LION ASIAPAC LIMITED

annual report 2002

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Chairman's statement

To expand Lion Asiapac's presence in China's lucrative land transportation market, it is in the process of acquiring stakes in two leading Chinese automative makers, Hefei Jianghuai Automotive Co., Ltd and Anhui Jianghuai Automotive Chassis Co., Ltd . . .Through such synergistic acquisition, it will be able to augment its market-leading motorcycle business with offerings in the areas of light trucks, gearboxes and automotive chassis, thus consolidating and strategically expanding its position in China's automotive industry.

This has been a year of consolidation, prudent realignment and strategic expansion for Lion Asiapac. The global economic slowdown, exacerbated by the September 11th terrorist attacks on the United States, the ensuing war in Afghanistan and the seemingly impending war on Iraq, coupled with the run-up in oil prices, have made for challenging, unprecedented times.

Lion Asiapac, being a diversified regional company, has inadvertently been affected by this tumult. However, the management has responded to it with initiatives to counter this downturn and strategically realign itself for future expansion.

The motorcycle business of Lion Asiapac in China continues to face incessant challenges from other manufacturers, both local and foreign. Local manufacturers compete head-on with each other, resulting in falling sales volume and declining prices which dwindle their profitability. On the other hand, foreign top-class manufacturers which possess more superior design and technology, try to capture a slice of the vast motorcycle market. To counter such intensifying competition and to consolidate its position, measures such as upgrading of R&D capabilities, restructuring of product mix, developing of new product models, etc. become an arduous task which the management has to undertake.

To expand Lion Asiapac's presence in China's lucrative land transportation market, it is in the process of acquiring stakes in two leading Chinese automotive makers, Hefei Jianghuai Automotive Co., Ltd and Anhui Jianghuai Automotive Chassis Co., Ltd. Hefei Jianghuai was ranked the sixth largest light truck company in China in 2001 while Anhui Jianghuai was ranked the third largest manufacturer of automotive chassis in China in 2001. Through such synergistic acquisitions, it will be able to augment its market-leading motorcycle business with offerings in the areas of light trucks, gearboxes and automotive chassis, thus consolidating and strategically expanding its position in China's automotive industry.

With China's entry into the WTO in late 2001 and despite the challenges, our automotive division will be ideally positioned to leverage on its advantage as a low-cost manufacturer. China's WTO accession will enable it to further realise economies of scale to offer better value automobiles. With trade liberalisation, the company will also have direct access to the latest technology, designs and equipment from Japan, the United States and Europe; thus allowing it to manufacture even better automobiles. This should bolster its competitiveness in China, and even increase its marketing opportunities in developed markets such as the Japan or the United States.

The electronic component distribution division under Advent Electronics Pte. Ltd., has been making inroads into India, exploiting its surging demand for IT products and components. This demand is partly fostered by trade liberalisation measures India has undertaken in fulfillment of its WTO duties. Advent is offering high value-added services such as networking and telecom products coupled with distribution channels.

In March 2002, Lion Asiapac has decided to exit the marine food processing business run by Sonlife International Pte Ltd, which was incurring losses over the past few years that impacted negatively on the Group's earnings. It is disposing of the assets of Sonlife by seeking suitable buyers.

Financial Highlights

For the financial year ended 30 June 2002, the Group reported a slight decrease in turnover (before accounting for associated companies' turnover) by 3% to S$85.5 million from S$88.5 million in the previous year. This decrease was due to the March 2002 cessation of the marine food processing business. Operated by Sonlife, the marine food processing business saw not only a decrease in turnover by 19% but also an increase in loss before tax from S$1.2 million to S$6.8 million. Advent Electronics, on the other hand, saw its profit before tax improved by 81% to S$3.2 million while its turnover, which amounted to 90% of total group turnover, dropped a marginal 1%.

The Group also recorded a S$8.7 million gain on dilution of interest in the motorcycle business. Zhejiang Qiangjiang Motorcycle Co., Ltd which runs the motorcycle business, made a rights issue in the ratio of 3:10 at a subscription price of Rmb12.75 per share during the financial year. Except for the public shareholders who fully subscribed their rights, Lion Asiapac waived all its rights and thus its interest in Zhejiang Qianjiang was diluted from 24% to 22%. The net asset value of Zhejiang Qiangjiang had increased following the rights issue and since the increase more than offset the slight dilution of interest in Zhejiang Qianjiang, the Group's share of the variance in net asset value gave rise to a gain on dilution of interest amounting to Rmb 41 million (S$8.7 million).

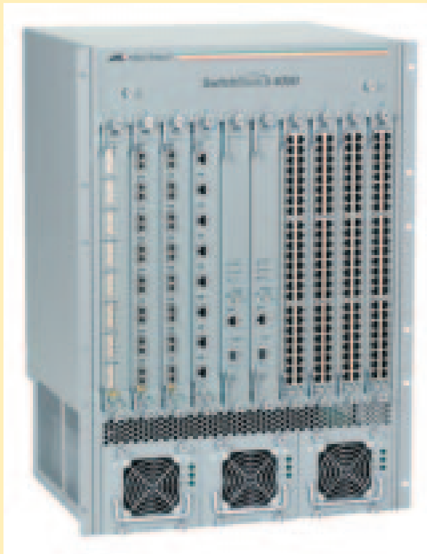
The above gain of S$8.7 million, after offsetting mainly by provisions amounting to S$3.7 million and S$2.2 million for diminution in value and write-off of assets relating to Sonlife and the defunct dry cargo container business respectively, gave rise to a net exceptional gain of S$2.8 million for the Group.

Interest on borrowings reduced by 36% from S$5.0 million to S$3.2 million due to partial repayment of bank loans and lower interest rates. This diminished the Group's operating loss before tax by 24%, from S$4.0 million to S$3.0 million. After equity accounting for income derived from motorcycle business operated by associated companies amounting to S$3.7 million which decreased from previous year's S$18.6 million, the Group incurred a net loss after tax and minority interest of S$0.87 million, compared to a net profit after tax and minority interest of S$7.9 million in the preceding year.

Conclusion

The Group will continue to devise strategic initiatives in this challenging period. Where acquisitions or joint ventures will facilitate a strengthening of our market position or penetration of new markets, we will seriously consider them.

In conclusion, I want to express my appreciation for the continued trust and support of our valued customers, business associates and shareholders, and sincerely acknowledge the dedication, hard work and understanding of our management and staff. We look forward to bountiful years ahead.



OTHMAN WOK
Chairman

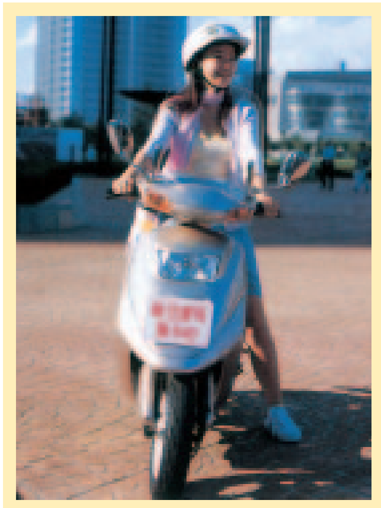
Business Review

Business Review

Amidst a challenging business environment for the year under review, Lion Asiapac has been moving ahead with strategic initiatives and realignments for its business divisions. While the global economy is undergoing unprecedented turbulence, these strategic activities should enable it to weather this volatility as well as generate opportunities for further business expansion.

Automotive Division

Based in China, the motorcycle manufacturing and distribution business has experienced intense competition. The Group's share of the motorcycle business reported a 80% decrease in profit before tax to S$3.7 million, compared to S$18.6 million in the previous year. This was due mainly to a decrease in domestic sales volume brought about by fervent competition from other top manufacturers. Moreover, the selling prices of our motorcycles were reduced to match the price undercutting prevalent in the market, thus eroding profit margins.



Nonetheless, the motorcycle operations, spearheaded by Zhejiang Qianjiang Motorcycle Co. Ltd., is still China's second largest motorcycle maker. With a network of over 4,000 dealers and agents in China marketing its "Qianjiang" brand of motorcycles, Shenzhen Stock Exchange listed-Zhejiang Qianjiang recently moved into a new factory with a production capacity of 1 million motorcycles a year. The company is conducting market research into the feasibility of expanding exports to Southeast Asia, Europe, Latin America and the Middle East.

Strategic Acquisition

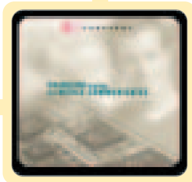
With the aim of bolstering its presence in the fast growing automotive market in China, Lion Asiapac recently secured the approval of its shareholders for the acquisition of Angkasa Transport Equipment Sdn. Bhd. Upon completion of this acquisition, Lion Asiapac will hold stakes in two Chinese automotive companies via Angkasa Transport: 25% in Hefei Jianghuai Automotive Co., Ltd. and 16% in Anhui Jianghuai Automotive Chassis Co. Ltd.

Hefei Jianghuai is a major manufacturer and distributor of light trucks. It designs, manufactures and assembles various motor vehicles such as commercial trucks and agricultural vehicles. It was ranked the sixth largest truck company in 2001 by China's State Bureau of Machine-Building Industry.

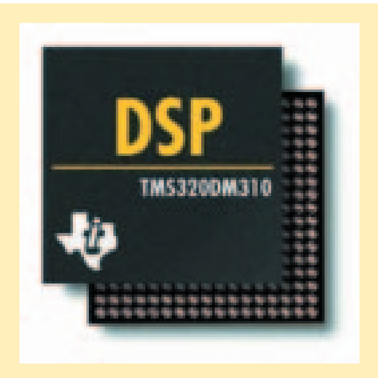
Listed on the Shanghai Stock Exchange, Anhui Jianghuai manufactures and markets automotive chassis and gearbox components. It was ranked by China's State Bureau of Machine-Building Industry as the third largest automotive chassis company in China in 2001. Both companies currently employ over 3,800 staff and have two production facilities spanning a total land area of 352,000 square metres. Production capacity for light trucks amount to 25,000 units per annum while that for automotive chassis and gearbox components amount to 40,000 units per annum.

Electronic Component Distribution Division

The electronic component distribution division under Advent Electronics Pte Ltd achieved an 81% boost in profit before tax, from S$1.8 million to S$3.2 million, despite a marginal drop in turnover from $77.7 million to $76.6 million. This exceptional performance amidst a global recession in the semiconductor industry was achieved via economies of scale in purchasing. Lower material cost was incurred by special bulk discounts obtained from suppliers, thereby resulting in higher margins. Being well-tuned to market demand, the right materials were purchased from various suppliers at more competitive prices, and wastage was thus reduced. Better inventory control, to maintain supplies at an optimal level, as well as higher stock turnover, further contributed to higher profits.



In addition, Advent's strategy of offering high value-added turnkey solutions to its overseas customers has enabled it to maintain the revenue stream. Key principals include International Rectifier, Texas Instruments, National Semiconductor, Sony, Divio, Sound Vision, Voice Signal and Conexant. Its list of reputable principal partners is a testament to the total-service quality it has fostered.



Overseas Expansion

Advent's electronic component distribution business is expanding into India to capitalise on the increasing demand for IT products and components in that country. This expansion in demand is due to the more liberal trading regime India has to adhere to as part of its WTO membership obligations. Advent has seized upon the import liberalisation by distributing semiconductors, networking and telecom products. This investment will result in an initial increase in its expenditure, thus possibly diluting profitability during the first 3 quarters of the next reporting year.

Advent will remain focused on managing turnkey projects for its overseas customers who are keen to tap the lower production cost in Asia and the sophisticated infrastructure in Singapore. This focus on turnkey projects enables Advent to develop a professional service niche by leveraging on its wide contacts and logistics capabilities in Singapore and throughout Asia. Advent is also expanding its market share in the United States, a market that demands higher technology and value-added skills.

Discontinued Business

In March 2002, the Group decided to wind down its marine food processing business operated by Sonlife International Pte Ltd. Sonlife had already suffered several years of losses, especially during the first half of the year under review.

Turnover for the year under review reduced by 19% from S$8.8 million to S$7.2 million. After making provisions for write-off of inventories, fixed assets and receivables amounting to S$3.7 million, loss before tax increased from S$1.2 million to S$6.8 million. The assets of Sonlife are being disposed of in an orderly manner and Lion Asiapac is looking for prospective buyers of Sonlife's assets.

Board of Directors

Othman Wok

Othman Wok, aged 78, holds a Diploma in Journalism from the Polytechnic School of Journalism, London.

Mr Othman is the Chairman of the Board and an Independent Director since 29 March 1996. He is also the Chairman of the Audit Committee, Nominating Committee and Remuneration Committee, and a member of the ESOS Committee. He was last re-elected as a Director in November 2001 pursuant to Section 153(6) of the Companies Act, Cap. 50.

Cheng Yong Kwang

Cheng Yong Kwang, aged 46, is a Fellow of the Institute of Chartered Secretaries and Administrators, UK.

Mr Cheng is an Executive Director since February 1996, and a member of the Remuneration Committee. He was last re-elected as a Director in December 2000.

He is also a director of Chocolate Products (Malaysia) Bhd, Zhejiang Qianjiang Motorcycle Co., Ltd and Anhui Jianghuai Automotive Chassis Co., Ltd, and a member of the Board of Commissioners of PT Lion Metal Works.

Ying Yoke Kwai

Ying Yoke Kwai, aged 76, holds a school certificate from the University of Cambridge and a certificate in Advanced Management from the Singapore Institute of Management.

Mr Ying is an Independent Director since March 1996, and a member of the Audit Committee, Nominating Committee, Remuneration Committee and ESOS Committee. He was last re-elected as a Director in November 2001 pursuant to Section 153(6) of the Companies Act, Cap. 50.

Lin Chung Dien

Lin Chung Dien, aged 59, holds a Bachelor of Mechanical Engineering degree from the National Taiwan University.

Mr Lin is a Non-Executive Director since March 1996. He was last re-elected as a Director in November 2001.

He is also a director of Amalgamated Containers Berhad, and the chairman and chief executive officer of Bichain Trading Co Ltd.

Sam Chong Keen

Sam Chong Keen, aged 49, holds a Bachelor of Arts (Engineering Science and Economics) (Honours) degree and a Master of Arts degree from the University of Oxford, and a Diploma from the Institute of Marketing, United Kingdom.

Mr Sam was the Managing Director from February 1997 to May 2002. He is currently a non-Executive Director, and a member of the Nominating Committee.

He is also a director of Stamford Tyres Corporation Ltd and Xpress Holdings Ltd. He is the chairman of NTUC Co-operative Dental Care Society, Limited. He was the Chief Executive Officer and Executive Vice-Chairman of Lion Teck Chiang Limited from February 1997 to May 2002, and a director of Zhejiang Qiangjiang Motorcycle Co., Ltd from March 1999 to March 2002.

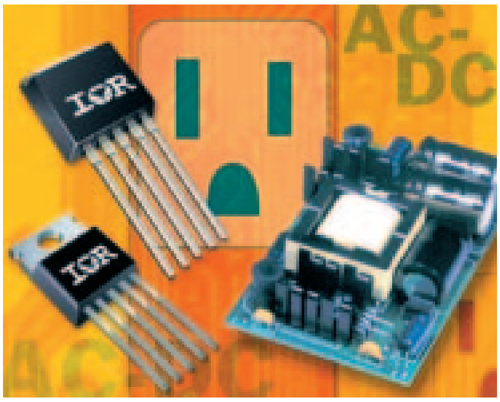
Cheng Theng How

Cheng Theng How, aged 47, holds a Diploma in Mechanical Engineering from Singapore Polytechnic.

Mr Cheng is a Non-Executive Director since February 1997, and a member of the Audit Committee. He was last re-elected as a Director in December 1999.

He is a director and general manager of Angkasa Hong Leong Pte Ltd, a subsidiary of Lion Teck Chiang Limited. He is also a director of Anhui Jianghuai Automotive Chassis Co., Ltd.

Corporate Governance



Corporate Governance

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. These include a Board of Directors, an Audit Committee, a Nominating Committee, a Remuneration Committee, an Executives' Share Option Scheme Committee and a Group Internal Audit department.

Board of Directors

The Board of Directors is responsible for the corporate governance of the Group. Currently, it consists of six directors, one of whom holds executive position and two of whom are independent directors. The executive and non-executive directors are as follows:

Executive Director

Cheng Yong Kwang **(Executive Director)**

Non-Executive Directors

Othman Wok **(Chairman, Independent Director)**
Ying Yoke Kwai **(Independent Director)**
Lin Chung Dien
Cheng Theng How
Sam Chong Keen

The Board meets regularly to review and approve appropriate strategic plans, key operational and financial matters, major investments and funding decisions, supervise executive management and ensure that the Company's strategies are in the interest of the Company and its shareholders. The Executive Director is responsible for the day-to-day operations and administration of the Company.

Audit Committee

The Audit Committee comprises three members, all non-executive Directors, two of whom are independent members:

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

The Committee shall foster the transparency of corporate governance practices by ensuring that the Company's corporate governance processes and activities comply with the Code of Corporate Governance issued by the Corporate Governance Committee. It shall assist the Board to raise and maintain the standard of corporate governance.

The Committee shall ensure that a review of the effectiveness of the company's material internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually, and shall review with the external and internal auditors, their evaluation of internal controls. The financial statements of the Company and its subsidiaries and the report of the external auditors thereon are reviewed by the Committee for submission to the Board of Directors. It also reviews the audit plan with the external auditors, and the scope and results of the internal audit procedures with the internal auditors. Interested person transactions are also reviewed by the Committee.

The Committee is responsible for nominating external auditors. It shall review the independence and objectivity of the external auditors, and also the nature and extent of non-audit services performed by external auditors.

Nominating Committee

The Nominating Committee was set up on 4 September 2001 in compliance with the new Code of Corporate Governance. It comprises 3 members, 2 of whom are independent members :-

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

The Committee is 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. It 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. In the event that a director has multiple board representations, the Committee shall determine whether or not a director is able to and has been adequately carrying out his/ her duties as director of the Company

The Committee 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.

Remuneration Committee

The Remuneration Committee was set up on 4 September 2001 in compliance with the new Code of Corporate Governance. It comprises 3 members, 2 of whom are independent members :-

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

The Committee is responsible for recommending to the Board a framework of remuneration for the Directors and key executives. It shall determine specific remuneration packages for each executive director and the chief executive officer (if he is not an executive director).

The Committee should ensure 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 should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, and benefits in kind.

Executives' Share Option Scheme ("ESOS") Committee

The ESOS Committee comprises two independent directors:

Othman Wok
Ying Yoke Kwai

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

Group Internal Audit

Besides performing financial audits, the Group's internal audit team also conducts audits of operation and management processes. Tests are conducted to verify the Group's assets and liabilities and to check on compliance with the Group's system of financial and operational controls. The Group's internal audit team has direct access to the Audit Committee.

Securities Transactions

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

Corporate Directory

Corporate Directory

Board of Directors

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

Audit Committee

Othman Wok, Chairman
Ying Yoke Kwai
Cheng Theng How

Nominating Committee

Othman Wok, Chairman
Ying Yoke Kwai
Sam Chong Keen

Remuneration Committee

Othman Wok, Chairman
Ying Yoke Kwai
Cheng Yong Kwang

Executives' Share Option Scheme Committee

Othman Wok
Ying Yoke Kwai

Company Secretaries

Tan Yen Hui, ACIS
Chan Su Lee, ACIS

Registered Office

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Fax: (65) 6747 9493

Registrars

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Singapore 089758
Tel: (65) 6323 6200
Fax: (65) 6323 6990

Auditors

PricewaterhouseCoopers
8 Cross Street #17-00
PWC Building
Singapore 048424

Partner-in-charge of the audit:
Yee Chen Fah
(Appointed during the financial year ended 30 June 2000)
Tel: (65) 6236 3388
Fax: (65) 6236 3300

Principal Bankers

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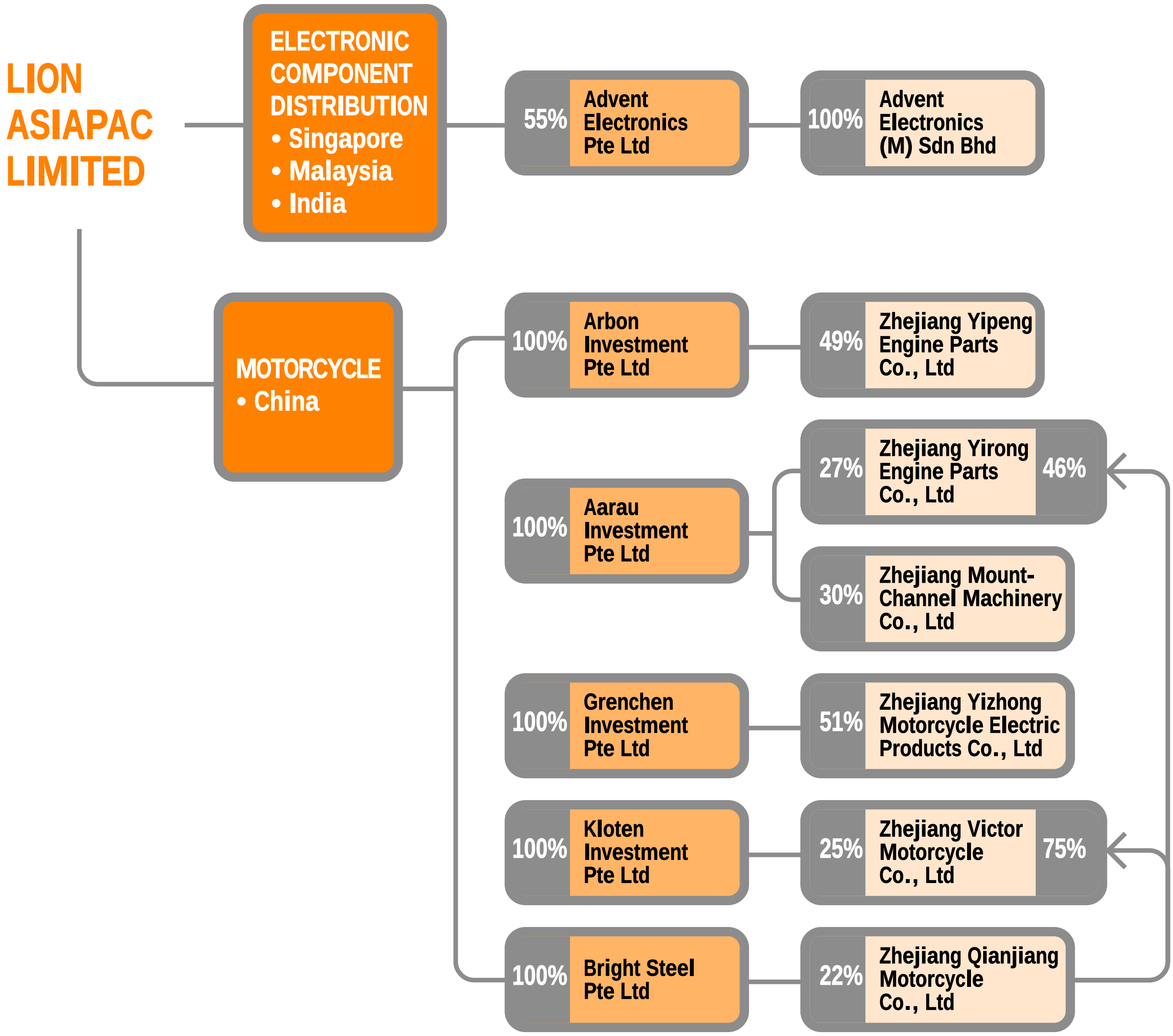
6 Shenton Way
DBS Building
Singapore 068809

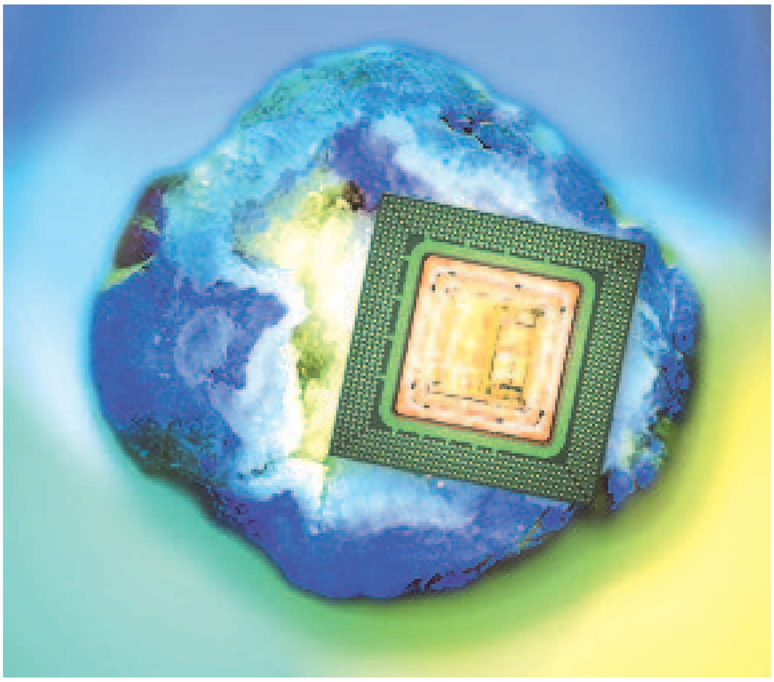
Malayan Banking Berhard
50 Raffles Place
Singapore Land Tower
Singapore 048623

Lawyers

Wong Partnership
80 Raffles Place #58-01
UOB Plaza 1
Singapore 048624
Tel: (65) 6532 7488
Fax: (65) 6532 5711


LION ASIAPAC LIMITED
ELECTRONIC COMPONENT DISTRIBUTION
• Singapore
• Malaysia
• India
55% Advent Electronics Pte Ltd
100% Advent Electronics (M) Sdn Bhd
MOTORCYCLE
• China
100% Arbon Investment Pte Ltd
49% Zhejiang Yipeng Engine Parts Co., Ltd
100% Aarau Investment Pte Ltd
27% Zhejiang Yirong Engine Parts Co., Ltd 46%
30% Zhejiang Mount-Channel Machinery Co., Ltd
100% Grenchen Investment Pte Ltd
51% Zhejiang Yizhong Motorcycle Electric Products Co., Ltd
100% Kloten Investment Pte Ltd
25% Zhejiang Victor Motorcycle Co., Ltd 75%
100% Bright Steel Pte Ltd
22% Zhejiang Qianjiang Motorcycle Co., Ltd

Financial Highlights



Financial Highlights

Turnover	30 June 2002 S$'000	30 June 2001 S$'000
Electronic component distribution	76,634	77,669
Marine food processing	7,160	8,837
Dry cargo containers	1,690	2,029
Motorcycles	n.a.	n.a.
Group total	85,484	88,535

Income Statement	30 June 2002 S$'000	30 June 2001 S$'000
Electronic component distribution	3,502	2,122
Marine food processing	(2,256)	(748)
Dry cargo containers	(1,381)	817
Segmental result	(135)	2,191
Share of motorcycle division's results	3,732	18,628
Profit before tax	712	14,662
Net (loss)/profit after tax	(870)	7,867

	As at 30 June 2002 (cents)	As at 30 June 2001 (cents)
Earnings per share	(0.35)	3.18
Net tangible assets backing per ordinary share	37.90	39.13
Par value per share	25.00	25.00

Financial Highlights

Balance Sheet	30 June 2002 S$'000	30 June 2001 S$'000
Fixed assets	7,445	12,800
Preliminary expense	-	-
Associated companies	133,767	126,618
Investment	8,256	8,528
Amount due from a shareholder		
of an associated company	-	-
Deferred taxation	-	-
Subsidiary companies	-	-
Current assets	33,482	40,904
Current liabilities	(73,062)	(31,049)
Long term liability	(13,872)	(59,880)
Total	96,016	97,921
Represented by:		
Share capital	61,903	61,903
Capital reserves	38,231	36,792
Revenue reserves	(9,719)	(5,225)
Reserve on consolidation	3,421	3,421
Minority interests	2,180	1,030
Shareholders' funds	96,016	97,921

Financial reports

Directors' Report

For the financial year ended 30 June 2002

The directors present their report to the members together with the audited financial statements of the Company and of the Group for the financial year ended 30 June 2002.

Directors

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

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

Principal activities

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

During the financial year, the Group ceased its activities relating to seafood processing and distribution. The Group is in the process of disposing of the assets relating to this business.

The principal activities of the associates consist of the manufacture of motorcycle components and the assembly and sale of motorcycles.

There have been no significant changes in the nature of these activities during the financial year, other than as mentioned above.

Results for the financial year

The consolidated loss after tax attributable to the members of the Company for the financial year was $870,000. The loss after tax of the Company for the financial year was $17,739,000.

Transfers to or from reserves and provisions

There were no material transfers to or from reserves during the financial year except as set out in the Statements of Changes in Equity.

Material movements in provisions are set out in the notes to the financial statements.

Acquisition and disposal of subsidiaries

There were no acquisitions or disposals of interests in subsidiaries during the financial year.

Issue of shares and debentures

There were no issues of shares or debentures by the Company or any corporation in the Group during the financial year.

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the share capital of the Company and related corporations, except as follows:

	Holdings registered in the name of a director		Holdings in which a director is deemed to have an interest	
	At 30.6.2002	At 1.7.2001	At 30.6.2002	At 1.7.2001
The Company				
(Ordinary shares of S$0.25 each)				
Sam Chong Keen	-	600,000	-	-
Amalgamated Containers Bhd				
(ultimate holding company)				
(Ordinary shares of RM1 each)				
Lin Chung Dien	1,503,437	1,503,437	-	-

(b) According to the register of directors' shareholdings, certain of the directors holding office at 30 June 2002 had interests in the options to subscribe for ordinary shares of the Company granted pursuant to the LAP Share Option Scheme as set out below:

	Number of unissued ordinary shares of $0.25 each under option held by director	
	At 30.6.2002	At 1.7.2001
Cheng Yong Kwang	90,000	90,000
Sam Chong Keen	-	36,000

(c) The directors' interests in the share capital of the Company and of related corporations as at 21 July 2002 were the same as at 30 June 2002.

Dividends

No dividends have been paid, declared or proposed since the end of the preceding financial year.

Bad and doubtful debts

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and providing for doubtful debts of the Company, and have satisfied themselves that all known bad debts, if any, had been written off and that where necessary adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amounts written off or provided for bad and doubtful debts in the Group inadequate to any substantial extent.

Current assets

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values or that adequate provision was made for the diminution in the value of such current assets.

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report, which would render the values attributed to current assets in the consolidated financial statements misleading.

Charges on assets and contingent liabilities

At the date of this report, no charges have arisen since the end of the financial year on the assets of the Company or any other corporation in the Group which secures the liability of any other person, nor have any contingent liability arisen since the end of the financial year in the Company or any other corporation in the Group.

Ability to meet obligations

No contingent or other liability of the Company or any other corporation in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company and of the Group to meet their obligations as and when they fall due.

Other circumstances affecting the financial statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the consolidated financial statements which would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

Unusual items

In the opinion of the directors, the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in Note 9 to the financial statements.

Unusual items after the financial year

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made except as disclosed in Note 32 to the financial statements.

Directors' contractual benefits

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

For the financial year ended 30 June 2002

Share options

(a) LAP Share Option Scheme

The LAP Share Option Scheme ("Scheme 2000") was approved by the members of the Company at an Extraordinary General Meeting held on 20 September 2000 to replace the previous scheme which was approved on 31 March 1998 ("Scheme 1998"). The termination of the Scheme 1998 does not affect the rights of holders of outstanding options granted under Scheme 1998. Such options continue to be exercisable in accordance with the rules of Scheme 1998.

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

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

(b) Options outstanding

The options on ordinary shares of the Company outstanding at 30 June 2002 were as follows:

	Number of ordinary shares of $0.25 each	Exercise price	Expiry date
Options relating to LAP Share Option Scheme			
1998 Options	20,000	$0.25	3.4.2003
1999 Options	68,000	$0.25	6.4.2004
2000 Options	69,000	$0.25	20.10.2005
	157,000		

(c) Other information required by the Singapore Exchange Securities Trading Limited

Pursuant to Rule 852 of the Listing Manual of the Singapore Exchange Securities Trading Limited, in addition to the information disclosed elsewhere in the report, it is reported that during the financial year:

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

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

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

Name of Director	Options granted during financial year under review	Aggregate options granted since commencement of Scheme to end of financial year under review	Aggregate options which lapsed/exercised since commencement of Scheme to end of financial year under review	Aggregate options outstanding as at end end of financial year under review
Cheng Yong Kwang	Nil	90,000	Nil	90,000
Sam Chong Keen	Nil	162,000	(162,000)	-

(d) Except for the above, no options were granted by the Company or any subsidiary during the financial year and there were no 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 Audit Committee comprises three members, all non-executive Directors, two of whom are independent members:

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

To enable the Audit Committee to discharge its functions more effectively, the Company has also set up an internal audit function. The Audit Committee has full access to both the internal and external auditors.

The Committee performs the functions specified in the Companies Act, Cap. 50 and has adopted the Code of Corporate Governance issued by the Corporate Governance Committee in relation to the roles and responsibilities of the Audit Committee. In performing its functions, the Committee reviewed the audit plan and the internal control reports of the external and internal auditors of the Company. It further reviewed the financial statements of the Company and the consolidated financial statements of the Group for the year ended 30 June 2002 and the report of the external auditors thereon. The Committee also reviewed interested person transactions and the scope and results of internal audit procedures during the year.

The Committee is responsible for the nomination of the external auditors for appointment and has recommended to the Board of Directors the nomination of PricewaterhouseCoopers as external auditors at the forthcoming Annual General Meeting of the Company.

Auditors

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

On behalf of the directors

CHENG YONG KWANG
Director

CHENG THENG HOW
Director

Singapore
28 October 2002

Statement by Directors

In the opinion of the directors, the financial statements set out on pages 28 to 61 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 30 June 2002 and of the results of the business, and changes in equity of the Company and of the Group and the cash flows of the Group for the financial year then ended, and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

CHENG YONG KWANG
Director

CHENG THENG HOW
Director

Singapore
28 October 2002

Auditors' Report

to the Members of Lion Asiapac Limited

We have audited the financial statements of Lion Asiapac Limited and the consolidated financial statements of the Group for the financial year ended 30 June 2002 set out on pages 28 to 61. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the accompanying financial statements of the Company and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:

   (i) the state of affairs of the Company and of the Group at 30 June 2002, the results and changes in equity of the Company and of the Group and the cash flows of the Group for the financial year ended on that date; and

   (ii) the other matters required by section 201 of the Act to be dealt with in the financial statements of the Company and the consolidated financial statements of the Group; and

(b) the accounting and other records and the registers 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.

Without qualifying our opinion, we draw attention to Note 20(b) and Note 32(c) to the financial statements which explain the status of the roll over of the term loan of S$44,050,000 (US$25,000,000).

We have considered the financial statements and auditors' reports of all subsidiaries of which we have not acted as auditors and the financial statements of a subsidiary where there is no statutory audit requirement under the laws of its country of incorporation in respect of the financial year ended 30 June 2002, being financial statements included in the consolidated financial statements. The names of these subsidiaries are shown in Note 17 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of the subsidiaries incorporated in Singapore did not include any comment made under section 207(3) of the Act.

PricewaterhouseCoopers
Certified Public Accountants

Singapore
28 October 2002

Income Statements

For the financial year ended 30 June 2002

	Note	The Group 2002 $'000	The Group 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
Revenue	3	**85,484**	88,535	**-**	-
Changes in inventories of finished goods and work in progress		**1,399**	6,132	**-**	-
Raw materials and consumables used		**(81,604)**	(88,214)	**-**	-
Other operating income		**583**	3,208	**140**	157
Staff costs	4	**(4,246)**	(3,655)	**(887)**	(753)
Depreciation of property, plant and equipment		**(275)**	(442)	**(82)**	(106)
Other operating expenses		**(4,096)**	(4,519)	**(1,622)**	(1,155)
Operating (loss)/profit	5	**(2,755)**	1,045	**(2,451)**	(1,857)
Finance income	6	**129**	314	**2,998**	4,545
Finance costs	7	**(3,214)**	(5,022)	**(2,579)**	(4,569)
Share of results of associates		**3,732**	18,628	**-**	-
Exceptional items	9	**2,820**	(303)	**(15,652)**	-
Profit/(loss) before tax		**712**	14,662	**(17,684)**	(1,881)
Tax	10	**(513)**	(6,312)	**(55)**	-
Profit/(loss) after tax		**199**	8,350	**(17,739)**	(1,881)
Minority interest		**(1,069)**	(483)	**-**	-
Net (loss)/profit		**(870)**	7,867	**(17,739)**	(1,881)
(Loss)/earnings per share					
Basic	11	**(0.35) cents**	3.18 cents		
Diluted	11	**(0.35) cents**	3.18 cents		

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 27.

Balance Sheets

As at 30 June 2002

	Note	The Group 2002 $'000	The Group 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
Current assets					
Cash and cash equivalents	12	**9,144**	10,402	**5,715**	6,306
Receivables	13	**18,736**	18,870	**15,501**	20,324
Inventories	14	**5,190**	10,429	**-**	-
Other current assets	15	**412**	1,203	**33**	25
		33,482	40,904	**21,249**	26,655
Non-current assets					
Receivables	13	**8,256**	8,528	**58,766**	68,461
Investments in associates	16	**133,767**	126,618	**-**	-
Investments in subsidiaries	17	**-**	-	**1,678**	6,428
Property, plant and equipment	18	**7,445**	12,800	**48**	125
		149,468	147,946	**60,492**	75,014
Total assets		**182,950**	188,850	**81,741**	101,669
Current liabilities					
Payables	19	**17,051**	19,767	**15,362**	18,516
Borrowings	20	**55,004**	10,538	**51,687**	7,727
Provisions	21	**1,007**	744	**1,055**	-
		73,062	31,049	**68,104**	26,243
Non-current liabilities					
Payables	19	**13,872**	14,330	**-**	-
Borrowings	20	**-**	45,550	**-**	45,550
		13,872	59,880	**-**	45,550
Total liabilities		**86,934**	90,929	**68,104**	71,793
Net assets		**96,016**	97,921	**13,637**	29,876
Shareholders' Equity					
Share capital	22	**61,903**	61,903	**61,903**	61,903
Share premium		**6,938**	6,938	**6,938**	6,938
Capital redemption reserve		**105**	105	**-**	-
Foreign currency translation and other reserves	23	**37,171**	37,917	**(11,808)**	(13,308)
Accumulated losses		**(12,280)**	(9,972)	**(43,396)**	(25,657)
Interests of shareholders of the Company		**93,837**	96,891	**13,637**	29,876
Minority interests	24	**2,179**	1,030	**-**	-
		96,016	97,921	**13,637**	29,876

The accompanying notes form an integral part of these financial statements.
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Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2002

	Note	Share capital $'000	Share premium $'000	Capital redemption reserve* $'000	Foreign currency translation and other reserves $'000	Accumu-lated losses $'000	Total $'000
Balance at 1 July 2001		61,903	6,938	105	37,917	(9,972)	96,891
Currency translation differences not recognised in income statement	23(b)	-	-	-	(2,184)	-	(2,184)
Net loss		-	-	-	-	(870)	(870)
Total recognised losses for the financial year		**-**	**-**	**-**	**(2,184)**	**(870)**	**(3,054)**
Transfer from revenue reserve	23(b)	-	-	-	1,438	(1,438)	-
Balance at 30 June 2002		61,903	6,938	105	37,171	(12,280)	93,837
Balance at 1 July 2000		61,871	6,938	105	33,772	(15,005)	87,681
Currency translation differences not recognised in income statement	23(b)	-	-	-	1,311	-	1,311
Net profit		-	-	-	-	7,867	7,867
Total recognised gains for the financial year		**-**	**-**	**-**	**1,311**	**7,867**	**9,178**
Transfer from revenue reserve	23(b)	-	-	-	2,834	(2,834)	-
Issue of share capital	22(b)	32	-	-	-	-	32
Balance at 30 June 2001		61,903	6,938	105	37,917	(9,972)	96,891

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

The accompanying notes form an integral part of these financial statements.
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Statement of Changes in Equity – Company

For the financial year ended 30 June 2002

	Note	Share capital $'000	Share premium $'000	Foreign currency translation and other reserves $'000	Accumulated losses $'000	Total $'000
Balance at 1 July 2001		61,903	6,938	(13,308)	(25,657)	29,876
Currency translation differences not recognised in income statement	23(b)	-	-	1,500	-	1,500
Net loss		-	-	-	(17,739)	(17,739)
Total recognised gains and losses for the financial year		**-**	**-**	**1,500**	**(17,739)**	**(16,239)**
Balance at 30 June 2002		61,903	6,938	(11,808)	(43,396)	13,637
Balance at 1 July 2000		61,871	6,938	(10,493)	(23,776)	34,540
Currency translation differences not recognised in income statement	23(b)	-	-	(2,815)	-	(2,815)
Net loss		-	-	-	(1,881)	(1,881)
Total recognised losses for the financial year		**-**	**-**	**(2,815)**	**(1,881)**	**(4,696)**
Issue of share capital	22(b)	32	-	-	-	32
Balance at 30 June 2001		61,903	6,938	(13,308)	(25,657)	29,876

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 27.

Consolidated Cash Flow Statement

For the financial year ended 30 June 2002

	Note	2002 $'000	2001 $'000
Cash flows from operating activities			
Loss before tax and share of results of associates		**(3,020)**	(3,966)
Adjustments for:			
Depreciation of property, plant and equipment		**275**	442
Property, plant and equipment written off		**-**	13
Interest expense		**3,214**	5,022
Interest income		**(129)**	(314)
Gain on disposal of property, plant and equipment		**(25)**	(248)
Provision for cessation of operations of subsidiaries		**5,755**	303
Gain on dilution of interest in associates		**(8,719)**	-
Transfer from foreign currency translation reserve arising from cessation of operations of subsidiaries		**144**	-
Unrealised exchange loss		**526**	336
Write-off of preliminary expenses		**-**	133
Operating (loss)/profit before working capital changes		**(1,979)**	1,721
Change in operating assets and liabilities			
Receivables		**(3,309)**	(6,805)
Inventories		**4,571**	(4,145)
Other current assets		**476**	(597)
Payables		**(2,292)**	8,640
Currency translation adjustment		**219**	(1,693)
Net cash used in operations		**(2,314)**	(2,879)
Tax paid		**(481)**	(23)
Net cash outflow from operating activities		**(2,795)**	(2,902)
Cash flows from investing activities			
Dividends received from associates		**4,179**	3,094
Purchase of property, plant and equipment		**(236)**	(1,596)
Proceeds from disposal of property, plant and equipment		**115**	9,354
Investment in an associate		**-**	(520)
Interest received		**129**	314
Net cash inflow from investing activities		**4,187**	10,646
Cash flows from financing activities			
Proceeds from issue of shares		**-**	32
Proceeds from bank loans		**52**	4,043
Capital contribution by minority shareholders		**80**	109
Repayment of term loan		**-**	(9,075)
Interest paid		**(3,145)**	(5,321)
Net cash outflow from financing activities		**(3,013)**	(10,212)
Net change in cash and cash equivalents		**(1,621)**	(2,468)
Cash and cash equivalents at the beginning of the financial year		**8,391**	10,859
Cash and cash equivalents at the end of the financial year	12	**6,770**	8,391

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 27.

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

1. General

The Company is incorporated and domiciled in Singapore and the financial statements are expressed in Singapore dollars. The address of the Company's registered office is:

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

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

During the financial year, the Group ceased its activities related to seafood processing and distribution. Management is in the process of disposing of the assets relating to this business.

The principal activities of the associates consist of the manufacture of motorcycle components and the assembly and sale of motorcycles.

There have been no significant changes in the nature of these activities during the financial year, other than as mentioned above.

2. Significant accounting policies

(a) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

The financial statements are prepared in accordance with and comply with Singapore Statements of Accounting Standard.

(b) Basis of consolidation

During the financial year, the Group adopted the following standards:

SAS 10 (Revised 2000)	Events after the Balance Sheet Date
SAS 12 (Revised 2001)	Income Taxes
SAS 17 (Revised 2000)	Employee Benefits
SAS 31	Provisions, Contingent Liabilities and Contingent Assets
SAS 32	Financial Instruments - Disclosure and Presentation
SAS 35	Discontinuing Operations
SAS 36	Impairment of Assets

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the financial year are included in or excluded from the consolidated income statements from the date of their acquisition or disposal. Intercompany balances and transactions and resulting unrealised profits are eliminated in full on consolidation. When necessary, accounting policies for the subsidiary have been changed to ensure consistency with the policies adopted by the Group.

2. Significant accounting policies (continued)

(c) Foreign currencies

Transactions in foreign currencies during the financial year are converted to Singapore dollars at the rates of exchange prevailing on the transaction dates. Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange prevailing at the balance sheet date or at contracted rates where they are covered by forward exchange contracts. Exchange differences arising are taken to the income statements.

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

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

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

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

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

(d) Revenue recognition

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

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

Interest income is accrued on a day to day basis.

Dividend income is recorded gross in the income statements in the accounting period in which a dividend is declared payable by the investee company.

(e) Taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

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

(f) Cash and cash equivalents

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

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

2. Significant accounting policies (continued)

(g) Trade debtors

Trade debtors are carried at original invoice amount less an estimate made for doubtful receivables based on all outstanding amounts at the year end.

Bad debts are written off and specific provisions are made for those debts considered to be doubtful. General provisions are made on the balance of trade debtors to cover unexpected losses which have not been specifically identified.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

Cost includes all direct expenditure and overheads based on the normal level of activity.

Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition.

Provision is made where necessary for obsolete, slow-moving and defective inventories.

(i) Investments

Quoted and unquoted investments, including the investment in subsidiaries and associates that are intended to be held for the long term are stated in the financial statements at cost less provision. This provision is made in recognition of a diminution in the value of the investments which is other than temporary, determined on an individual investment basis. Cost is determined on the weighted average method.

Profits or losses on disposal of the above investments are taken to the income statements.

In the financial year ended 30 June 2002, the Group adopted the policy of taking the effect on dilution of interest in investments to the income statement. Previoulsy, the effect on dilution of interest in the investments would be taken directly to reserves. The adoption of this policy is to better reflect the substance of such transactions and has no effect on the comparative financial information.

(j) Associates

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

Associates are accounted for under the equity method whereby the Group's share of profits less losses of associates is included in the consolidated income statement and the Group's share of net assets is included in the consolidated balance sheet. These amounts are taken from the most recent unaudited management accounts and audited financial statements of the companies concerned, made up to dates not more than six months prior to the end of the financial year of the Group. Where the accounting policies of associates do not conform with those of the Group, adjustments are made where the amounts involved are considered significant to the Group.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

2. Significant accounting policies (continued)

(k) Property, plant and equipment and depreciation of property, plant and equipment

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

When the carrying amount of an asset is greater than its recoverable amount, it is written down immediately to its recoverable amount.

Depreciation is calculated on the straight-line method to write down the costs of the assets over their estimated useful lives to their residual values. No depreciation is provided on freehold land. Long leasehold land is depreciated over the period of the leases. The annual depreciation rates applied are as follows:

Long leasehold land	-	1.67%
Buildings	-	2% - 5%
Plant and machinery	-	10% - 46%
Office equipment and vehicles	-	10% - 40%
Furniture and fittings	-	10% - 33.3%

Construction in progress represents fixed assets under construction or being installed and is stated at cost. Cost comprises cost of plant and equipment and other direct costs incurred for the construction or installation of the fixed assets. No depreciation is provided on construction in progress.

(l) Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets of subsidiaries and associates when acquired. Goodwill is amortised on a straight-line basis, through the consolidated income statement, over its useful economic life up to a maximum of 20 financial years. Goodwill which is assessed as having no continuing economic value is written off to the consolidated income statement.

The gain or loss on disposal of a subsidiary or associate includes the unamortised balance of goodwill relating to the subsidiary disposed of or, on pre 1 July 2001 acquisitions, the goodwill directly offset against equity.

On the acquisition of a foreign subsidiary, the goodwill arising is translated at the exchange rate prevailing at the date of acquisition.

(m) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of the leased assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statements over the lease period. Plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Operating lease payments are charged to the income statement on a straight line basis over the period of the lease.

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

2. Significant accounting policies (continued)

(n) Provisions

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

(o) Employee benefits

Employee leave entitlement

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

Post employment benefits

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

Equity compensation benefits

Share options are granted to directors and employees of the Group. The Group and the Company do not recognise share options issued as a charge to the income statements.

(p) Financial risk management

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

(i) Foreign exchange risk

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

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

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

As the Group's major profit contributor is the motorcycle segment in China, the strength of Chinese Renminbi has an effect on the Group's overall performance.

(ii) Interest rate risk

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

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

2. Significant accounting policies (continued)

(p) Financial risk management (continued)

(iii) Credit risk

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

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

(iv) Liquidity risk

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

3. Revenue

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Turnover – Revenue from sale of goods (net)	**85,484**	88,535	**-**	-
Share of associates' turnover	**203,870**	352,123	**-**	-
	289,354	440,658	**-**	-

4. Staff costs

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Wages and salaries	**3,729**	3,222	**795**	680
Employer's contribution to Central Provident Fund	**402**	305	**90**	70
Termination benefits	**113**	-	**-**	-
Other benefits	**2**	128	**2**	3
	4,246	3,655	**887**	753

The number of persons employed at the end of the financial year:

	The Group		The Company	
	2002	2001	**2002**	2001
Full time	**77**	286	**9**	10

5. Operating (loss)/profit

	Note	The Group 2002 $'000	The Group 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
Operating (loss)/profit is arrived after:					
Charging:					
Auditors' remuneration					
- auditors of the Company					
- current year		**122**	117	**66**	61
- under-provision in respect of prior year		**7**	37	**7**	18
- other auditors		**118**	133	**106**	109
Directors' remuneration					
- the Company		**494**	385	**482**	378
- subsidiaries		**1,007**	1,004	**-**	-
Depreciation of property, plant and equipment	18				
- buildings		**18**	56	**-**	-
- plant and machinery		**18**	138	**-**	-
- office equipment and vehicles		**167**	186	**59**	89
- furniture and fittings		**72**	62	**23**	17
Property, plant and equipment written off		**-**	13	**-**	13
Foreign exchange loss		**717**	-	**281**	-
Other fees paid/payable to auditors of the Company		**78**	117	**78**	110
Provision for doubtful debts					
- trade debtors	13	**-**	228	**-**	-
Bad debts written off		**90**	-	**-**	-
Provision for obsolescence of inventories	14	**47**	1,250	**-**	-
Write-off of inventories		**-**	88	**-**	-
Write-off of preliminary expenses		**-**	133	**-**	-
Rental expense		**308**	236	**67**	60
And crediting:					
Gain on disposal of property, plant and equipment		**25**	248	**-**	-
Write-back of provision for doubtful trade debts	13	**102**	-	**-**	-
Foreign exchange gain		**-**	2,396	**-**	131

6. Finance income

	The Group 2002 $'000	The Group 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
Interest income				
- Subsidiaries	**-**	-	**2,903**	4,504
- Deposits at call and bank balances	**129**	314	**95**	41
	129	314	**2,998**	4,545

7. Finance costs

	The Group 2002 $'000	The Group 2001 $'000	The Company 2002 $'000	The Company 2001 $'000
Interest expense				
- Bank overdrafts	**284**	54	**-**	-
- Bank loans	**321**	354	**276**	311
- Term loan	**2,303**	4,258	**2,303**	4,258
- Trust receipts	**306**	356	**-**	-
	3,214	5,022	**2,579**	4,569

8. Remuneration bands of directors of the Company

Number of directors of the Company within each range of remuneration:

	2002	2001
S$250,000 to S$499,000	**1**	1
Below S$250,000	**5**	5
	6	6

9. Exceptional items

	The Group		The Company	
	2002 $'000	2001 $'000	**2002 $'000**	2001 $'000
Provision for doubtful debts on loans to subsidiaries, which have ceased operations (Note 13)	**-**	-	**(9,902)**	-
Provision for diminution in value of investment in a subsidiary, which has ceased operations (Note 17)	**-**	-	**(4,750)**	-
Provision for contingent losses in relation to corporate guarantees issued for credit facilities extended to a subsidiary which has ceased operations (Note 21)	**-**	-	**(1,000)**	-
Provision for cessation of operations of subsidiaries	**(5,755)**	(303)	**-**	-
Transfer from foreign currency translation reserve arising from cessation of operations of subsidiaries (Note 23(b))	**(144)**	-	**-**	-
Net gain on dilution of interest in associates (Note 16)	**8,719**	-	**-**	-
	2,820	(303)	**(15,652)**	-

Details of provision for cessation of operations of subsidiaries are as follows:

	The Group	
	2002 $'000	2001 $'000
Impairment of property, plant and equipment (Note 18)	**3,970**	191
Property, plant and equipment written off (Note 18)	**874**	-
Provision for doubtful debts (Note 15)	**315**	-
Provision for obsolescence of inventories (Note 14)	**596**	-
Retrenchment benefits	**-**	112
	5,755	303

10. Taxation

(a) Tax expense

	The Group		The Company	
	2002 $'000	2001 $'000	**2002 $'000**	2001 $'000
Current income tax provision	**788**	742	**55**	-
Deferred taxation	**-**	(4)	**-**	-
Share of taxes of associates	**(231)**	5,574	**-**	-
Overprovision in preceding financial year	**(44)**	-	**-**	-
	513	6,312	**55**	-

10. Taxation (continued)

(b) Tax reconciliation

The income tax expenses on the results for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to loss before tax and share of results of associates due to the following factors:

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Profit/(loss) before tax	**712**	14,662	**(17,684)**	(1,881)
Less:				
Share of results of associates	**(3,732)**	(18,628)	**-**	-
	(3,020)	(3,966)	**(17,684)**	(1,881)
Tax calculated at a tax rate of 22% (2001: 24.5%)	**(664)**	(972)	**(3,890)**	(461)
Singapore statutory stepped income exemption	**(35)**	(38)	**(12)**	-
Effect of different tax rates in other countries	**(277)**	86	**-**	-
Income not subject to tax	**(1,667)**	(734)	**(1)**	-
Expenses not deductible for tax purposes	**2,856**	1,623	**3,958**	452
Tax losses not available for carry forward	**543**	917	**-**	9
Tax benefits not recognised on tax losses carried forward	**449**	1,129	**-**	-
Utilisation of previously unrecognised tax losses	**-**	(90)	**-**	-
Double taxation relief	**(417)**	(1,183)	**-**	-
Overprovision in prior year	**(44)**	-	**-**	-
	744	738	**55**	-
Share of taxes of associates	**(231)**	5,574	**-**	-
	513	6,312	**55**	-

The credit in the Group's share of taxes of associates in the current financial year is due mainly to a tax refund of Rmb11,000,000 (S$2,332,000) by the local tax bureau in China to the associates for the taxes relating to the prior financial years.

As at 30 June 2002, the Group had the following unutilised tax losses and capital allowances available for offsetting against future taxable income subject to compliance with the relevant provisions of the Income Tax Act and agreement with the tax authorities in the respective jurisdictions:

	The Group	
	2002	2001
	$'000	$'000
Tax losses	**12,712**	11,461
Capital allowances	**14,670**	7,250

The Group has not recognised any deferred tax asset arising from these unutilised tax losses and capital allowances.

(c) Movements in provision for current tax

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Balance at the beginning of the financial year	**744**	25	**-**	-
Payments during the financial year	**(481)**	(23)	**-**	-
Provision for the financial year	**788**	742	**55**	-
Overprovision in preceding financial year	**(44)**	-	**-**	-
Balance at the end of the financial year	**1,007**	744	**55**	-

11. (Loss)/earnings per share

	The Group	
	2002	2001
	$'000	$'000
(Loss)/profit after tax attributable to members of the Company	**(870)**	7,867
Weighted average number of ordinary shares for basic and diluted earnings per share ('000)	**247,611**	247,611

Basic (loss)/earnings per share is calculated by dividing the result after tax attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

For the purposes of calculating diluted (loss)/earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the exercise of all outstanding share options granted where such shares would be issued at a price lower than the fair value (average share price during the financial year). The difference between the number of shares to be issued at the exercise price under the options and the number of shares that would have been issued at the fair values based on the assumed proceeds from the issue of these shares are treated as ordinary shares issued for no consideration. The number of such shares issued for no consideration is added to the number of ordinary shares outstanding in the computation of diluted (loss)/earnings per share. No adjustment is made to (loss)/profit after tax attributable to members of the Company.

For the year ended 30 June 2002, the exercise of outstanding share options would have an anti-dilutive effect on the loss per share, and there is therefore no adjustment made for the assumed conversion of share options.

12. Cash and cash equivalents

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**2,015**	2,944	**75**	64
Deposits, at call	**7,129**	7,458	**5,640**	6,242
	9,144	10,402	**5,715**	6,306

The weighted average effective interest rates on deposits at call of the Group and the Company at balance sheet date were 1.99% (2001: 3.67%) per annum and 1.67% (2001: 3.73%) per annum, respectively.

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

	The Group	
	2002	2001
	$'000	$'000
Cash and bank (as above)	**9,144**	10,402
Less: Bank overdrafts (Note 20)	**(2,374)**	(2,011)
Cash and cash equivalents per consolidated cash flow statement	**6,770**	8,391

13. Receivables

(a) Current receivables

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Trade debtors	**14,620**	13,069	**-**	-
Less: Provision for doubtful trade debts	**(124)**	(228)	**-**	-
	14,496	12,841	**-**	-
Receivable from subsidiaries - non-trade	**-**	-	**15,415**	20,250
Receivable from associates - non-trade	**22**	2,247	**22**	23
Receivable from a related company - trade	**1,150**	-	**-**	-
Receivable from related parties				
- trade	**39**	67	**-**	-
- non-trade	**64**	148	**64**	51
Receivable from shareholders of a subsidiary	**19**	19	**-**	-
Dividends receivable from associates	**2,946**	3,548	**-**	-
	18,736	18,870	**15,501**	20,324

Movements in provision for doubtful debts are as follows:

Balance at the beginning of the financial year	**228**	197	**-**	-
Provision (written back)/made during the financial year	**(102)**	228	**-**	-
Bad debts written off against provision	**(2)**	(197)	**-**	-
Balance at the end of the financial year	**124**	228	**-**	-

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

(b) Non-current receivables

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Receivable from subsidiaries				
- Loans	**-**	-	**56,414**	56,207
Less: provision for doubtful debts	**-**	-	**(6,902)**	-
- Advance	**-**	-	**46,890**	46,890
Less: provision for doubtful debt	**-**	-	**(37,636)**	(34,636)
Receivable from a shareholder of an associate – non-trade	**8,256**	8,528	**-**	-
	8,256	8,528	**58,766**	68,461

Movement in provision for doubtful debts are as follows:

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Balance at the beginning of the financial year	**-**	-	**34,636**	34,636
Provision during the financial year (Note 9)	**-**	-	**9,902**	-
Balance at the end of the financial year	**-**	-	**44,538**	34,636

The loans to subsidiaries are unsecured and there is no specified payment date. However, the Company has indicated that it will not demand settlement of these loans within one year from 30 June 2002. Interest is charged at rates ranging from 2.40% to 6.13% (2001: 5.625% to 8.640%) per annum. The fair values of the loans approximate their carrying values.

The advance to a subsidiary is unsecured, interest-free and there is no specified payment date. However, the Company has indicated that it will not demand settlement of the advance within one year from 30 June 2002.

13. Receivables (continued)

(b) Non-current receivables (continued)

The receivable from a shareholder of an associate is unsecured, interest-free and settlement is not expected within one year from 30 June 2002.

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

14. Inventories

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Finished goods				
– at cost	**5,902**	6,542	**-**	-
– at net realisable value	**56**	1,603	**-**	-
	5,958	8,145	**-**	-
Raw materials				
– at cost	**74**	79	**-**	-
– at net realisable value	**-**	2,290	**-**	-
Less: general provision for inventory obsolescence	**(842)**	(85)	**-**	-
	5,190	10,429	**-**	-

Included in the inventories on hand at net realisable value is a provision of $839,000 (2001: $1,165,000). The movements in this provision, in addition to a general provision of $842,000 (2001: $85,000), amounting to a total provision of $1,681,000 (2001: $1,250,000) are as follows:

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Balance at the beginning of the financial year	**1,250**	-	**-**	-
Provision made during the financial year:				
- operating loss (Note 5)	**47**	1,250	**-**	-
- exceptional item (Note 9)	**596**	-	**-**	-
Obsolete inventories written off against provision	**(212)**	-	**-**	-
Balance at the end of the financial year	**1,681**	1,250	**-**	-

15. Other current assets

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Tax receivable	**13**	13	**13**	13
Deposits	**113**	102	**17**	9
Prepayments	**35**	159	**3**	3
Sundry debtors	**566**	929	**-**	-
Less: provision for doubtful debts (Note 9)	**(315)**	-	**-**	-
	412	1,203	**33**	25

16. Investments in associates

Interests in associates are held by five (2001: five) wholly-owned investment holding subsidiaries.

	The Group	
	2002	2001
	$'000	$'000
Investments in unquoted equity shares at cost	**65,666**	65,666
Share of reserve on acquisition of associates	**4,671**	4,671
Group's share of post-acquisition retained profits and reserves of associates net of dividends received	**63,430**	56,281
	133,767	126,618

Details of associates are as follows:

Name of company	Country of incorporation and place of business	Principal activities	Effective ownership interest		At cost	
			2002	2001	**2002**	2001
Held by subsidiaries:			%	%	**$'000**	$'000
Zhejiang Yipeng Engine Parts Co., Ltd ("Yipeng")*	The People's Republic of China	Manufacture of motorcycle engine parts and assembly of motorcycle engines	**49**	49	**20,022**	20,022
Zhejiang Yirong Engine Parts Co., Ltd ("Yirong")*	The People's Republic of China	Manufacture of fuel tanks and exhaust pipes, spray painting of fuel tanks	**38**	39	**12,067**	12,067
Zhejiang Yizhong Motorcycle Electric Products Co., Ltd ("Yizhong")*	The People's Republic of China	Manufacture of shock absorbers and body frame, assembly of various electrical instruments and components	**51**	51	**11,555**	11,555
Zhejiang Victor Motorcycle Co., Ltd ("Victor")*	The People's Republic of China	Assembly of motorcycles	**42**	43	**1,031**	1,031
Zhejiang Mount–Channel Machinery Co., Ltd ("ZMC")*	The People's Republic of China	Manufacture of motorcycle clutches	**30**	30	**946**	946
Zhejiang Qianjiang Motorcycle Co., Ltd ("ZML")*	The People's Republic of China	Manufacture and distribution of motorcycles and accessories and investment holding	**22**	24	**20,045**	20,045
					65,666	65,666

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

The Group regards Yipeng, Yirong and Yizhong, whose operations are integrated with that of Victor and ZML as associates at 30 June 2002 as it does not have control or joint control, but merely exercise significant influences, over their financial and operating policy decisions. Yizhong is a subsidiary of the Group within the meaning of the Companies Act as the Group's equity interest in this company is 51%. However, it is not meaningful to consolidate or attach the financial statements of Yizhong as this would only give a partial view of the integrated operations of the motorcycle business in China.

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

16. Investments in associates (continued)

During the financial year, one of the associates, Zhejiang Qianjiang Motorcycle Co., Ltd ("ZML") made a rights issue to all its shareholders. The Group did not take up the rights issue by ZML. As a result, the Group's effective ownership interest in this associate was diluted from 24% to 22%. In addition, ZML also has equity interest in Yirong and Victor. Accordingly, the Group's effective ownership interests in Yirong and Victor have been diluted from 39% to 38% and 43% to 42% respectively.

The net gain on dilution of interests in ZML, Yirong and Victor amounting to $8,719,000 has been included in the Group's income statement for the financial year ended 30 June 2002 (Note 9).

The Group's investment in ZML, held through Bright Steel Pte Ltd with a cost of S$20,045,000, represents a 22% (2001: 24%) shareholding in ZML whose shares are listed as "A" shares on the Shenzhen Stock Exchange of the People's Republic of China and these "A" shares can only be traded by Chinese nationals. The Group's holding represents promoter's shares which cannot be traded on the exchange presently.

17. Investments in subsidiaries

	The Company	
	2002	2001
	$'000	$'000
Investment in equity shares at cost	**6,434**	6,434
Provision for diminution in value	**(4,756)**	(6)
	1,678	6,428
Movement in provision for diminution in value:		
Balance at the beginning of the financial year	**6**	6
Provision made during the financial year (Note 9)	**4,750**	-
Balance at the end of the financial year	**4,756**	6

Details of subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Equity holding		Cost of investment	
			2002 %	2001 %	**2002 $'000**	2001 $'000
Held directly by the Company:						
Bright Steel Pte Ltd*	Investment holding	Singapore	**100**	100	**25**	25
Ternair Jaya Sdn Bhd**	Investment holding	Malaysia	**100**	100	***	***
Arbon Investment Pte Ltd*	Investment holding	Singapore	**100**	100	**477**	477
Aarau Investment Pte Ltd*	Investment holding	Singapore	**100**	100	**306**	306
Grenchen Investment Pte Ltd*	Investment holding	Singapore	**100**	100	**279**	279
Kloten Investment Pte Ltd*	Investment holding	Singapore	**100**	100	**47**	47
Sonlife International Pte Ltd*	Seafood processing and distribution and investment holding. (Ceased trading and distribution operations during the financial year.)	Singapore	**86**	86	**4,750**	4,750
Advent Electronics Pte Ltd*	Design-in and distribution of semiconductors and related components	Singapore	**55**	55	**550**	550

17. Investments in subsidiaries (continued)

Name of company	Principal activities	Country of incorporation and place of business	Equity holding 2002 %	Equity holding 2001 %	Cost of investment 2002 $'000	Cost of investment 2001 $'000
Held by subsidiaries:						
Lion Containers Sdn Bhd **	Manufacture and sale of dry cargo containers. (Ceased manufacturing operation during the year ended 30 June 2000.)	Malaysia	**100**	100	**-**	-
Sonlife Yangon Company Limited #^	Trading of metal, mineral products and seafood. (Ceased operations during the financial year.)	Myanmar	**100**	100	**-**	-
Sonfood Limited #	Seafood processing. (Ceased operations during the financial year.)	Myanmar	**100**	100	**-**	-
Sonlife Mongolia Co Ltd ^##	Distribution of food and beverages, electrical and electronic goods. (Ceased operation during the year ended 30 June 2001.)	Mongolia	**100**	100	**-**	-
Sonlife International (Mongolia) Co., Ltd @	Distribution of food and beverages, electrical goods.	Mongolia	**-**	100	**-**	-
SonMarine (Thailand) Ltd @@	Seafood processing.	Thailand	**-**	50	**-**	-
Advent Electronics (M) Sdn Bhd #	Design-in and distribution of semiconductors and related components	Malaysia	**100**	100	**-**	-
					6,434	6,434

The cost of investment includes acquisition charges such as professional fees and other incidental expenses amounting to S$1,108,794 (2001: S$1,108,794).

* Audited by PricewaterhouseCoopers, Singapore
** Audited by PricewaterhouseCoopers, Malaysia
*** Cost of investment less than S$1,000
# Audited by other firms. These companies are not significant subsidiaries as defined under Rule 717 of the SGX-ST Listing Manual.
The company is not required to prepare audited financial statements under the laws of its country of incorporation in respect of the financial year ended 30 June 2002.
@ The company has been disposed of during the financial year.
@@ The Group regards this company as a subsidiary despite the Group's effective equity holding in this company being less than 51% as it has board and management control over this company. This company has been liquidated during the financial year
^ The company has commenced liquidation during the financial year.

18. Property, plant and equipment

	Freehold land $'000	Buildings $'000	Plant and machinery $'000	Office equipment and vehicles $'000	Furniture and fittings $'000	Total $'000
The Group						
Cost						
At 1 July 2001	5,898	7,340	7,814	1,437	791	23,280
Currency translation adjustments	(185)	(213)	(254)	(16)	(15)	(683)
Additions, at cost	-	109	38	80	9	236
Disposals, at cost	-	(31)	(166)	(14)	(9)	(220)
Write offs	-	(61)	(5,826)	(503)	(526)	(6,916)
At 30 June 2002	5,713	7,144	1,606	984	250	15,697
Accumulated depreciation						
At 1 July 2001	1,616	1,908	5,496	978	482	10,480
Currency translation adjustments	(50)	(59)	(170)	(11)	(11)	(301)
Depreciation charge	-	18	18	167	72	275
Disposals	-	(9)	(104)	(11)	(6)	(130)
Write offs	-	(2)	(5,168)	(425)	(447)	(6,042)
Provision for impairment	790	2,067	1,113	-	-	3,970
At 30 June 2002	2,356	3,923	1,185	698	90	8,252
Net book value						
At 30 June 2002	**3,357**	**3,221**	**421**	**286**	**160**	**7,445**
Net book value						
At 30 June 2001	4,282	5,432	2,318	459	309	12,800

	Office equipment and vehicles $'000	Furniture and fittings $'000	Total $'000
The Company			
Cost			
At 1 July 2001	434	70	504
Additions	5	-	5
At 30 June 2002	439	70	509
Accumulated depreciation			
At 1 July 2001	366	13	379
Depreciation charge	59	23	82
At 30 June 2002	425	36	461
Net book value			
At 30 June 2002	**14**	**34**	**48**
Net book value			
At 30 June 2001	68	57	125

19. Payables

(a) Current

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Trade creditors	**12,993**	8,656	**785**	1,272
Notes payable	**1,427**	9,048	**137**	4,492
Payable to subsidiaries – non-trade	**-**	-	**13,549**	11,932
Payable to ultimate holding corporation – non-trade	**3**	3	**-**	-
Payable to related parties – non-trade	**302**	363	**-**	-
Accrual for operating expenses	**1,754**	1,389	**844**	820
Sundry creditors	**572**	308	**47**	-
	17,051	19,767	**15,362**	18,516

The non-trade balances payable to subsidiaries, ultimate holding corporation and related parties are unsecured, interest-free and repayable upon demand.

Notes payable of the Group and Company are repayable within 90 days to 120 days (2001: 90 days to 120 days) from the date of issue. Notes payable of the subsidiaries are supported by corporate guarantees issued by the Company of US$6,300,000 (2001: US$6,300,000). The weighted average effective interest rates of the notes payable balance of the Group and the Company at the end of the financial year were 3.40% (2001: 5.57%) per annum and 2.98% (2001: 6.00%) per annum respectively.

(b) Non-current

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Payable to an associate - non-trade	**13,872**	14,330	**-**	-

The balance payable to an associate is unsecured, interest-free and is not repayable within the next twelve months. It is not practicable to determine the fair value of this payable as the payable has no fixed repayment terms and is interest-free. However, the carrying amount recorded is not anticipated to be significantly in excess of its fair value at the balance sheet date.

20. Borrowings

(a) Current

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Bank overdrafts	**2,374**	2,011	**-**	-
Bank loans	**8,580**	8,527	**7,637**	7,727
Term loan (secured) - Note (b)	**44,050**	-	**44,050**	-
	55,004	10,538	**51,687**	7,727

Included in the bank overdrafts is a balance of S$1,430,000 (2001: S$1,060,000) which is secured on the leasehold land and building, plant and machinery of a subsidiary amounting to S$678,000 (2001: $4,539,000). The remaining balance of bank overdraft is supported by a corporate guarantee issued by the Company of US$1,000,000 (2001: US$1,000,000).

The bank loans which are repayable upon demand, bear interest at rates ranging from 1.8% to 3.6% (2001: 3.9% to 8.4%). The bank loans of the Company are supported by a corporate guarantee of US$10,500,000 (2001: US$10,500,000) issued by the immediate holding corporation. The bank loans of the subsidiary are supported by a corporate guarantee issued by the Company of US$1,000,000 (2001: US$1,000,000).

20. Borrowings (continued)

(b) Non-current

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Term loan (secured)	**-**	45,550	**-**	45,550

As at 30 June 2001, the term loan of US$25,000,000 (equivalent to S$45,550,000) was classified as non-current liabilities as it was repayable after the financial year ended 30 June 2002.

As at 30 June 2002, the floating-rate term loan bearing interest at 4.6% to 6.1% (2001: 6.6% to 8.6% p.a.), has been classified as a current liability as the loan is repayable on 1 October 2002. The term loan is secured by way of a first floating charge over all assets of a subsidiary.

Subsequent to 30 June 2002, the Company received a letter of offer from the bank to roll over the term loan with the repayment date extended to 2 October 2003 subject to the Company having to comply with certain terms and conditions (Note 32(c)).

(c) Effective interest rates

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

	The Group		The Company	
	2002	2001	**2002**	2001
Bank overdrafts	**11.0%**	10.5%	**-**	-
Bank loans	**2.9%**	4.8%	**2.9%**	4.6%
Term loan	**4.6%**	6.6%	**4.6%**	6.6%

(d) Carrying amounts and fair values

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

21. Provisions

Current

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Taxation (Note 10(c))	**1,007**	744	**55**	-
Provision for contingent losses (Note 9)*	**-**	-	**1,000**	-
	1,007	744	**1,055**	-

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

22. Share capital of the Company

(a) Authorised ordinary share capital

The total number of ordinary authorised shares is 400 million shares (2001: 400 million shares) with a par value of $0.25 per share (2001: $0.25 per share).

On 4 September 2002, the authorised share capital of the Company was increased to 3,200 million shares with a par value of $0.25 per share as described in Note 32 to the financial statements.

22. Share capital of the Company (continued)

(b) Issued ordinary share capital

	2002 Number of shares '000	2001 Number of shares '000	**2002 $'000**	2001 $'000
Balance at the beginning of the financial year	**247,611**	247,485	**61,903**	61,871
Exercise of options	**-**	126	**-**	32
Balance at the end of the financial year	**247,611**	247,611	**61,903**	61,903

All issued shares are fully paid.

(c) Share options

Options to subscribe for ordinary shares of $0.25 each in the Company are granted to executives and directors of the Company pursuant to the LAP Share Option Scheme.

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

	2002 $'000	2001 $'000
Outstanding at beginning of the financial year	**436,000**	387,000
Movements during the financial year:-		
Issued	**-**	203,000
Exercised	**-**	(126,000)
Lapsed	**(279,000)**	(28,000)
Outstanding at end of the financial year	**157,000**	436,000

Details of the unissued ordinary shares of $0.25 each of the Company under option at the end of the financial year are set out below:

LAP Share Option Scheme	Exercise price per share payable in full upon application	Date of expiration of option	Number of unissued shares 2002	Number of unissued shares 2001
1998 Options	$0.25	3 April 2003	**20,000**	55,000
1999 Options	$0.25	6 April 2004	**68,000**	206,000
2000 Options	$0.25	20 October 2005	**69,000**	175,000
			157,000	436,000

23. Foreign currency translation and other reserves

(a) Composition:

	The Group **2002 $'000**	The Group 2001 $'000	The Company **2002 $'000**	The Company 2001 $'000
Foreign currency translation reserve	**2,563**	4,747	**(11,808)**	(13,308)
Enterprise development reserve	**2,630**	2,365	**-**	-
General reserve	**7,820**	6,647	**-**	-
Consolidation reserve	**3,421**	3,421	**-**	-
Others – surplus on restructuring of motorcycle business	**20,737**	20,737	**-**	-
	37,171	37,917	**(11,808)**	(13,308)

23. Foreign currency translation and other reserves (continued)

(b) Movements:

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Foreign currency translation reserve				
Balance at the beginning of the financial year	**4,747**	3,436	**(13,308)**	(10,493)
Adjustments during the financial year:				
Arising on translation of financial statements of foreign subsidiaries and associates	**(4,014)**	4,418	**-**	-
Arising on translation of monetary balance which in substance forms part of the Group's net investment in foreign subsidiaries or associates	**(272)**	428	**-**	-
Arising on foreign currency liability accounted for as a hedge of the Company's net investment in foreign associates	**1,958**	(3,535)	**1,500**	(2,815)
Transfer to exceptional item arising on cessation of operations of subsidiaries (Note 9)	**144**	-	**-**	-
	(2,184)	1,311	**1,500**	(2,815)
Balance at the end of the financial year	**2,563**	4,747	**(11,808)**	(13,308)
Enterprise development reserve				
Balance at the beginning of the financial year	**2,365**	1,771	**-**	-
Transfer from revenue reserve	**265**	594	**-**	-
Balance at the end of the financial year	**2,630**	2,365	**-**	-
General reserve				
Balance at the beginning of the financial year	**6,647**	4,407	**-**	-
Transfer from revenue reserve	**1,173**	2,240	**-**	-
Balance at the end of the financial year	**7,820**	6,647	**-**	-
Consolidation reserve				
Balance at beginning and end of the financial year	**3,421**	3,421	**-**	-
Others				
Surplus on restructuring of motorcycle business	**20,737**	20,737	**-**	-
Total	**37,171**	37,917	**(11,808)**	(13,308)

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

The consolidation reserve relates to reserve arising on acquisition of interests in subsidiaries and associates.

24. Minority interests

	The Group	
	2002	2001
	$'000	$'000
At the beginning of the financial year	**1,030**	438
Share of results of subsidiaries	**1,069**	483
Capital contribution by minority shareholders	**80**	109
At the end of the financial year	**2,179**	1,030

25. Immediate and ultimate holding corporations

The Company's immediate holding corporation is Omali Corporation Sdn Bhd, incorporated in Malaysia. The ultimate holding corporation is Amalgamated Containers Bhd, also incorporated in Malaysia.

26. Contingent liabilities

	The Group		The Company	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Unsecured guarantees given to banks and suppliers in respect of trade obligations of the subsidiaries	**-**	-	**19,030**	18,949

The Company had issued a guarantee of payment to a supplier of a subsidiary in respect of the value of all products sold and delivered to the subsidiary. As at 30 June 2002, the balance owing to the supplier was less than $1,000.

In addition, the Company had also issued letters of financial support to certain subsidiaries so as to enable them to operate as going concerns for the foreseeable future and to meet their liabilities as and when they fall due within the next twelve months.

27. Commitments for expenditure

Commitments not provided for in the financial statements:

(a) Lease commitments

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

	The Group	
	2002	2001
	$'000	$'000
Not later than one financial year	**151**	234
Later than one financial year but not later than five financial years	**166**	328
Later than five financial years	**893**	953
	1,210	1,515

(b) Other commitments

On 10 November 2000, the Company entered into a conditional Sale and Purchase Agreement with AMB Venture Sdn Bhd ("AMB Venture") and Cheng Heng Jem ("CHJ") collectively referred to as the ("Vendors") whereby the Company agreed to acquire from the Vendors the entire issued and paid-up shares in the capital of Angkasa Transport Equipment Sdn Bhd ("ATE").

27. Commitments for expenditure (continued)

Prior to the Completion Date, ATE will have an issued and paid-up ordinary share capital of RM27,530,000 comprising 27,530,000 ordinary shares of RM1.00 each. ATE is an investment holding company. It holds a 25% equity interest in Hefei Jianghuai Automotive Co., Ltd ("HFJH") which is a manufacturer of light trucks, and a 16% equity interest in Anhui Jianghuai Automotive Chassis Co., Ltd ("AHJH") which is a manufacturer of automotive chassis and gearbox. AHJH is listed on the Shanghai Stock Exchange. Both of these entities are incorporated in the People's Republic of China.

The Purchase Consideration shall be approximately S$45.3 million. Payment of the Purchase Consideration shall comprise cash of approximately S$5.8 million and the issue by the Company to the Vendors of 157,876,604 ordinary shares of S$0.25 each with 157,876,604 warrants attached.

During the financial year, the Company and the Vendors had also obtained approvals from other relevant authorities, namely Malaysian Foreign Investment Committee and Bank Negara Malaysia with certain conditions imposed by the respective authorities.

As at the date of the Directors' Report, completion of the proposed acquisition is pending fulfilment of the following conditions precedent :-

(i) The completion of the disposal by ATE of its entire equity interests in all subsidiaries and associated companies other than HFJH and AHJH;
(ii) The procurement by the Vendors to transfer property ownership rights of buildings to HFJH and AHJH;
(iii) The redemption of all outstanding preference shares in the capital of ATE by ATE and the allotment and issue of 13,500,000 new ordinary shares of RM1.00 each in the share capital of ATE to AMB Venture;
(iv) The allotment and issue of 2,530,000 new ordinary shares of RM1.00 each in the share capital of ATE to CHJ; and
(v) The completion of the Due Diligence Review and its results being satisfactory to the Company.

28. Related party transactions

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

	The Group	
	2002	2001
	$'000	$'000
Sale of inventories to a related party	**166**	106
Purchases from a related party	**161**	-
Handling fee from a related party	**-**	81
Management fees received from a related party	**109**	120
Rental income from a related party	**30**	28
Rental charges paid to a related party	**1,502**	525

During the year, the Group provided trade financing amounting to S$Nil (2001: S$2,787,601) to a related party for purchases made by that related party.

The above transactions are conducted pursuant to the shareholders' mandate obtained for Interested Person Transactions as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited.

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

29. Fair values of financial assets and liabilities

The carrying amounts of the following financial assets and liabilities approximate to their fair values: cash and cash equivalents, current receivables and payables and other current assets. Information on the fair values of loans and advances to subsidiaries, receivable from a shareholder of an associate, payable to an associate and borrowings are included in Notes 13(b), 19(b) and 20(d) respectively.

30. Discontinuing operations

(a) Dry cargo container business

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

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

Following the cessation of the Container Business, its assets including raw materials, plant and machinery, as well as land and building, were disposed of in a piece-meal manner at the best possible value attainable at the time of disposal. The disposal of the assets would continue to be carried out over a period of time. The remaining assets are written down to their estimated net realisable value at 30 June 2002.

(b) Marine food processing business

The marine food processing business was carried out by Sonlife International Pte Ltd and its subsidiaries ("Sonlife"). Sonlife was engaged in the processing of seafood for global distribution.

In March 2002, the Group announced its decision to exit marine food processing business as Sonlife had incurred several years of continuous losses, and in particular during the first half of the financial year ended 30 June 2002 which impacted negatively on the Group's earnings.

Following the cessation of the marine food processing business, Sonlife's assets including raw materials, plant and machinery, as well as land and building, are in the process of being disposed of in a piece-meal manner. The disposal of the assets would continue to be carried out over a period of time. Steps are also being taken to look for prospective buyers of Sonlife's assets, including a possible management buy-out arrangement.

30. Discontinuing operations (continued)

The income statement, total assets, total liabilities and cashflows of the Group for the current and previous financial years for the continuing and discontinuing operations are presented as follows:

	Continuing Operations		Discontinuing Operation (container business)		Discontinuing Operation (seafood business)		Group as a whole	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**76,634**	77,669	**1,690**	2,029	**7,160**	8,837	**85,484**	88,535
Net operating expenses	**(75,752)**	(76,693)	**(3,071)**	(1,212)	**(9,416)**	(9,585)	**(88,239)**	(87,490)
Operating profit/(loss)	**882**	976	**(1,381)**	817	**(2,256)**	(748)	**(2,755)**	1,045
Finance income	**94**	40	**34**	252	**1**	22	**129**	314
Finance costs	**(2,840)**	(4,893)	**-**	-	**(374)**	(129)	**(3,214)**	(5,022)
Share of results of associates	**3,732**	18,628	**-**	-	**-**	-	**3,732**	18,628
Exceptional items	**8,719**	-	**(2,222)**	(303)	**(3,677)**	-	**2,820**	(303)
Profit/(loss) before tax	**10,587**	14,751	**(3,569)**	766	**(6,306)**	(855)	**712**	14,662
Tax	**(513)**	(6,081)	**-**	-	**-**	(231)	**(513)**	(6,312)
Profit/(loss) after tax	**10,074**	8,670	**(3,569)**	766	**(6,306)**	(1,086)	**199**	8,350
Total assets	**171,679**	167,245	**9,110**	12,713	**2,161**	8,892	**182,950**	188,850
Total liabilities	**(82,442)**	(85,818)	**(142)**	(173)	**(4,350)**	(4,938)	**(86,934)**	(90,929)
	89,237	81,427	**8,968**	12,540	**(2,189)**	3,954	**96,016**	97,921
Cashflows								
Net cash (outflow)/inflow from operating activities	**(2,329)**	(5,102)	**96**	2,023	**(562)**	177	**(2,795)**	(2,902)
Net cash inflow/(outflow) from investing activities	**4,108**	2,687	**-**	8,563	**79**	(604)	**4,187**	10,646
Net cash (outflow)/inflow from financing activities	**(1,527)**	(6,321)	**-**	252	**(1,486)**	(4,143)	**(3,013)**	(10,212)
	252	(8,736)	**96**	10,838	**(1,969)**	(4,570)	**(1,621)**	(2,468)

31. Segment information

Primary reporting format - business segments

	Electronic component distribution $'000	Marine food processing $'000	Dry cargo container $'000	Motorcycle $'000	Group $'000
Year ended 30 June 2002					
Revenue	76,634	7,160	1,690	-	85,484
Share of associates' revenue	-	-	-	203,870	203,870
	76,634	7,160	1,690	203,870	289,354
Segment result	3,502	(2,256)	(1,381)	-	(135)
Unallocated costs					(2,620)
Operating loss					(2,755)
Finance income					129
Finance costs					(3,214)
Share of results of associates	-	-	-	3,732	3,732
Exceptional items	-	(3,677)	(2,222)	8,719	2,820
Profit before tax					712
Tax					(513)
Profit after tax					199
Minority interest					(1,069)
Net loss					(870)
Segment assets	20,776	2,161	9,110	2,946	34,993
Associates	-	-	-	133,767	133,767
Unallocated assets					14,190
Consolidated total assets					182,950
Segment liabilities	14,266	818	138	-	15,222
Borrowings					55,004
Tax					1,007
Unallocated liabilities					15,701
Consolidated total liabilities					86,934
Capital expenditure					
- segment	68	162	-	-	230
- unallocated					6
					236
Depreciation					
- segment	68	84	-	-	152
- unallocated					123
					275

31. Segment information (continued)

Primary reporting format - business segments (continued)

	Electronic component distribution $'000	Marine food processing $'000	Dry cargo container $'000	Motorcycle $'000	Group $'000
Year ended 30 June 2001					
Revenue	77,669	8,837	2,029	-	88,535
Share of associates' revenue	-	-	-	352,123	352,123
	77,669	8,837	2,029	352,123	440,658
Segment result	2,122	(748)	817	-	2,191
Unallocated costs					(1,146)
Operating profit					1,045
Finance income					314
Finance costs					(5,022)
Share of results of associates	-	-	-	18,628	18,628
Exceptional items	-	-	(303)	-	(303)
Profit before tax					14,662
Tax					(6,312)
Profit after tax					8,350
Minority interest					(483)
Net profit					7,867
Segment assets	19,705	8,892	12,713	3,548	44,858
Associates	-	-	-	126,618	126,618
Unallocated assets					17,374
Consolidated total assets					188,850
Segment liabilities	16,865	1,896	173	-	18,934
Borrowings					56,088
Tax					744
Unallocated liabilities					15,163
Consolidated total liabilities					90,929
Capital expenditure					
- segment	106	1,415	-	-	1,521
- unallocated					75
					1,596
Depreciation					
- segment	42	253	-	-	295
- unallocated					147
					442

31. Segment information (continued)

The Group is organised into four main business segments as follows, of which the marine food processing and dry cargo container businesses have been discontinued:

- Motorcycle – manufacture of motorcycle components and the assembly and sale of motorcycles
- Electronic Component Distribution – design-in and distribution of semiconductors and related components
- Marine Food Processing – ceased operation during financial year
- Dry Cargo Container – ceased operation during the financial year ended 30 June 2000

There are no sales or other transactions between the business segments. Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation and corporate borrowings. Capital expenditure comprises additions to property, plant and equipment.

Secondary reporting format - geographical segments

The Group's four business segments operate in five geographical areas:

China	-	the main activities are the manufacture and sale of motorcycles and motorcycle components
The United States	-	the main activities are electronic component distribution and marine food processing (ceased operation during the financial year ended 30 June 2002)
Singapore	-	the main activity is electronic component distribution
Malaysia	-	the main activity is dry cargo container business (ceased operation during the financial year ended 30 June 2000)
Other countries	-	the main activities are electronic component distribution and marine food processing

	Sales		Total assets		Capital expenditure	
	2002	2001	**2002**	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
China	**203,870**	352,123	**133,767**	126,618	**-**	-
Singapore	**64,601**	40,639	**38,038**	46,304	**76**	233
The United States	**2,303**	34,430	**-**	-	**-**	-
Malaysia	**8,620**	5,500	**9,110**	12,713	**-**	-
Other countries	**9,960**	7,966	**2,035**	3,215	**160**	1,363
	289,354	440,658	**182,950**	188,850	**236**	1,596

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

Sales revenue is based on the country in which the customer is located. It would not be materially different if based on the country in which the order is received. Total assets and capital expenditure are shown by the geographical area in which the assets are located.

32. Subsequent events

(a) Acquisition of Angkasa Transport Equipment Sdn Bhd

Subsequent to the balance sheet date, the Company obtained shareholders' approval for the proposed acquisition of Angkasa Transport Equipment Sdn Bhd ("ATE"), as described in Note 27(b) to the financial statements, at the Company's Extraordinary General Meeting ("EGM") held on 4 September 2002.

32. Subsequent events (continued)

(a) Acquisition of Angkasa Transport Equipment Sdn Bhd (continued)

In addition, pursuant to the Securities Industry Council's written confirmation that the Vendors and parties acting in concert with them need not make a mandatory take-over offer under Rule 14 of the Singapore Code on Takeovers and Mergers, 2002, subject to *inter alia*, a waiver by the shareholders of the Company, the Company also obtained shareholders' approval for the Whitewash Resolution in respect of waiving their right to receive a mandatory take-over offer at the EGM.

In order to accommodate the issue of consideration shares and new shares to be issued upon exercise of the consideration warrants, the authorised share capital of the Company was increased from $100,000,000 comprising 400,000,000 ordinary shares of $0.25 each to $800,000,000 comprising 3,200,000,000 ordinary shares of $0.25 each by the creation of an additional 2,800,000,000 ordinary shares of $0.25 each on 4 September 2002, with the approval of the shareholders at the EGM held on the same date.

On 30 July 2002, the Company obtained the approval from the Malaysian Securities Commission for the proposed allotment and issuance of 157,876,604 new ordinary shares of S$0.25 each and 157,876,604 warrants which are exercisable at an exercise price of S$0.25 each to the Vendors, subject to approvals being obtained from all the other relevant authorities.

On 10 September 2002, the Singapore Exchange Securities Trading Limited granted the Company in-principle approval for the listing and quotation of 157,876,604 new ordinary shares of S$0.25 each ("New Shares") to be issued at par to the Vendors as partial consideration of the proposed acquisition and up to 157,876,604 New Shares that may be issued pursuant to any exercise of 157,876,604 warrants issued.

At the date of the Director' Report, the completion of the proposed acquisition is subject to the conditions precedent as mentioned in Note 27(b) to the financial statements, which have yet to be fulfilled.

(b) Incorporation of subsidiaries

On 15 October 2002, the Company incorporated the following subsidiaries:

Name of company	Principal activity	Country of incorporation	Equity holding	Cost of investment
			%	$
LAP Investment Pte. Ltd.	Investment holding	Singapore	100	2
Halton Investment Pte. Ltd.	Investment holding	Singapore	100	2

(c) Roll-over of term loan

Subsequent to the balance sheet date, the Company received a letter of offer from the bank to roll over the term loan of US$25,000,000 with repayment date extended to 2 October 2003 subject to the Company having to comply with the terms and conditions specified in the letter of offer dated 15 October 2002 on extension of the above loan. The directors of the Company are confident of complying with all the terms and conditions specified in the above letter of offer. In addition to the existing assets pledged as security to the bank, one of the conditions specified in the letter of offer requires additional security as follows:

(i) first mortgage over a piece land owned by a subsidiary;

(ii) first legal assignment over proceeds from conversion of warrants and issue of new shares of the Company; and

(iii) first mortgage over the Company's shares in another subsidiary.

32. Subsequent events (continued)

(d) Investment made by a subsidiary

Subsequent to the balance sheet date, a subsidiary has entered into an agreement to invest at least US$500,000 in preferred shares in Emuzed Inc., a company incorporated in the United States of America, representing 2% equity interest in the above company.

In addition, the subsidiary also entered into another agreement to purchase US$100,000 in common stock from an existing shareholder of Emuzed Inc.

At the date of authorisation of these financial statements, the subsidiary has made an investment of S$437,878 (US$250,000) in the preferred shares of Emuzed Inc. and has incurred S$177,700 (US$100,000) in the purchase of the above common stock.

33. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors on 28 October 2002.

Shareholding Statistics

as at 7 October 2002

Authorised Share Capital	:	S$800,000,000.00
Issued and Fully Paid-up Capital	:	S$ 61,902,780.00
Class of Shares	:	Ordinary Shares of S$0.25 each
Voting Rights	:	One (1) Vote per share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 999	0	0.00	0	0.00
1,000 - 10,000	4,099	67.70	24,437,760	9.87
10,001 - 1,000,000	1,943	32.09	78,257,600	31.61
1,000,001 & Above	13	0.21	144,915,760	58.52
Total	6,055	100.00	247,611,120	100.00

Twenty Largest Shareholders

Name of Shareholders	No. of Shares	% of Shares
UOB Kay Hian Pte Ltd	76,565,536	30.92
Omali Corporation Sdn Bhd	50,017,224	20.20
OCBC Securities Private Ltd	3,617,000	1.46
Tan Huat	1,763,000	0.71
DBS Vickers Securities (S) Pte Ltd	1,690,000	0.68
Oversea Chinese Bank Nominees Pte Ltd	1,689,000	0.68
Cheong Soh Chin Julie	1,600,000	0.65
United Overseas Bank Nominees Pte Ltd	1,565,000	0.63
DBS Nominees Pte Ltd	1,563,000	0.63
Phillip Securities Pte Ltd	1,351,000	0.55
Ee Hock Leong Lawrence	1,252,000	0.51
Hong Leong Finance Nominees Pte Ltd	1,219,000	0.49
Hoo Len Yuh	1,024,000	0.41
Citibank Consumer Nominees Pte Ltd	885,000	0.36
Kim Eng Ong Asia Securities Pte Ltd	839,000	0.34
Lem (Lim) Ah Lek	800,000	0.32
Eng Hup Seng Co Sdn Bhd	764,000	0.31
Singapore Nominees Pte Ltd	752,000	0.30
Lin Hua Tien	600,000	0.24
G K Goh Stockbrokers Pte Ltd	577,000	0.23
	150,132,760	60.62

Substantial Shareholders

(as shown in the Register of Substantial Shareholders)

Name	Direct Interests (No. of shares held)	%	Deemed Interests* (No. of shares held)	%
Omali Corporation Sdn Bhd	124,262,760	50.18	-	-
Bright Steel Sdn Bhd	-	-	124,262,760	50.18
Amalgamated Containers Bhd	-	-	124,262,760	50.18
Amsteel Corporation Bhd	-	-	124,262,760	50.18

* Deemed interests pursuant to section 7 of the Company Act, Cap. 50. Omali Corporation Sdn Bhd is a wholly-owned subsidiary of Bright Steel Sdn Bhd, which in turn, is a wholly-owned subsidiary of Amalgamated Containers Bhd. Amsteel Corporation Bhd controls approximately 28.9% of Amalgamated Containers Bhd.

Shareholdings in the Hands of Public

The precentage of shareholdings in the hands of the public was approximately 49.82% and hence the Company has complied with Rule 723 of the SGX-ST Listing Manual which states that an issuer must ensure that at least 10% of its listed securities is at all time held by the public.

Notice of 32nd Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 32nd Annual General Meeting of Lion Asiapac Limited (the "Company") will be held at The Conference Room at 10 Arumugam Road #10-00 Lion Industrial Building Singapore 409957 on Thursday, 21 November 2002 at 11.00 a.m. to transact the following business :-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts and Report of the Directors and Auditors of the Company for the year ended 30 June 2002.

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

   (Note: Mr Cheng Theng How, if re-elected, will remain as an Audit Committee Member and will not be considered an independent Director.)

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

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

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

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

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

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

AS SPECIAL BUSINESS

5. To approve the payment of S$110,500/- as Directors' fees for the year ended 30 June 2002.

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

   "That pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to issue shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50% of the issued share capital of the Company for the time being, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company for the time being, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

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

   "That the Directors of the Company be and are hereby authorised to offer and grant Options in accordance with the provisions of the LAP Share Option Scheme 2000 approved by the Company on 20 September 2000 (the "Scheme 2000") and pursuant to Section 161 of the Companies Act, Chapter 50 to allot and issue from time to time such number of shares in the capital of the Company (the "Shares") as may be required to be issued pursuant to the exercise of the Options under the Scheme 2000 and the Lion Asiapac Executives' Share Option Scheme approved by the Company on 31 March 1998 (the "Scheme 1998") provided always that the aggregate number of Shares to be issued pursuant to the Scheme 2000 and the Scheme 1998 shall not exceed 10% of the total issued share capital of the Company from time to time."

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

By Order of the Board

Tan Yen Hui
Company Secretary

Singapore, 5 November 2002

STATEMENT PURSUANT TO ARTICLE 54A OF THE ARTICLES OF ASSOCIATION OF THE COMPANY :-

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

a) The Ordinary Resolution proposed in item 6 above, if passed, will empower the Directors of the Company to issue shares in the Company up to and not exceeding in aggregate 50% of the issued share capital of the Company for the time being provided that the issue of shares other than on a pro-rata basis shall not exceed 20% of the issued share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority will, unless revoked, varied or substituted by a fresh Shareholders' Mandate at a general meeting, expire at the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

b) The Ordinary Resolution proposed in item 7 above, if passed, will empower the Directors of the Company to offer and grant options under the Scheme 2000 and to allot and issue shares in the capital of the Company pursuant to the exercise of the options under the Scheme 2000 and the Scheme 1998.

NOTES :

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

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

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

LION ASIAPAC LIMITED

(Incorporated in the Republic of Singapore)

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 32nd Annual General Meeting of the Company to be held at The Conference Room, 10 Arumugam Road #10-00 Lion Industrial Building Singapore 409957 on Thursday, 21 November 2002 at 11:00 am and at any adjournment thereof in the following manner.

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

No.	Resolutions	For	Against
	Ordinary Business		
1.	Adoption of Directors' Report, Accounts and Auditors' Report for the year ended 30 June 2002		
2.	Re-election of Mr Cheng Theng How as Director pursuant to Article 91 of the Company's Articles of Association		
3(a)	Re-election of Mr Othman Wok as Director pursuant to Section 153(6) of the Companies Act, Cap. 50		
3(b)	Re-election of Mr Ying Yoke Kwai as Director pursuant to Section 153(6) of the Companies Act, Cap. 50		
4.	Re-appointment of Messrs PricewaterhouseCoopers as Auditors		
	Special Business		
5.	Approval of payment of Directors' fees		
6.	Authority for the Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50		
7.	Authority for the Directors to offer and grant options in accordance with the provisions of the Scheme 2000 and to issue shares pursuant to the exercise of options under the Scheme 2000 and the Scheme 1998		

Dated this ________ day of ____________________ 2002

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

____

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

IMPORTANT: Please read notes overleaf.

NOTES:

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

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

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

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

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

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

GENERAL:

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

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