



Press release

Lionax reports full year 2008 audited results and provides 2009 business update

Paris, October 13th, 2009 - Lionax, the Chinese automotive technology company listed on Euronext, today announced its results for the fiscal year ended December 31st, 2008 and updated on business activity in 2009. Lionax's results were audited and certified by KTO auditors.

Results highlights

- 2008 net income was HKD 5,659,342 compared to HKD 2,178,390 in 2007
- Lionax won a Chinese government grant of HKD 6,628,454
- Full year 2008 revenues of HKD 16,468,576 down from HKD 18,276,268 in 2007
- Lionax expects technology-led return to revenue and profit growth in 2009 and 2010

James Yang, CEO and Board Chairman, commented:

"2008 was a tumultuous year for the automobile industry and led to the near collapse of Ford and the bankruptcy of GM and Chrysler in the US, which in turn led to the cancellation of almost all orders from suppliers in China during the year.

Despite this, Lionax's revenues dropped by only 10% from record levels the year before, thanks to a resilient business model and successful geographic diversification.

Despite a very difficult backdrop for the automotive industry globally in 2008, we continued to develop new products and partnerships during the year and we expect our JV with T-Comm in Europe to breakeven and attain profitability after a new product launch in November of this year.

Our innovation was recognized by the Chinese central government when it awarded us a grant of HKD 6,628,454. The grant went towards the development of a bespoke TPMS system for China's ShenZhou space programme, transport at the Beijing Olympics and other government applications.

Since the low point in the automobile industry earlier this year, we have seen an improvement in market conditions. Lionax's TPMS products provide a competitive safety solution for vehicle manufacturers and owners and, after a difficult year in 2008, we should return to growth in 2009 and 2010."

	Year ended December 31 st , 2008 HKD	Year ended December 31 st , 2007 HKD
Revenue	16,468,576	18,276,268
Cost of sales	(11,683,804)	(12,816,783)
Gross profit	4,784,772	5,459,485
Other revenue and gain	10,334,248	2,699,292
Selling and distribution expenses	(876,573)	(665,255)
Administration expenses	(8,546,562)	(4,639,278)
Other operating expenses	(25,818)	(93,455)
Operating income	5,670,067	2,760,789
Finance cost	(10,725)	(189,267)
Profit before income tax	5,659,342	2,571,522
Income tax expense	-	(393,132)
Net Income	5,659,342	2,178,390
EPS	56.6 cents	21.7 cents

Financial Results

Lionax today announced its consolidated results for the financial year ending December 31st, 2008.

Revenues for the year were down around 9.9% at HKD 16,468,576 as the near collapse of Ford and the bankruptcy of GM and Chrysler in the US saw the cancellation of almost all orders from suppliers in China during the year.

Gross profits dipped 12.4% to HKD 4,784,772.

Operating income was up 105.4% at HKD 5,670,067, reflecting the impact of a significant Chinese government grant for Lionax's involvement in the ShenZhou space programme.

Profits after tax were helped by favourable tax treatment in Hong Kong and China for 2008 and came in at HKD 5,659,342 versus HKD 2,178,390 in 2007 representing a 159.8% increase.

Basic EPS increased 160.8% to HKD 0.57 compared to HKD 0.22 the year before.

Recap of key milestones in 2008

- February 19th, 2008: Kysonix/Lionax receive significant government support to promote the Chinese automotive electronics industry.
- March 11th, 2008: Lionax begins delivering TPMS orders to the European market.
- April 2nd, 2008: Lionax and Semefab collaborate to develop next generation digital pressure sensor for TPMS.
- April 9th, 2008: Lionax begins delivering TPMS orders to the African market.
- April 23rd, 2008: Lionax and T-Comm Tracking & Tracing launch TPMS *P-eye* at the Birmingham Motor Show.
- August 1st, 2008: Lionax delivers 100,000 units to T-Comm Europe.
- August 21st, 2008: Lionax supplies TPMS safeguard for public transportation at the Beijing Olympics.

- September 25th, 2008: Lionax appears on “Hero List” of technology providers for China’s space shuttle Shenzhou-VII launch.
- December 29th, 2008: Lionax launches unique “SecuNavi” product integrating GPS and TPMS functions.

2009 business update

Lionax also took the opportunity provided by its results announcement to update on business highlights of the year-to-date:

- April 7th, 2009: Lionax’s Nanchang facility was visited by a six-strong delegation from the Metro Atlanta Chamber of Commerce exploring opportunities for cooperation in introducing Lionax’s TPMS-related products into the North American RV (recreational vehicle) market.
- April 14th-17th, 2009: Lionax successfully attended AutoTronics Taipei in Taiwan showcasing its technology and winning a number of orders at the show.
- June 15th, 2009: Lionax and Dutch company T-Comm set up a joint venture *Hong Kong Lihold Technology Limited*, which will harness Lionax’s leading digital pressure sensor technology to develop the next generation of TPMS.
- August 16th, 2009: Lionax completed the development of the next generation of *P-Eye*, which applies a commonsense approach to tire safety thanks to the development of an external digital tire pressure sensor that is intelligent, accurate, durable and simple to use.
- September 10th, 2009: Jan Verweij, Chairman and CEO of T-Comm Europe visited Lionax in China to confirm cooperation on the *P-Eye* product and marketing into Europe, signing an exclusive distribution agreement for T-Comm in Europe. An Initial order of 100,000 *P-Eye* units was placed and further orders were forecast for 2010.
- October 2nd, 2009: Lionax completed the development of *SecuTravel*, a multi-functional device incorporating GPS, TPMS, GPL, AIG, etc., for the first time in the same unit, providing simultaneously a cutting-edge wireless navigation solution and a powerful vehicle safety tool.

Outlook

Since hitting a low point in 2008 and early 2009, Lionax has seen a general improvement in market conditions in 2009. The company should return to revenue and profit growth for full year 2009 and expects an even stronger order book in 2010.

This is based on confirmed purchase orders from Europe, including from the successful JV with T-Comm. Lionax expects the T-Comm JV to produce a strong stream of revenues and believes that a further product launch in November of this year should see the venture become profitable early in 2010.

Lionax has also seen greater interest from its home market in China and expects significant growth here over 2010. While the government grant for technology research associated with the ShenZhou space programme in 2008 was a one-off, it demonstrates the high regard for Lionax’s technological innovation in China.

Lionax is currently bidding for a further government grant in relation to new digital pressure sensor technologies and the manufacture of the *P-Eye* product, which, if won, could total HKD 2-3 million.

Finally, in the US, Lionax estimates that its initial target markets are unlikely to return for the next two or three years. However, it is making inroads into new markets, namely the RV (recreational vehicle) and truck market and expects to see new orders in that respect in 2010.

About Lionax

Lionax is listed on Euronext Paris under the stock symbol "MLION" and designs and develops innovative Tire Pressure Monitoring Systems (TPMS), integrated GPS, TPMS and rear view camera systems; and digital pressure sensors for the automotive industry. Lionax's products help its customers enhance safety, save money, reduce CO2 emission and meet regulatory requirements affordably. Lionax makes this possible through technological innovation, manufacturing excellence, research leadership and a best-in-class team of scientists, engineers and management based in China and the US.

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