<b>1,620</b>

### 6. Finance expenses

	Group	
	2012 \$'000	2011 \$'000
Interest expense		
- Bank borrowings	2	8
- Finance lease liabilities	4	9
- Commitment fees	2	-
	<b>8</b>	<b>17</b>

### 7. Other expenses

	Group	
	2012 \$'000	2011 \$'000
Included in other expenses are the following:		
Auditors' remuneration	153	135
General expenses	60	45
Impairment loss on trade receivables	909	479
Impairment loss on available-for-sale financial assets [Note 23(iii)]	12,336	-
Insurance	189	118
Maintenance expenses	313	178
Material handling	424	260
Professional fees	792	118
Rental on operating leases	407	315
Telecommunication expenses	15	15
Utilities	1,330	826

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 8. Income taxes

(a) Income tax expense

	Group	
	2012 \$'000	2011 \$'000
Tax expense attributable to profit is made up of:		
- Profit from current financial year:		
<i>From continuing operations</i>		
Current income tax		
- Singapore	312	125
- Foreign	217	719
	529	844
Deferred income tax (Note 21)	749	430
	<b>1,278</b>	1,274
- (Over)/under provision in prior financial years:		
<i>From continuing operations</i>		
Current income tax	(14,801)	35
Deferred income tax (Note 21)	-	(213)
	<b>(14,801)</b>	(178)
Tax (credit)/expense attributable to continuing operations	<b>(13,523)</b>	1,096

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2012 \$'000	2011 \$'000
(Loss)/profit before tax from		
- continuing operations	(7,762)	3,939
- discontinued operations (Note 9)	-	(126)
	<b>(7,762)</b>	3,813
Tax calculated at tax rate of 17% (2011: 17%)	<b>(1,320)</b>	648
Effects of		
- different tax rates in other countries	148	137
- income not subject to tax	(214)	(102)
- expenses not deductible for tax purposes	840	874
- utilisation of previously unrecognised tax losses	(37)	(321)
- deferred tax asset not recognised	29	34
- tax losses not allowed for carried forward	1,832	-
- other	-	4
Tax charge	<b>1,278</b>	1,274

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 8. Income taxes (cont'd)

(b) Movement in current income tax liabilities

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Beginning of financial year	<b>2,791</b>	2,603	<b>30</b>	1
Income tax refund received/(paid)	<b>11,944</b>	(663)	<b>(292)</b>	(95)
Tax expense	<b>529</b>	844	<b>312</b>	124
(Over)/under provision in prior financial years	<b>(14,801)</b>	35	-	-
Tax recoverable	-	(17)	-	-
Currency translation differences	<b>(316)</b>	(11)	-	-
End of financial year	<b>147</b>	2,791	<b>50</b>	30

### 9. Disposal Group classified as held-for-sale

Following the approval of the Group's board of directors on 18 April 2011 to sell its entire 54.23% interest in Advent Infotech Pvt Ltd ("AIT") in India (comprising the Group's electronics business in India), the entire assets and liabilities related to AIT were classified as a disposal group held-for-sale as at 30 June 2011, and the entire results from AIT were presented separately on the statement of comprehensive income as "Discontinued operations". The transaction was completed on 13 July 2011.

(a) The results of the discontinued operations and the re-measurement of the disposal group are as follows:

	Group	
	2012 \$'000	2011 \$'000
Revenue	-	80
Expenses	-	(206)
Total loss from discontinued operations	-	(126)
Profit attributable to equity holders of the Company relates to:		
- Profit from continuing operations	<b>5,767</b>	2,965
- Loss from discontinued operations	-	(126)
	<b>5,767</b>	2,839

## ▪ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 9. Disposal Group classified as held-for-sale (cont'd)

(b) The impact of the discontinued operations on the cash flows of the Group is as follows:

	<b>Group</b>	
	<b>2012</b>	2011
	<b>\$'000</b>	\$'000
Operating cash outflows	-	(11)
Investing cash outflows	-	(4)
Total cash outflows	<u>-</u>	<u>(15)</u>

(c) Details of the assets in disposal group classified as held-for-sale are as follows:

	<b>Group</b>	
	<b>2012</b>	2011
	<b>\$'000</b>	\$'000
Trade and other receivables	<u>-</u>	<u>44</u>

(d) Details of the liabilities directly associated with disposal group classified as held-for-sale are as follows:

	<b>Group</b>	
	<b>2012</b>	2011
	<b>\$'000</b>	\$'000
Trade and other payables	-	82
Other current liabilities	-	37
	<u>-</u>	<u>119</u>

(e) Cumulative income/(expense) recognised in other comprehensive income relating to disposal group classified as held-for-sale are as follows:

	<b>Group</b>	
	<b>2012</b>	2011
	<b>\$'000</b>	\$'000
Currency translation differences	<u>-</u>	<u>64</u>

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 10. Earnings per share

(a) Basic earnings per share

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

	Continuing operations		Discontinued operations		Total	
	2012	2011	2012	2011	2012	2011
Net profit/(loss) attributable to equity holders of the Company (\$'000)	<b>5,767</b>	2,965	-	(126)	<b>5,767</b>	2,839
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	<b>405,523</b>	405,523	<b>405,523</b>	405,523	<b>405,523</b>	405,523
Basic earnings/(loss) per share (cents per share)	<b>1.42</b>	0.73	-	(0.03)	<b>1.42</b>	0.70

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit/(loss) attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The dilutive potential ordinary shares are ordinary shares which arise from the assumed exercise of share options.

The weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

There is no difference between basic earnings per share and diluted earnings per share as share options were anti-dilutive.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 11. Cash and cash equivalents

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash at bank and on hand	<b>6,291</b>	4,049	<b>446</b>	590
Short-term bank deposits	<b>76,182</b>	69,391	<b>51,551</b>	42,514
	<b>82,473</b>	73,440	<b>51,997</b>	43,104

### 12. Trade and other receivables - current

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Trade receivables				
- Related parties	<b>7,923</b>	12,180	-	-
- Third parties	<b>2,966</b>	986	-	-
	<b>10,889</b>	13,166	-	-
Less: Allowance for impairment of receivables - third parties	<b>(204)</b>	(216)	-	-
Trade receivables - net	<b>10,685</b>	12,950	-	-
Non-trade receivables				
- Subsidiaries	-	-	<b>30,775</b>	20,660
- Related parties	<b>816</b>	73	<b>47</b>	59
- Third parties	<b>3,729</b>	3,143	<b>2</b>	1
	<b>4,545</b>	3,216	<b>30,824</b>	20,720
Less: Allowance for impairment of receivables - third parties	<b>(3,717)</b>	(3,131)	-	-
Non-trade receivables - net	<b>828</b>	85	<b>30,824</b>	20,720
Loans to subsidiaries	-	-	<b>43,346</b>	40,888
Less: Allowance for impairment of loan to subsidiaries	-	-	<b>(16,082)</b>	(5,495)
Loans to subsidiaries - net	-	-	<b>27,264</b>	35,393
	<b>11,513</b>	13,035	<b>58,088</b>	56,113

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



## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 12. Trade and other receivables - current (cont'd)

On 14 February 2012, a subsidiary of the Company became a party to a scheme of arrangement (the "Scheme") in respect of overdue trade receivables of \$3,778,000 owed by a related party. Pursuant to the Scheme, outstanding amounts of \$3,022,000 due from the related party as at 30 June 2011 have been settled via the issuance of 9.45 million ordinary shares in Lion Corporation Berhad, which the subsidiary has accounted for as additions to available-for-sale financial assets of \$2,826,000 and impairment of trade receivables of \$196,000. The remaining \$756,000 will be settled in cash on or before 31 December 2012. As at balance sheet date, the amount receivable of \$756,000 is recorded as non-trade receivables due from related parties.

Non-trade receivables and loans to subsidiaries are unsecured, interest-free and repayable on demand, with the exception of a loan to a subsidiary that bears interest at 8.25% per annum.

### 13. Inventories

	Group	
	2012 \$'000	2011 \$'000
Raw materials and consumables	4,053	4,235
Finished goods	340	310
	<b>4,393</b>	<b>4,545</b>

The Group has recognised a reversal of \$Nil (2011: \$333,000), being part of an inventory write-down made in previous financial years, as the inventories were sold above the carrying amounts in the financial year ended 30 June 2011.

### 14. Other current assets

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Deposits	84	41	32	30
Prepayments	151	125	1	8
Others	19	-	19	-
	<b>254</b>	<b>166</b>	<b>52</b>	<b>38</b>

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 15. Available-for-sale financial assets

	Group	
	2012 \$'000	2011 \$'000
Beginning of financial year	6,776	7,349
Currency translation difference	(39)	-
Additions	5,412	1,961
Fair value losses recognised in other comprehensive income [Note 23(iii)]	(7,900)	(2,534)
End of financial year	<u>4,249</u>	<u>6,776</u>

Available-for-sale financial assets are analysed as follows:

	Group	
	2012 \$'000	2011 \$'000
Listed securities		
- Australia [Note (a) below]	3,021	6,776
- Malaysia [Note (b) below]	1,228	-
Unlisted securities		
- United States of America [Note (c) below]	-	-
- Singapore [Note (d) below]	-	-
	<u>4,249</u>	<u>6,776</u>

- (a) The quoted investment of \$3,021,000 (2011: \$6,776,000) represents 16.98% (2011: 12.12%) equity interest held by the Group in Mindax Limited ("Mindax") as at 30 June 2012.

In the financial year ended 30 June 2012, the Group acquired an additional 4.86% equity interest in Mindax, for a total cash consideration of \$2,586,000. During the financial year, the Group recognised an impairment loss of \$10,777,000 (2011: \$Nil) against this equity security whose trade prices had been below cost for a prolonged period.

- (b) The quoted investment of \$1,228,000 (2011: \$Nil) held by the Group relates to equity interest in the current financial year in Lion Corporation Berhad that was acquired pursuant to the Scheme as disclosed in Note 12. The Group has recognised an impairment loss of \$1,559,000 (2011: \$Nil) against this equity security whose trade prices have declined significantly below cost.
- (c) The unquoted investment with a carrying amount of \$Nil (2011: \$Nil) is made up of 26,000 ordinary shares at US\$0.50 each in Visioneering Inc. ("Visioneering"), a company incorporated in the United States of America. The Group holds an equity interest of less than 1% in Visioneering as at 30 June 2012. There has been no change in equity interest held by the Group in Visioneering from 1 July 2011 to 30 June 2012. This unquoted investment has been fully impaired in previous financial years as management has assessed the likelihood of recovery to be low.
- (d) This unquoted investment relates to a company incorporated in Singapore. There has been no change in the carrying amount of the unquoted investment from 1 July 2011 to 30 June 2012. This unquoted investment has been fully impaired in previous financial years as management has assessed the likelihood of recovery to be low.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 16. Other receivables - non-current

	Company	
	2012	2011
	\$'000	\$'000
Advance to a subsidiary	39,735	39,735
Less: Allowance for impairment of advance to a subsidiary	(39,735)	(39,735)
	-	-

Advance to a subsidiary is unsecured, interest-free and repayments are not expected within the next 12 months. At the balance sheet date, the carrying amounts of non-current other receivables approximated their fair values.

### 17. Investments in subsidiaries

	Company	
	2012	2011
	\$'000	\$'000
Equity investments at cost	51,350	52,442
Less: Allowance for impairment losses	(50,429)	(51,496)
	921	946

Details of subsidiaries are provided as follows:

Name of companies	Principal activities	Country of business/ incorporation	Equity holding	
			2012	2011
			%	%
<b>Held directly by the Company:</b>				
Bright Steel Pte Ltd <sup>(6)</sup>	Investment holding	Singapore	100	100
Ternair Jaya Sdn. Bhd. <sup>(2)</sup>	Investment holding	Malaysia	100	100
Arbon Investment Pte Ltd <sup>(7)</sup>	Investment holding	Singapore	-	100
Aarau Investment Pte Ltd <sup>(7)</sup>	Investment holding	Singapore	-	100
Grenchen Investment Pte Ltd <sup>(7)</sup>	Investment holding	Singapore	-	100
Kloten Investment Pte Ltd <sup>(7)</sup>	Investment holding	Singapore	-	100
LAP Trading & Marketing Pte Ltd <sup>(1)</sup>	Trading of scrap metal	Singapore	100	100
AE Technol Pte Ltd <sup>(1)</sup>	Distribution of semiconductors and related components (ceased operations during the financial year ended 30 June 2011)	Singapore	55	54
Angkasa Transport Equipment Sdn. Bhd. <sup>(5)</sup>	Investment holding	Malaysia	100	100

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 17. Investments in subsidiaries (cont'd)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding	
			2012 %	2011 %
<b>Held directly by the Company (cont'd):</b>				
Clarrington Investment Pte Ltd <sup>(7)</sup>	Investment holding	Singapore	-	100
Halton Investment Pte Ltd <sup>(1)</sup>	Investment holding	Singapore	<b>100</b>	100
LAP Investment Pte Ltd <sup>(1)</sup>	Investment holding	Singapore	<b>100</b>	100
Lion Asiapac Management Consultancy (Shanghai) Co., Ltd <sup>(3)</sup>	Management consultancy	The People's Republic of China	<b>100</b>	100
LAP Exploration Pte Ltd <sup>(1)</sup>	Investment holding	Singapore	<b>100</b>	100
LAP Development Pte Ltd <sup>(4)</sup>	Investment holding	Singapore	<b>100</b>	100
<b>Held directly by subsidiaries:</b>				
Lion Containers Sdn. Bhd. <sup>(2)</sup>	Manufacture and sale of dry cargo containers (ceased operations during the financial year ended 30 June 2000)	Malaysia	<b>100</b>	100
Advent Electronics (M) Sdn. Bhd. <sup>(9)</sup>	Design-in and distribution of semiconductors and related components	Malaysia	-	100
Advent Infotech Private Limited <sup>(8)</sup>	Trading and distribution of semiconductors and related components	India	-	100
Compact Energy Sdn. Bhd. <sup>(2)</sup>	Limestone processing	Malaysia	<b>100</b>	100

(1) Audited by PricewaterhouseCoopers LLP, Singapore.

(2) Audited by PricewaterhouseCoopers LLP, Malaysia.

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

(4) Not required to be audited under the laws of the country of incorporation.

(5) In the process of winding up as at 30 June 2012.

(6) In the process of being struck off as at 30 June 2012.

(7) Struck off the Register of Companies during the financial year ended 30 June 2012.

(8) Disposed of during the financial year ended 30 June 2012.

(9) Wound-up during the financial year ended 30 June 2012.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 18. Property, plant and equipment

	Buildings and infrastructure \$'000	Plant and machinery \$'000	Office equipment and vehicle \$'000	Furniture and fittings \$'000	Construction- in-progress \$'000	Total \$'000
<b>Group</b>						
<b>2012</b>						
<i>Cost</i>						
Beginning of financial year	472	20,498	548	163	10,940	32,621
Currency translation differences	(8)	(366)	(2)	(1)	(188)	(565)
Additions	16	672	17	3	2,091	2,799
Reclassification	-	12,835	6	2	(12,843)	-
Disposals	(7)	(55)	(29)	(8)	-	(99)
End of financial year	473	33,584	540	159	-	34,756
<i>Accumulated depreciation</i>						
Beginning of financial year	84	5,410	499	126	-	6,119
Currency translation differences	(2)	(137)	(2)	-	-	(141)
Depreciation charge	25	2,236	30	6	-	2,297
Disposals	(2)	(18)	(30)	(4)	-	(54)
End of financial year	105	7,491	497	128	-	8,221
<b>Net book value</b>						
<b>End of financial year</b>	<b>368</b>	<b>26,093</b>	<b>43</b>	<b>31</b>	<b>-</b>	<b>26,535</b>
<b>2011</b>						
<i>Cost</i>						
Beginning of financial year	424	17,953	596	169	5,778	24,920
Currency translation differences	(25)	(1,000)	(8)	(2)	(321)	(1,356)
Additions	73	3,607	13	15	5,483	9,191
Reclassified to disposal group	-	-	(40)	(19)	-	(59)
Disposals	-	(62)	(13)	-	-	(75)
End of financial year	472	20,498	548	163	10,940	32,621
<i>Accumulated depreciation</i>						
Beginning of financial year	68	4,437	526	135	-	5,166
Currency translation differences	(5)	(281)	(6)	-	-	(292)
Reclassified to disposal group	-	-	(39)	(15)	-	(54)
Depreciation charge						
- Continuing operations	21	1,287	31	6	-	1,345
Disposals	-	(33)	(13)	-	-	(46)
End of financial year	84	5,410	499	126	-	6,119
<b>Net book value</b>						
<b>End of financial year</b>	<b>388</b>	<b>15,088</b>	<b>49</b>	<b>37</b>	<b>10,940</b>	<b>26,502</b>

The carrying amount of buildings held under finance lease as at balance sheet date amounted to \$Nil (2011: \$132,000).

## ▪ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 18. Property, plant and equipment (cont'd)

	Office equipment and vehicle \$'000	Furniture and fittings \$'000	Total \$'000
<b>Company</b>			
<b>2012</b>			
<i>Cost</i>			
Beginning of financial year	395	113	508
Additions	2	-	2
Disposals	(24)	-	(24)
End of financial year	373	113	486
<i>Accumulated depreciation</i>			
Beginning of financial year	386	112	498
Depreciation charge	4	1	5
Disposals	(24)	-	(24)
End of financial year	366	113	479
<b>Net book value</b>			
<b>End of financial year</b>	<b>7</b>	<b>-</b>	<b>7</b>
<b>2011</b>			
<i>Cost</i>			
Beginning of financial year	402	113	515
Additions	6	-	6
Disposals	(13)	-	(13)
End of financial year	395	113	508
<i>Accumulated depreciation</i>			
Beginning of financial year	394	110	504
Depreciation charge	4	2	6
Disposals	(12)	-	(12)
End of financial year	386	112	498
<b>Net book value</b>			
<b>End of financial year</b>	<b>9</b>	<b>1</b>	<b>10</b>

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 19. Trade and other payables

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Trade payables – third parties	<b>3,044</b>	3,952	-	-
Non-trade payables to:				
- Subsidiaries	-	-	<b>8,714</b>	-
- Related parties	<b>197</b>	174	-	-
- Third parties	<b>754</b>	806	<b>203</b>	177
	<b>951</b>	980	<b>8,917</b>	177
Accruals for operating expenses	<b>1,060</b>	1,106	<b>244</b>	277
	<b>5,055</b>	6,038	<b>9,161</b>	454

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

The non-trade payables as at balance sheet date are unsecured, interest-free and repayable on demand.

### 20. Borrowings

	Group	
	2012 \$'000	2011 \$'000
<u>Current</u>		
Bank borrowings	-	242
Financial lease liabilities	-	17
	-	259

The Group leases building and infrastructure from related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	Group	
	2012 \$'000	2011 \$'000
Minimum lease payments due not later than one year	-	21
Less: Future finance charges	-	(4)
Present value of finance lease liabilities	-	17

## ▪ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 20. Borrowings (cont'd)

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

	Group	
	2012 \$'000	2011 \$'000
Not later than one year	-	17

Finance lease liabilities of the Group are secured over the leased assets, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

### 21. Deferred income taxes

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

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Deferred income tax liabilities				
- to be settled within one year	349	379	349	379
- to be settled after one year	2,971	2,090	95	172
	<b>3,320</b>	<b>2,469</b>	<b>444</b>	<b>551</b>

Movement in deferred income tax account is as follows:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Beginning of financial year	2,469	2,358	551	556
Currency translation differences	102	(106)	-	-
Tax charged/(credited) to profit or loss (Note 8)	749	217	(107)	(5)
End of financial year	<b>3,320</b>	<b>2,469</b>	<b>444</b>	<b>551</b>

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of \$16,353,000 (2011: \$16,633,000) and capital allowances of \$5,776,000 (2011: \$5,877,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.



## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 21. Deferred income taxes (cont'd)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

#### Group

##### *Deferred income tax liabilities*

	<b>Accelerated tax depreciation \$'000</b>	<b>Foreign income not remitted \$'000</b>	<b>Total \$'000</b>
<b>2012</b>			
Beginning of financial year	2,192	551	2,743
Currency translation differences	87	-	87
Charged/(credited) to profit or loss	1,387	(107)	1,280
End of financial year	<u>3,666</u>	<u>444</u>	<u>4,110</u>
<b>2011</b>			
Beginning of financial year	1,823	556	2,379
Currency translation differences	(114)	-	(114)
Charged/(credited) to profit or loss	483	(5)	478
End of financial year	<u>2,192</u>	<u>551</u>	<u>2,743</u>

#### Group

##### *Deferred income tax assets*

	<b>Provision \$'000</b>	<b>Unrealised foreign exchange losses \$'000</b>	<b>Total \$'000</b>
<b>2012</b>			
Beginning of financial year	-	(274)	(274)
Currency translation difference	9	6	15
Credited to profit or loss	(438)	(93)	(531)
End of financial year	<u>(429)</u>	<u>(361)</u>	<u>(790)</u>
<b>2011</b>			
Beginning of financial year	(6)	(15)	(21)
Currency translation difference	-	8	8
Charged/(credited) to profit or loss	6	(267)	(261)
End of financial year	<u>-</u>	<u>(274)</u>	<u>(274)</u>

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 21. Deferred income taxes (cont'd)

#### Company

*Deferred income tax liabilities*

	<b>Foreign income not remitted \$'000</b>
<hr/>	
<b>2012</b>	
Beginning of financial year	551
Credited to profit or loss	(107)
End of financial year	<u>444</u>
<b>2011</b>	
Beginning of financial year	556
Credited to profit or loss	(5)
End of financial year	<u>551</u>

### 22. Share capital

	<b>No. of issued ordinary shares '000</b>	<b>Amount \$'000</b>
<hr/>		
<b><u>Group and Company</u></b>		
<b>2012</b>		
Beginning and end of financial year	<u>405,523</u>	<u>47,494</u>
<b>2011</b>		
Beginning and end of financial year	<u>405,523</u>	<u>47,494</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

#### Share options

The LAP Share Option Scheme (the "Scheme") was approved by the members of the Company at an Extraordinary General Meeting held on 20 September 2000. The Scheme expired on 20 September 2010.

The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for three market days immediately preceding the date of the grant ("Market Price") or a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 20% of the Market Price and that the offer is approved by the Company's shareholders.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 22. Share capital (cont'd)

#### *Share options (cont'd)*

The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of unissued ordinary shares under option and their exercise prices are as follows:

Group and Company	← No. of ordinary shares under option →				Exercise price	Exercise period
	Beginning of financial year	Exercised during financial year	Lapsed/ forfeited during financial year	End of financial year		
<b>2012</b>						
2007 Options	328,500	-	(15,000)	313,500	\$0.24	30.11.2008 - 29.11.2012
<b>2011</b>						
2007 Options	388,500	-	(60,000)	328,500	\$0.24	30.11.2008 - 29.11.2012

### 23. Other reserves

#### *Composition:*

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Capital reduction reserve	13,543	13,543	13,543	13,543
Capital redemption reserve	105	105	-	-
Fair value reserve	-	(4,436)	-	-
Currency translation reserve	(4,176)	(4,988)	-	-
Consolidation reserve	(36)	(36)	-	-
Capital reserve	2,112	2,112	-	-
	<b>11,548</b>	6,300	<b>13,543</b>	13,543

#### *Movements:*

	Group and Company	
	2012 \$'000	2011 \$'000
(i) <b>Capital reduction reserve</b> [Note (a) below]		
Beginning and end of financial year	<b>13,543</b>	13,543

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 23. Other reserves (cont'd)

Movements (cont'd):

	Group	
	2012 \$'000	2011 \$'000
<b>(ii) Capital redemption reserve</b> [Note (b) below]		
Beginning and end of financial year	<b>105</b>	105
<b>(iii) Fair value reserve</b> [Note (c) below]		
Beginning of financial year	<b>(4,436)</b>	(1,902)
Available-for-sale financial assets - fair value losses (Note 15)	<b>(7,900)</b>	(2,534)
Reclassification to profit or loss (Note 7)	<b>12,336</b>	-
End of financial year	<b>-</b>	(4,436)
<b>(iv) Currency translation reserve</b> [Note (d) below]		
Beginning of financial year	<b>(4,988)</b>	(1,211)
Net currency translation differences of financial statements of foreign subsidiaries	<b>812</b>	(3,777)
End of financial year	<b>(4,176)</b>	(4,988)
<b>(v) Consolidation reserve</b> [Note (e) below]		
Beginning and end of financial year	<b>(36)</b>	(36)
<b>(vi) Capital reserve</b> [Note (f) below]		
Beginning and end of financial year	<b>2,112</b>	2,112

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

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

(c) Fair value reserve comprises the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

(d) Currency translation reserve comprises the exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and the exchange differences on monetary items which form part of the Group's net investment in foreign operations.

(e) The consolidation reserve arose from acquisition of interests in subsidiaries.

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

Other reserves are non-distributable.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 24. Retained profits

Movement in retained profits for the Company is as follows:

	Company	
	2012	2011
	\$'000	\$'000
Beginning of financial year	38,139	22,081
Net profit	4,262	16,058
Dividends paid (Note 25)	(2,028)	-
End of financial year	40,373	38,139

### 25. Dividends

	Group and Company	
	2012	2011
	\$'000	\$'000
Final exempt (one-tier) dividend paid in respect of the previous financial year of 0.5 cent per share (Note 24)	2,028	-

At the Annual General Meeting on 31 October 2012, a final exempt (one-tier) ordinary dividend of 0.5 cent per share amounting to a total of \$2,028,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2013.

### 26. Commitments

#### (a) Capital commitments

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

	Group	
	2012	2011
	\$'000	\$'000
Property, plant and equipment	-	1,713

#### (b) Operating lease commitments

The Group leases land, office space and office equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewals rights.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 26. Commitments (cont'd)

#### (b) Operating lease commitments (cont'd)

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

	<b>Group</b>	
	<b>2012</b>	2011
	<b>\$'000</b>	\$'000
Not later than one year	<b>278</b>	184
Between one and five years	<b>727</b>	310
Later than five years	<b>3,196</b>	1,701
	<b>4,201</b>	2,195

### 27. Contingent liabilities

The Company issued unsecured guarantees to banks and suppliers in respect of trade obligations of certain subsidiaries amounting to \$1,120,000 (2011: \$2,984,000) at the balance sheet date.

The Company has also issued letters of financial support to certain subsidiaries so as to enable them to operate as going concerns for the foreseeable future and to meet their liabilities as and when they fall due within the next 12 months. The directors are of the view that no material liabilities will arise from the above.

### 28. Financial risk management

#### *Financial risk factors*

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group, and management is responsible for the overall financial risk management.

#### (a) Market risk

##### (i) *Currency risk*

The Group operates in Asia with dominant operations in Singapore and Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD"), United States Dollar ("USD"), Chinese Renminbi ("RMB"), Malaysia Ringgit ("MYR") and Australia Dollar ("AUD").

The Group is exposed to currency translation risk on the net assets in foreign operations in Malaysia and The People's Republic of China. These currency exposures are monitored on a regular basis.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 28. Financial risk management (cont'd)

(a) Market risk (cont'd)

(i) *Currency risk (cont'd)*

The Group's currency exposure based on the information provided to key management is as follows:

	SGD \$'000	USD \$'000	RMB \$'000	MYR \$'000	Other \$'000	Total \$'000
<b>At 30 June 2012</b>						
<b>Financial assets</b>						
Cash and cash equivalents	53,241	379	26,152	2,700	1	82,473
Trade and other receivables	53	8	-	11,452	-	11,513
Receivables from subsidiaries	55,153	4,405	23,944	24,974	14,821	123,297
Other financial assets	32	-	-	52	-	84
	108,479	4,792	50,096	39,178	14,822	217,367
<b>Financial liabilities</b>						
Trade and other payables	494	-	-	4,561	-	5,055
Payables to subsidiaries	55,153	4,405	23,944	726	14,821	99,049
	55,647	4,405	23,944	5,287	14,821	104,104
<b>Net financial assets</b>	52,832	387	26,152	33,891	1	113,263
<b>Currency exposure of financial assets net of those denominated in the respective entities' functional currencies</b>						
	-	387	23,944	24,969	1	49,301
<b>At 30 June 2011</b>						
<b>Financial assets</b>						
Cash and cash equivalents	45,553	1,243	24,802	1,837	5	73,440
Trade and other receivables	1,117	-	-	11,918	-	13,035
Receivables from subsidiaries	11,134	4,337	10,711	62,513	12,589	101,284
Other financial assets	41	-	-	-	-	41
	57,845	5,580	35,513	76,268	12,594	187,800
<b>Financial liabilities</b>						
Borrowings	-	-	-	259	-	259
Trade and other payables	502	-	(1)	5,537	-	6,038
Payables to subsidiaries	11,134	4,337	10,711	39,735	12,589	78,506
	11,636	4,337	10,710	45,531	12,589	84,803
<b>Net financial assets</b>	46,209	1,243	24,803	30,737	5	102,997
<b>Currency exposure of financial assets net of those denominated in the respective entities' functional currencies</b>						
	-	1,243	10,720	22,778	-	34,741

## ▪ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 28. Financial risk management (cont'd)

(a) Market risk (cont'd)

(i) *Currency risk (cont'd)*

The Company's currency exposure based on the information provided to key management is as follows:

	<b>SGD</b>	<b>USD</b>	<b>RMB</b>	<b>AUD</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>At 30 June 2012</b>					
<b>Financial assets</b>					
Cash and cash equivalents	51,955	41	-	1	51,997
Trade and other receivables	14,918	4,405	23,944	14,821	58,088
Other financial assets	32	-	-	-	32
	<u>66,905</u>	<u>4,446</u>	<u>23,944</u>	<u>14,822</u>	<u>110,117</u>
<b>Financial liabilities</b>					
Trade and other payables	9,161	-	-	-	9,161
	<u>57,744</u>	<u>4,446</u>	<u>23,944</u>	<u>14,822</u>	<u>100,956</u>
<b>Net financial assets</b>					
	<u>66,905</u>	<u>4,446</u>	<u>23,944</u>	<u>14,822</u>	<u>110,117</u>
<b>Currency exposure of financial assets net of those denominated in the entity's functional currency</b>					
	<u>-</u>	<u>4,446</u>	<u>23,944</u>	<u>14,822</u>	<u>43,212</u>
<b>At 30 June 2011</b>					
<b>Financial assets</b>					
Cash and cash equivalents	43,065	39	-	-	43,104
Trade and other receivables	28,477	4,337	10,711	12,588	56,113
Other financial assets	30	-	-	-	30
	<u>71,572</u>	<u>4,376</u>	<u>10,711</u>	<u>12,588</u>	<u>99,247</u>
<b>Financial liabilities</b>					
Trade and other payables	454	-	-	-	454
	<u>71,118</u>	<u>4,376</u>	<u>10,711</u>	<u>12,588</u>	<u>98,793</u>
<b>Net financial assets</b>					
	<u>71,572</u>	<u>4,376</u>	<u>10,711</u>	<u>12,588</u>	<u>99,247</u>
<b>Currency exposure of financial assets net of those denominated in the entity's functional currency</b>					
	<u>-</u>	<u>4,376</u>	<u>10,711</u>	<u>12,588</u>	<u>27,675</u>



## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 28. Financial risk management (cont'd)

#### (a) Market risk (cont'd)

##### (i) *Currency risk (cont'd)*

If the USD, RMB, MYR and AUD change against the SGD by 2% (2011: 8%), 2% (2011: 5%), 3% (2011: 0.48%) and 1% (2011: 3%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	<b>Increase/(decrease)</b>	
	<b>Profit after tax</b>	
	<b>2012</b>	2011
	<b>\$'000</b>	\$'000
<b>Group</b>		
USD against SGD		
- strengthened	<b>7</b>	83
- weakened	<b>(7)</b>	(83)
RMB against SGD		
- strengthened	<b>398</b>	445
- weakened	<b>(398)</b>	(445)
MYR against SGD		
- strengthened	<b>622</b>	90
- weakened	<b>(622)</b>	(90)
<b>Company</b>		
USD against SGD		
- strengthened	<b>74</b>	290
- weakened	<b>(74)</b>	(290)
RMB against SGD		
- strengthened	<b>397</b>	445
- weakened	<b>(397)</b>	(445)
AUD against SGD		
- strengthened	<b>123</b>	313
- weakened	<b>(123)</b>	(313)

##### (ii) *Price risk*

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified on the consolidated balance sheet as available-for-sale financial assets. These securities are listed in Australia and Malaysia. Changes in the share price of the quoted investments are monitored on a regular basis.

If prices for equity securities listed in Australia and Malaysia had changed by 61% (2011: 15%) and 4% (2011: Nil%) respectively with all other variables including tax rate being held constant, profit after tax will increase/decrease by \$1,843,000 (2011: \$1,016,000) and \$49,000 (2011: \$Nil) respectively as a result of an increase/decrease in the fair value of equity investments classified as available-for-sale financial assets.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 28. Financial risk management (cont'd)

(a) Market risk (cont'd)

(iii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing assets comprise short-term bank deposits denominated mainly in SGD and RMB.

If the SGD and RMB interest rates had increased/decreased by 0.04% and 0.86% respectively (2011: 0.05% and 0.51%) with all other variables including tax rate being held constant, the profit after tax would have been higher/lower by \$19,000 and \$167,000 respectively (2011: \$17,000 and \$92,000) as a result of higher/lower interest income on these short-term bank deposits.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits, trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the respective entity's management and by the Group based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management. As at 30 June 2012, 69% (2011: 92%) of total trade receivables of the Group was made up of 3 (2011: 3) related parties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except for the corporate guarantees disclosed in Note 27.

The credit risk for trade receivables based on the information provided to key management is as follows:

	<b>Group</b>	
	<b>2012</b>	2011
	<b>\$'000</b>	\$'000
<u>By operating segments</u>		
Limestone processing	<b>10,673</b>	11,896
Scrap metal trading	<b>4</b>	1,036
Others	<b>8</b>	18
	<b>10,685</b>	12,950

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 28. Financial risk management (cont'd)

(b) Credit risk (cont'd)

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	<b>Group</b>	
	<b>2012</b>	2011
	<b>\$'000</b>	\$'000
Past due 0 to 6 months	<b>4,463</b>	6,594
Past due over 6 months	<b>8</b>	1,297
	<b>4,471</b>	7,891

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	<b>Group</b>	
	<b>2012</b>	2011
	<b>\$'000</b>	\$'000
Gross amount	<b>213</b>	234
Less: Allowance for impairment	<b>(204)</b>	(216)
	<b>9</b>	18
Beginning of financial year	<b>216</b>	257
Allowance utilised	<b>(21)</b>	(41)
Allowance made	<b>9</b>	-
End of financial year	<b>204</b>	216

The impaired trade receivables arose mainly from sales of goods to customers who are in financial difficulties.

## ▪ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 28. Financial risk management (cont'd)

#### (c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk include cash and short-term deposits as disclosed in Note 11.

The table below analyses financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	<b>Less than 1 year \$'000</b>
<b>Group</b>	
<b>At 30 June 2012</b>	
Trade and other payables	<u><u>5,055</u></u>
<b>At 30 June 2011</b>	
Trade and other payables	6,038
Borrowings	259
	<u><u>6,297</u></u>
<b>Company</b>	
<b>At 30 June 2012</b>	
Trade and other payables	<u><u>9,161</u></u>
<b>At 30 June 2011</b>	
Trade and other payables	<u><u>454</u></u>

#### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group's and the Company's strategies, which were unchanged from 2011, are to maintain gearing ratios not exceeding 20%.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as any excess amounts of borrowings and trade and other payables after deducting cash and cash equivalents. Total capital is calculated as total equity plus net debt.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 28. Financial risk management (cont'd)

#### (d) Capital risk (cont'd)

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Net debt	-	-	-	-
Total equity	<b>120,895</b>	112,832	<b>101,410</b>	99,176
Total capital	<b>120,895</b>	112,832	<b>101,410</b>	99,176
Gearing ratio	-	-	-	-

The Group and the Company are not subjected to externally imposed capital requirements for the financial years ended 30 June 2011 and 2012.

#### (e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Fair value measurement using		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Group</b>			
<b>2012</b>			
Available-for-sale financial assets	<b>4,249</b>	-	-
<b>2011</b>			
Available-for-sale financial assets	6,776	-	-

The fair value of financial instruments traded in active markets (available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 28. Financial risk management (cont'd)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 15 to the financial statements, except for the following:

	<b>Group</b>	
	<b>2012</b>	2011
	<b>\$'000</b>	\$'000
Loans and receivables	<b>94,070</b>	86,516
Financial liabilities at amortised cost	<b>5,055</b>	6,297

### 29. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	<b>Group</b>	
	<b>2012</b>	2011
	<b>\$'000</b>	\$'000
Sales of goods and services to related parties	<b>23,753</b>	19,020
Purchases from related parties	<b>1,834</b>	1,759
Interest income received/receivable from a related party	<b>365</b>	606
Management fees received from a related party	<b>154</b>	153
Rental income from a related party	<b>88</b>	85
Rental charges paid to a related party	<b>351</b>	345
Penalties received from related parties for shortfall on minimum purchases	<b>717</b>	1,384

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

Outstanding balances at 30 June 2012, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 19 respectively.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 29. Related party transactions (cont'd)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	<b>Group</b>	
	<b>2012</b>	2011
	<b>\$'000</b>	\$'000
Salaries and other short term employee benefits	<b>451</b>	445
Employer's contribution to defined contribution plans including Central Provident Fund	<b>10</b>	9
	<b>461</b>	454

Included in the above is total compensation to directors of the Company amounting to \$461,000 (2011: \$439,000). The banding of directors' remuneration is as follows:

	<b>Company</b>	
	<b>2012</b>	2011
Number of directors in remuneration bands		
- \$250,000 to below \$500,000	<b>1</b>	1
- below \$250,000	<b>6</b>	6
	<b>7</b>	7

### 30. Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

As at 30 June 2012, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of other business segments. Details of the business segments are as follows:

- Limestone processing;
- Scrap metal trading; and
- Investment holding/others.

The Group's electronic component distribution segment has ceased operations and there was no business activity in the current financial year.

## ▪ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 30. Segment information (cont'd)

	Limestone processing \$'000	Scrap metal trading \$'000	Investment holding/ others \$'000	Total \$'000
<b>2012</b>				
<b>Revenue</b>	29,930	6,810	-	<u>36,740</u>
<b>Segment result</b>	2,789	152	(12,255)	(9,314)
Other gains - net				3,032
Unallocated costs				<u>(1,472)</u>
				(7,754)
Finance expense				(8)
Loss before income tax				<u>(7,762)</u>
Income tax credit				13,523
<b>Net profit</b>				<u><u>5,761</u></u>
<b>Reportable segment assets and consolidated total assets</b>	46,497	22	82,898	<u><u>129,417</u></u>
<b>Reportable segment liabilities</b>	4,426	9	620	5,055
Unallocated:				
Income tax liabilities				147
Deferred tax liabilities				3,320
<b>Consolidated total liabilities</b>				<u><u>8,522</u></u>
<b>Other reportable segment items</b>				
Capital expenditure	2,797	-	2	<u><u>2,799</u></u>
Depreciation				
- segment	2,291	-	-	2,291
- unallocated				6
				<u><u>2,297</u></u>



## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 30. Segment information (cont'd)

	Limestone processing \$'000	Scrap metal trading \$'000	Electronic component distribution \$'000	Investment holding/ others \$'000	Total \$'000
<b>2011</b>					
<b>Revenue</b>	18,537	5,065	108	-	23,710
<b>Segment result</b>	3,067	121	(447)	(131)	2,610
Other gains - net					2,821
Unallocated costs					(1,475)
					3,956
Finance expense					(17)
Profit before income tax					3,939
Income tax expense					(1,096)
<b>Net profit</b>					2,843
<b>Reportable segment assets and consolidated total assets</b>	44,749	1,053	3,645	75,017	124,464
<b>Reportable segment liabilities</b>	5,385	9	41	603	6,038
Unallocated:					
Income tax liabilities					2,791
Deferred tax liabilities					2,469
Borrowings					259
<b>Consolidated total liabilities</b>					11,557
<b>Other reportable segment items</b>					
Capital expenditure	9,185	-	-	6	9,191
Depreciation	1,339	-	-	-	1,339
- segment					6
- unallocated					1,345

Although the Group's products are sold to Malaysia, Indonesia, Singapore, India and other overseas markets, the management of the Group regularly reviews the consolidated financial statements by business segment to assess performance and make resource allocation decisions.

There are no sales or other transactions between the business segments. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the consolidated statement of comprehensive income. Unallocated costs represent corporate expenses. All assets and liabilities are allocated to reportable segments other than income tax liabilities and borrowings.

## ■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 30. Segment information (cont'd)

#### Geographical information

As at 30 June 2012, the Group's three business segments operated in three main geographical areas:

- Malaysia - the main activities are limestone processing and scrap metal trading;
- Singapore - the main activity is investment holding; and
- Other countries - the main activity is limestone processing.

	Sales for		Non-current assets	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Singapore	-	-	3,028	6,786
Malaysia	36,240	23,602	27,755	26,491
Other countries	500	108	1	1
	<b>36,740</b>	23,710	<b>30,784</b>	33,278

Sales are based on the country in which the customer is located and non-current assets are shown by geographical area where the assets are located.

Revenues of approximately \$23,753,000 (2011: \$19,020,000) are derived from three related parties. These revenues are attributable to the limestone processing and scrap metal trading segments in Malaysia.

### 31. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2012 or later periods and which the Group has not early adopted.

- Amendments to FRS 1 *Presentation of Financial Statements* (effective for annual periods beginning on or after 1 July 2012)
- FRS 19 (revised 2011) *Employee Benefits* (effective for annual periods beginning on or after 1 January 2013)
- FRS 27 (revised 2011) *Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2014)
- FRS 110 *Consolidated Financial Statements* (effective for annual periods beginning on or after 1 January 2014)

## ▪ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2012

### 31. New or revised accounting standards and interpretations (cont'd)

- FRS 112 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after 1 January 2014)
- FRS 113 *Fair Value Measurement* (effective for annual periods beginning on or after 1 January 2013)

The management anticipates that the adoption of the above FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

### 32. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Lion Asiapac Limited on 28 September 2012.

## ■ SHAREHOLDING STATISTICS

As at 18 September 2012

Issued and Fully Paid-up Capital	:	\$47,494,085.40
No. of Shares Issued	:	405,522,724
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) Vote per share
No. of Treasury Shares Held	:	Nil

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 999	2	0.05	1,066	0.00
1,000 - 10,000	2,556	59.55	15,475,628	3.82
10,001 - 1,000,000	1,717	40.00	85,923,750	21.19
1,000,001 & Above	17	0.40	304,122,280	74.99
Total	4,292	100.00	405,522,724	100.00

### TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Shares
AMB Venture Sdn Bhd	148,750,644	36.68
Omali Corporation Sdn Bhd	121,562,760	29.98
Andar Investment Pte Ltd	8,853,876	2.18
Ng Hian Gay	2,852,000	0.70
United Overseas Bank Nominees Pte Ltd	2,610,000	0.64
Allan Chua Tiang Kwang	2,400,000	0.59
OCBC Securities Private Ltd	2,363,000	0.58
DBS Nominees Pte Ltd	1,974,000	0.49
Yang Siew Ho	1,884,000	0.46
Phillip Securities Pte Ltd	1,837,000	0.45
Cheong Soh Chin @ Julie	1,600,000	0.39
Tan Boon Kay	1,600,000	0.39
Hexacon Construction Pte Ltd	1,547,000	0.38
HL Bank Nominees (S) Pte Ltd	1,210,000	0.30
Maybank Kim Eng Securities Pte Ltd	1,046,000	0.26
See Beng Lian Janice	1,031,000	0.25
Gromov Vladislav	1,001,000	0.25
Chua Kah Boey	906,000	0.22
Mayban Nominees (S) Pte Ltd	850,000	0.21
Citibank Nominees S'pore Pte Ltd	826,000	0.20
Total	306,704,280	75.60

### SHAREHOLDING IN THE HANDS OF PUBLIC

The percentage of shareholding in the hands of public was approximately 31.16% and hence the Company has complied with Rule 723 of the SGX-ST Listing Manual which states that an issuer must ensure that at least 10% of its listed securities is at all time held by the public.

## ▪ SHAREHOLDING STATISTICS

As at 18 September 2012

### SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

Substantial Shareholder	Number of Shares		Total Percentage Interest (%)
	Direct Interest	Deemed Interest*	
Omali Corporation Sdn Bhd <sup>(1)</sup>	121,562,760	-	29.98
Bright Steel Sdn Bhd <sup>(2)</sup>	-	121,562,760	29.98
Total Triumph Investments Limited <sup>(2)</sup>	-	121,562,760	29.98
Graimpi Sdn Bhd <sup>(3)</sup>	-	121,562,760	29.98
Lion Diversified Holdings Berhad <sup>(4)</sup>	-	121,562,760	29.98
AMB Venture Sdn Bhd <sup>(5)</sup>	148,750,644	-	36.68
Lion AMB Resources Berhad <sup>(6)</sup>	-	148,750,644	36.68
Lion Forest Industries Berhad <sup>(6)</sup>	-	148,750,644	36.68
Amsteel Mills Sdn Bhd <sup>(5)</sup>	-	148,750,644	36.68
Steelcorp Sdn Bhd <sup>(6)</sup>	-	148,750,644	36.68
LLB Steel Industries Sdn Bhd <sup>(6)</sup>	-	148,750,644	36.68
Lion Industries Corporation Berhad <sup>(7)</sup>	-	148,750,644	36.68
Lion Corporation Berhad <sup>(8)</sup>	-	270,313,404	66.66
Tan Sri Cheng Heng Jem <sup>(9)</sup>	-	279,167,280	68.84

#### Notes:

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

- (1) Omali Corporation Sdn Bhd ("Omali") is the beneficial and registered owner of 121,562,760 shares.
- (2) Bright Steel Sdn Bhd and Total Triumph Investments Limited are deemed interested in the 121,562,760 shares held by Omali.
- (3) Graimpi Sdn Bhd is deemed interested in the 121,562,760 shares held by Omali by virtue of its interest in Lion Corporation Berhad ("LCB").
- (4) Lion Diversified Holdings Berhad ("LDHB") is deemed interested in the 121,562,760 shares held by Omali by virtue of its interest in LCB.
- (5) AMB Venture Sdn Bhd ("AMBV") is the beneficial and registered owner of 148,750,644 shares.
- (6) Lion AMB Resources Berhad, Lion Forest Industries Berhad, Amsteel Mills Sdn Bhd, Steelcorp Sdn Bhd and LLB Steel Industries Sdn Bhd are deemed interested in the 148,750,644 shares held by AMBV.
- (7) Lion Industries Corporation Berhad ("LICB") is deemed interested in the 148,750,644 shares held by AMBV as it is the ultimate holding company of AMBV.
- (8) LCB is deemed interested in (i) the 121,562,760 shares held by Omali as it is the ultimate holding company of Omali and (ii) the 148,750,644 shares held by AMBV by virtue of its interest in LICB.
- (9) Tan Sri Cheng Heng Jem is deemed interested in (i) the 8,853,876 shares held by Andar Investment Pte Ltd, (ii) the 121,562,760 shares held by Omali by virtue of his interest in LCB and (iii) the 148,750,644 shares held by AMBV by virtue of his interest in LICB.

# ▪ NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING

## LION ASIAPAC LIMITED

(Co. Reg. No. 196800586R)

(Incorporated in the Republic of Singapore)

**NOTICE IS HEREBY GIVEN THAT** the 42<sup>nd</sup> Annual General Meeting of Lion Asiapac Limited (the “Company”) will be held at The Conference Room, 10 Arumugam Road #10-00 Lion Building A Singapore 409957 on Wednesday, 31 October 2012 at 2:30 p.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 2012.
2. To declare a first and final dividend of 0.5 cent per ordinary share (tax-exempt one-tier) for the year ended 30 June 2012.
3. To re-elect Mr Sam Chong Keen, a Director retiring pursuant to Article 91 of the Company’s Articles of Association and who, being eligible, offers himself for re-election.

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

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

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

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

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

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

5. To approve the payment of S\$159,000/- as Directors’ fees for the year ended 30 June 2012.
6. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.

## ▪ NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING

### AS SPECIAL BUSINESS

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

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

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

- (a) (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares;

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

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

Provided That:

- (1) the aggregate number of shares to be issued pursuant to such authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) does not exceed 50% of the total number of issued shares excluding treasury shares in the capital of the Company for the time being (as determined in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares in the capital of the Company for the time being (as determined in accordance with sub-paragraph (2) below);
- (2) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares in the capital of the Company at the time that this Ordinary Resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of convertible securities;
  - (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time that this Ordinary Resolution is passed; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") for the time being in force (unless such compliance is waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless previously revoked or varied by the Company in general meeting) the authority conferred by this Ordinary Resolution to issue shares shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which such Annual General Meeting is required by law to be held (whichever is the earlier)."

## ▪ NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING

### AS SPECIAL BUSINESS (CONT'D)

#### 8. Renewal of the General Mandate for Interested Person Transactions

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

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

- (a) approval be and is hereby given for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the categories of Interested Person Transactions as described in pages 21 to 22 of this Annual Report, with any party who is of the class or classes of Interested Persons described in page 21 of this Annual Report, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority Shareholders, and are in accordance with the review procedures for Interested Person Transactions as described in pages 22 to 27 of this Annual Report (the "IPT Mandate");
- (b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company; and
- (c) the Directors of the Company and each of them be and are hereby authorised to do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Ordinary Resolution."

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

### NOTICE OF BOOKS CLOSURE DATE AND DIVIDEND PAYMENT DATE

**NOTICE IS HEREBY GIVEN THAT** the Share Transfer Books and Register of Members of the Company will be closed on 9 November 2012, for the purpose of determining shareholders' entitlements to the proposed first and final dividend of 0.5 cent per ordinary share (tax-exempt one-tier) for the financial year ended 30 June 2012.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited at 63 Cantonment Road Singapore 089758 up to 5:00 p.m. on 8 November 2012 will be registered before entitlements to the proposed dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5:00 p.m. on 8 November 2012 will be entitled to the proposed dividend.

The proposed dividend, if approved by shareholders at the 42<sup>nd</sup> Annual General Meeting of the Company to be held on 31 October 2012, will be paid on 22 November 2012.

By Order of the Board

Tan Yen Hui  
Company Secretary

Singapore, 12 October 2012



## ▪ NOTICE OF 42<sup>ND</sup> ANNUAL GENERAL MEETING

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

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

- (a) The Ordinary Resolution proposed in item 7 above, if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company up to and not exceeding in aggregate 50% of the total number of issued shares excluding treasury shares in the capital of the Company of which the issue of shares and convertible securities other than on a pro-rata basis shall not exceed 20% of the total number of issued shares excluding treasury shares in the capital of the Company, for such purposes as they consider would be in the interests of the Company. The percentage of total number of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares in the capital of the Company at the time this resolution is passed, after adjusting for new shares arising from the conversion or exercise of convertible securities, or from exercising share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares. This authority will, unless revoked or varied by the Company at a general meeting, expire at the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.
- (b) The Ordinary Resolution proposed in item 8 above, if passed, will renew the IPT Mandate and allow the Company, its subsidiaries and associated companies or any of them to enter into certain Interested Person Transactions as described in pages 21 to 22 of this Annual Report, and will empower the Directors to do all acts necessary to give effect to the IPT Mandate. This authority will, unless revoked or varied by the Company at a general meeting, expire at the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

### Notes:

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

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

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# LION ASIAPAC LIMITED

(Co. Reg. No. 196800586R)

(Incorporated in the Republic of Singapore)

## IMPORTANT: FOR CPF INVESTORS ONLY

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

## PROXY FORM

I/We, \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

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

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and vote on my/our behalf and, if necessary, to demand a poll, at the 42<sup>nd</sup> Annual General Meeting of the Company to be held at The Conference Room, 10 Arumugam Road #10-00 Lion Building A Singapore 409957 on Wednesday, 31 October 2012 at 2:30 p.m. and at any adjournment thereof in the following manner.

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

No.	Resolutions	For	Against
<b>Ordinary Business</b>			
1.	Adoption of Directors' Report, Accounts and Auditors' Report for the year ended 30 June 2012		
2.	Declaration of a first and final dividend of 0.5 cent per share (tax-exempt one-tier)		
3.	Re-election of Mr Sam Chong Keen as Director pursuant to Article 91 of the Company's Articles of Association		
4(a)	Re-election of Mr Othman Wok as Director pursuant to Section 153(6) of the Companies Act, Cap. 50		
4(b)	Re-election of Mr Ying Yoke Kwai as Director pursuant to Section 153(6) of the Companies Act, Cap. 50		
5.	Approval of payment of Directors' fees		
6.	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors		
<b>Special Business</b>			
7.	General Mandate to Directors to issue shares and convertible securities		
8.	Renewal of the General Mandate for Interested Person Transactions		

Dated this \_\_\_\_\_ day of October, 2012.

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

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

**IMPORTANT: Please read notes overleaf.**



**NOTES:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore) you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy/proxies shall be deemed to relate to the entire number of shares registered in your name in the Depository Register and the Register of Members.
2. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead and such proxy or proxies need not be a member of the Company.
3. Where a member of the Company appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 10 Arumugam Road #10-00, Lion Building A, Singapore 409957 not less than 48 hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or an officer duly authorised.
6. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Cap. 50.

**GENERAL:**

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

AGM  
Proxy Form

AFFIX  
POSTAGE  
STAMP

The Company Secretary  
**LION ASIAPAC LIMITED**  
10 Arumugam Road  
#10-00, Lion Building A  
Singapore 409957



**LION ASIAPAC LIMITED**

(Co. Reg. No. 196800586R)

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