EUCON HOLDING LIMITED

Annual Report 2007

Enduring Values

Contents

Vision

To be recognised as the market leader in offering outsourced high quality turnkey PCB related services to the PCB manufacturing industry

Mission

To provide technologically advanced high-quality one-stop PCB solutions to fulfill our customers' evolving needs and create value for our stakeholders

Corporate Profile

SGX Mainboard-listed Eucon Holding Limited is an integrated PCB service provider and one of the largest independent PCB drilling service providers in Taiwan and China.

The Group offers four outsourcing services, namely, PCB manufacturing, laser drilling, mechanical drilling and routing to leading PCB manufacturers through its six subsidiaries. It has six manufacturing plants, one based in Taiwan and the other five are located in Shanghai.

The Group's business origins can be traced back to Taiwan where it first provided outsourced mechanical drilling services in 1988. Keeping ahead of market trends, Eucon became one of the first few companies in Taiwan to offer laser drilling which is more precise and accurate for high-end products such as laptops and mobile phones. Currently, its Taiwan plant specialises in laser drilling.

The five Shanghai plants offer a suite of services for PCB manufacturing, which include production of inner-layer boards and outer-layer boards, mechanical drilling, laser drilling, routing and mass lamination.

Propagating Passion: Interest cultivates into a passion that captivates, transforms and sustains.

Perks of Perseverance: Growth is not always apparent, but patience and persistence bear fruit.

Pruned to Perfection: Reduction spurs increase; pruning, growth. Thus, perfection is a constant.

Chairman's Message

Wen Yao-Long
Executive Chairman & CEO

Dear Shareholders

First and foremost, we would like to thank you for your continued support and interest in Eucon Holding Limited. Financial Year 2007 was indeed a challenging year for the Group as it faced unfavourable market conditions and pressures. However, the Group has responded well to these challenges. We believe we have enough strengths and capabilities to weather the difficult times in our industry. We look forward to your continual support while we strive to deliver a better performance in FY2008.

Financial Review

In FY2007, the Group achieved a modest 4% growth in the top line. Revenue increased to $116.1 million from $111.8 million in FY2006. The single-digit increase was mainly due to improved sales revenue from mechanical drilling and PCB manufacturing businesses.

Gross Profit decreased 46% from $35.0 million in FY2006 to $18.7 million. This is attributed to lower-than-expected sales from laser drilling and increased cost of sales. Gross Profit Margin reduced from 31.3% in FY2006 to 16.1% in FY2007. As a result, Group Net Profit decreased 53% from $15.3 million in FY2006 to $7.3 million in FY2007.

The higher cost of sales is attributable to higher production costs which are due to rising market prices of raw materials such as copper. Regrettably, these sharp increases cannot be fully translated into higher selling prices and passed on to customers in full. Also, our profit margin was eroded by the unexpectedly lower demand for laser drilling, our traditionally most profitable business segment.

We believe we have enough strengths and capabilities to weather the difficult times in our industry.

Despite lower profitability in FY2007, the Group is still in a positive cash flow, with net cash position of $21.0 million. Earnings per share stood at 1.16 cents relative to 2.69 cents in FY2006. Net Asset Value per ordinary share rose from 15.28 cents in FY2006 to 15.60 cents in FY2007.

Although there has been intensified competition in the PCB services industry in China recently; and in particular many companies of smaller-scale operations have emerged, we are confident that our track record, experience, network and resources will give us a distinct competitive edge over the new entrants. We believe that the Group has enough critical mass, nimbleness and expertise to strengthen our business model in the face of changing market conditions, so as to achieve sustainable growth in our top and bottom line.

Dividend

The directors do not recommend or declare dividend for the financial period ended 31 December 2007.

Acknowledgements

On behalf of the Board and the management, we would like to thank our employees for their passion and commitment during the past year. We would also like to express our gratitude to our shareholders, customers and business associates for their unwavering support the past few years.

We will continue to strive for excellence in our business operations and to return value to our shareholders in FY2008!

Wen Yao-Long
Executive Chairman & CEO

Operations Review

PCB Operations

As the largest revenue contributing segment, our PCB manufacturing business has seen gradual and steady growth of 6% since FY2006. Compound Annual Growth Rate for revenue from FY2004 to FY2007 stands at 74%.

Increase in contracts with customers that require our PCB manufacturing services lifted the revenue of this key business segment to $75.9 million, an increase from $71.7 million in the previous year. The slower growth in revenue for this segment is due to growing competition in the industry.

Over the past year, the Group has clinched significant business from new customers. To cater for the growth in demand, the Group has also strengthened its production capability by increasing various PCB manufacturing facilities.

Drilling and Routing Services

Revenue for drilling and routing services saw a minimal increase, from $40.1 million in FY2006 to $40.3 million in FY2007. This is due to a reduction of 18% in revenue for laser drilling and routing services over the year. However this was more than offset by a 30% improvement in sales from the mechanical drilling segment.

In FY2007, the Group has also made several investments in machineries and equipment to cater for growth in demand in the long run. For the China-based production plant, Shanghai Lian Han Xin, which was set up in December 2006, the Group purchased 50 Computer Numeric Controlled (CNC) mechanical drilling machines during the year.

In 3Q07, the Group also purchased another seven laser drilling machines each, for Taiwan's LGANG Optronics and China's Shanghai Zhuo Kai production plants. With an increased operational capacity, the Group looks forward to meeting new orders from customers.

In FY2007, the Group has also made several investments in machineries and equipment to cater for growth in demand in the long run.

China continued to be the key revenue generator. This market, where our PCB manufacturing activities are based, accounts for $102.6 million sales or 88.3% of Group Revenue in FY2007, as compared to $93.2 million in the previous financial year. In Taiwan, revenue decreased 27.0% from $18.5 million in FY2006 to $13.5 million in FY2007, due to the lower demand for laser drilling services

Overall, the Group has seen a great increase in staff strength from 1852 in FY2006 to 2546 in FY2007. The increase is due mainly to the improving operations in production plant at Shanghai Lian Han Xin, which was established in December 2006.

Industry Outlook

The PCB-related service industry is integral to the electronic products industry as it supports the production of a wide range of consumer electronic products ranging from telecommunications, computers and laptops, to consumer household devices and gaming/entertainment products. We believe that overall, there should be an upward trend in demand for consumer electronic products and especially those which are more technically sophisticated in terms of PCB requirements.

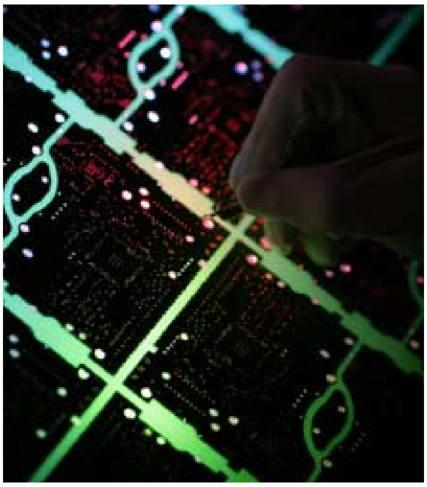
PRC Regulatory Framework

More stringent requirements in the Chinese environmental regulations may also affect businesses in China, as enterprises need to devote more resources to ensure that their operations comply with sustainable development criteria. The revised employment law and regulations in particular may also have implications which may entail additional operational costs.

Hence, these regulatory changes may have a certain impact on the Group's China operations. However, the Group will monitor and if necessary, undertake some operational adjustments to minimise the negative effects caused.

The first two months of FY2008 have also seen unprecedented bad weather conditions in China. Like most manufacturers, our PCB operations have been affected especially in the areas of logistics and transportation. At the same time, some of the Group's customers and business associates have also seen a decrease in their business activities.

However, forecasts on the general electronics industry still indicate a positive outlook. In United States, for instance, the Consumer Electronics Association has predicted a 6.1% growth in consumer electronics this year, fueled by 13% growth in TV sales, 173% growth in next-generation



Operations Review

DVD players, and 50% growth in video game consoles. On the other hand, a 7% rise in worldwide electronics equipment revenue, driven primarily by data processing and wireless communications markets has been forecasted by iSuppli, an electronics market intelligence agency[1].

At the same time, consumer preference for flat technology in television sets and displays is also growing, thanks to the emergence of High Definition Television (HDTV) technology and declining LCD prices. With these encouraging market forecasts, we believe the general market demand for electronic products will in turn generate higher demand for drilling, routing and PCB manufacturing services.

In particular, our laser drilling activities in both Taiwan's LGANG Optronics and China's Shanghai Zhuo Kai have seen a promising turnaround in the first two months of FY2008. The new generation of electronic consumer products requires greater requirement for laser drilling. HDI PCBs and IC substrates found in sophisticated electronic products now require up to four times of laser drilling. As a result, our sales for laser drilling for the first two months in 2008 are highly encouraging.

In addition, we have noted a steady growth in demand for China's Shanghai Zhuo Kai's laser drilling services since 2004. As Shanghai Zhuo Kai is currently in the process of restructuring, the management believes the restructuring programme will unlock the unrealised potential and bring greater value to the Group.

1. Bob, C. (2008, February 15). Electronic Component Orders Dip, but 2008 Outlook Remains Bright. *Reuters*. Retrieved February 27, 2008, from Reuters.

Cost Control Strategy

The management is currently exploring various ways of improving operational and production efficiency so as to reduce the cost of sales. The escalating price of raw materials such as copper has contributed to the cost of sales. In view of the fact that the increase in copper prices is not likely to be passed on totally to our customers, our quality control team for PCB operations will be adopting stricter standards in supervision and inspection during the production processes. This is done to minimise the likelihood of inaccuracies which may in turn require more raw materials.

Lastly, we hope to continue striking a balance in all business segments so as to achieve a diversified earnings base that can cushion against changes in market demand. Also, we will make timely reviews of the potential growth in the various segments and allocate or increase resources to tap on opportunities and cater for future demand growth.

We believe there are also many untapped, new opportunities emerging in the market and we will strengthen our business development strategies to build on our network and to clinch more contracts. With improved utilisation rates and contained cost structure, the Group aim to deliver an improved performance in FY2008.

Board of Directors

1	2
3	4
5	6

1 Wen Yao-Long
Founder, Executive Chairman and Chief Executive Officer

Mr Wen has been instrumental in charting out business directions and spearheading the Company's growth. He is responsible for the overall management of the Group including operational and financial matters. He started the Company in 1988 when he seized the opportunity to provide outsourced mechanical drilling services to PCB manufacturers in Taiwan. Since then, he has been expanding the Group's business by moving into PCB manufacturing in China, and establishing plants to provide a suite of services including laser drilling, PCB operations, routing and mass lamination. A high school graduate, Mr Wen has more than 15 years of experience in the PCB industry.

2 Wen Yao-Chou
Co-Founder and Executive Director

Mr Wen has more than 15 years of experience in the PCB industry. Responsible for the sales and marketing functions of our Group, Mr Wen is involved in developing our clientele base, servicing our customers and developing our overseas business. He is a high school graduate.

3 Chen Ming-Hsing
Non-Executive Director

Mr Chen has more than 20 years of experience in the electronic manufacturing services industry. His industry knowledge and invaluable advice has been useful in identifying the industry trends and forging the Group's business directions. Mr Chen is currently the Chairman of Allstar Tech. (Zhonshan) Co., Ltd, an electronic company incorporated in China since April 2006, and also the Chairman of Trendtronic Technology since January 2008. He holds a Bachelor of Arts Degree in Physical Education from the Chinese Culture University, Taiwan, and an Executive Master of Business Administration Degree from the National University of Singapore.

4 Ong Sim Ho
Lead Independent Director

Mr Ong is a practising lawyer and a Director at Drew & Napier LLC where he heads the tax practice group. Mr Ong holds both a Bachelor in Accountancy and a Bachelor of Laws (Honours) Degree. He is a non-practising Certified Public Accountant in Singapore and a member of the Singapore Institute of Directors. He serves on the Board of Emirates National Oil Company (Singapore) Pte Ltd, Innovalues Limited, Metal Components Engineering Limited, Sunningdale Tech Limited, TM Asia Life Singapore Ltd, TM Asia Insurance Singapore Ltd and Unidux Electronics Limited.

5 Seow Han Chiang, Winston
Independent Director

Mr Seow is a partner of KhattarWong. He was called to the Singapore Bar in 1995 and has been a practising advocate and solicitor of the Supreme Court of Singapore since then. He holds a Bachelor of Law (Honours) degree from the National University of Singapore. Mr Seow is also an Independent Director of several public listed companies including Oculus Limited, Link Hi Holdings Limited and Epure International Ltd.

6 Er Kwong Wah
Independent Director

Mr Er is currently an Executive Director of EASB Institute of Management. He is also an Independent Director for several public listed companies including China Essence Group Ltd, China Oilfield Technology Services Group Ltd, China Sky Chemical Fiber Co Ltd, COSCO Corporation (S) Ltd, Firstlink Investment Corporation Ltd, GKE International Ltd, Sun East Group Ltd, Thai Prime Fund Ltd, Unidux Electronics Ltd and Vita Holdings Ltd. A former Permanent Secretary in the Singapore Civil Service, he had served in various ministries before his retirement. He is currently the Chairman of the Toa Payoh Central Citizens Consultative Committee and a member of the Bishan-Toa Payoh Town Council. A Colombo Plan and Bank of Tokyo Scholar, he obtained a first class honours degree in Electrical Engineering at the University of Toronto, Canada, in 1970 and an MBA from the Manchester Business School, University of Manchester in 1978.

Management Team

LOO MING-CHIANG
Vice General Manager of LGANG

Besides being responsible for the production and engineering functions of the Group, Mr Loo constantly reviews our production processes to maximise our equipment efficiency. He was the plant manager of Lgang in 1998 before promoted to his current position in 1999. Prior to joining Eucon, he had worked with Century Circuits, Inc., Silicon Master Technology Co. Ltd and Orient First Industry Co., Ltd. Mr Loo graduated from the Naval Academy, Taiwan, with majors in electronics communications. Mr Loo has resigned on 29 February 2008.

CHAN HUI-CHUNG
Vice General Manager of Shanghai Zhuo Kai

Ms Chan is the spouse of our Director, Wen Yao-Long. She is responsible for the financial functions at Shanghai Zhuo Kai and assists the General Manager in the operations of Shanghai Zhuo Kai. Before assuming her current responsibilities, she was the Financial General Manager of Lgang from 1993 to 2000, and Vice General Manager of Lgang from 2000 to 2003. Ms Chan is a high school graduate.

LIN KUO-FENG
Vice General Manager of Shanghai Zeng Kang, Shanghai Yaolong and Shanghai Lian Han Xin

Mr Lin is responsible for overseeing the overall operations of Shanghai Zeng Kang, Shanghai Yaolong and Shanghai Lian Han Xin. Prior to joining the Group, he held senior management positions with Xiamen Three Well Dress Co. Ltd and Guangdong Gingxi Textile Co., Ltd. Mr Lin is a high school graduate.

LEE TUNG-CHEN
Vice General Manager of Shanghai Zhuo Kai and Shanghai Eu Ya

Mr Lee is responsible for the production, engineering and quality assurance functions of Shanghai Zhuo Kai and Shanghai Eu Ya. Prior to this, he was the Vice General Manager of Circuitech Electronics Inc and Ching Shi Technology Co. Ltd. Mr Lee holds a Diploma in Chemical Engineering from Lunghwa Junior College of Technology, Taiwan.

CHIEN WAN-HSIN
Chief Financial Officer

Mr Chien is responsible for the accounting, financial and taxation functions of the Group. Prior to joining Lgang as Finance Manager in June 2001, he was an audit partner with a public accounting firm in Taiwan. Mr Chien holds a Bachelor Degree in Business Administration from the National Taiwan University, Taiwan, and is a member of Taipei Certified Public Accountants Association.

LECK SIEW HUAN, CAROL
Group Accountant

Ms Leck's responsibilities include assisting the Chief Financial Officer on Group financial matters as well as managing Eucon's investor relations. She joined the Group in July 2007 and has over 10 years of financial and management reporting experience. She is a member of the Association of Chartered Certified Accountants.

Subsidiaries

TAIWAN

LGANG Optronics Technology Co., Ltd
Offers laser drilling services to PCB manufacturers in Taiwan

SINGAPORE

Leeya International Pte Ltd
Dormant

CHINA

Shanghai Zeng Kang Electronic Co., Ltd
Offers mechanical and routing services to customers in Southern Shanghai

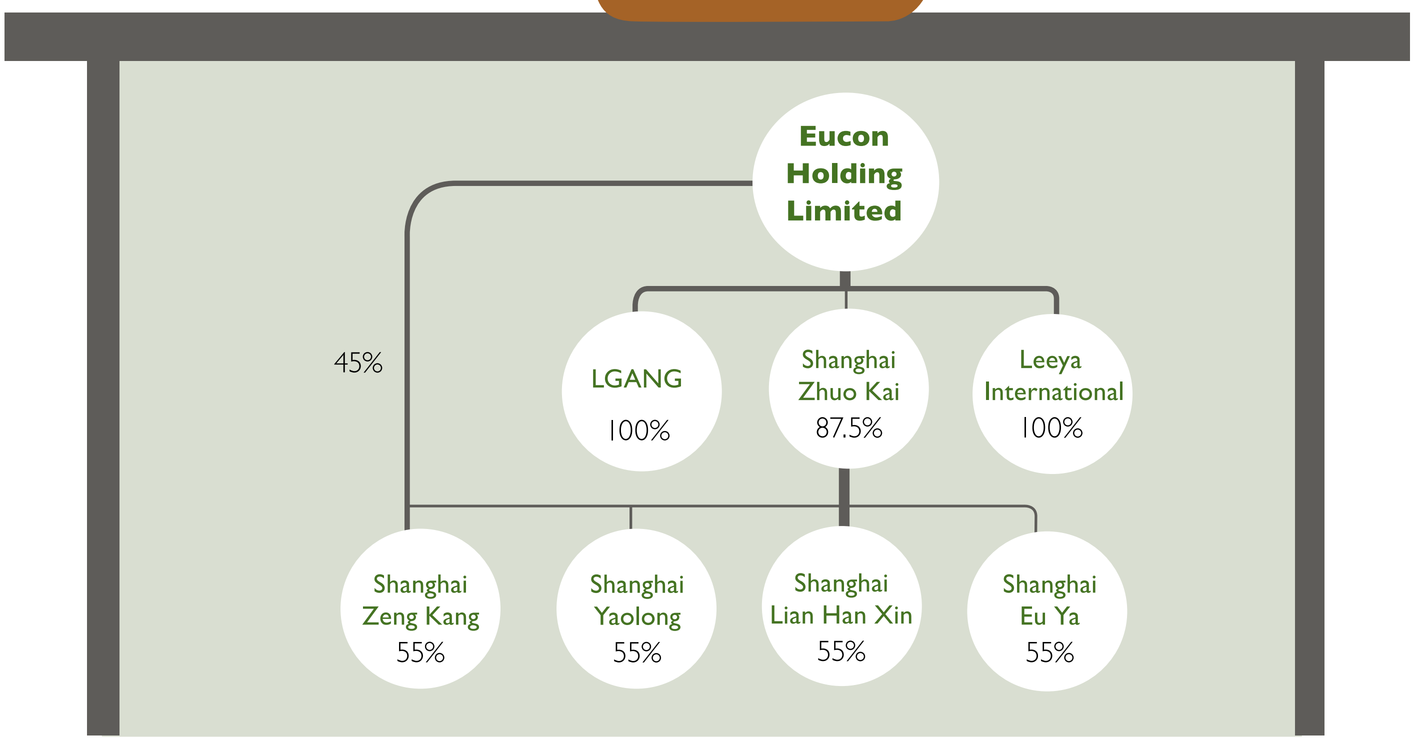
Shanghai Yaolong Electronic Technology Co., Ltd
Offers mechanical drilling and routing services to customers in Northern Shanghai

Shanghai Zhuo Kai Electronic Technology Co., Ltd
Provides PCB manufacturing and laser drilling services

Shanghai Eu Ya Electronic Technology Co., Ltd
Manufactures laminate boards for use in the production of PCBs

Shanghai Lian Han Xin Electronic Technology Co., Ltd
Offers mechanical drilling services

Group Structure



5 Year Financial Highlights

Group Profit & Loss ($'m)

(for the year ended December 31)	2003	2004	2005	2006	2007
Revenue	29.7	41.8	74.7	111.8	116.1
Gross profit	14.5	18.6	29.5	35.0	18.7
Operating profit*	11.1	12.1	16.9	18.8	3.3
Profit before tax	10.1	10.6	15.1	16.4	7.3
Profit attributed to shareholders	10.0	8.3	12.6	15.3	7.3

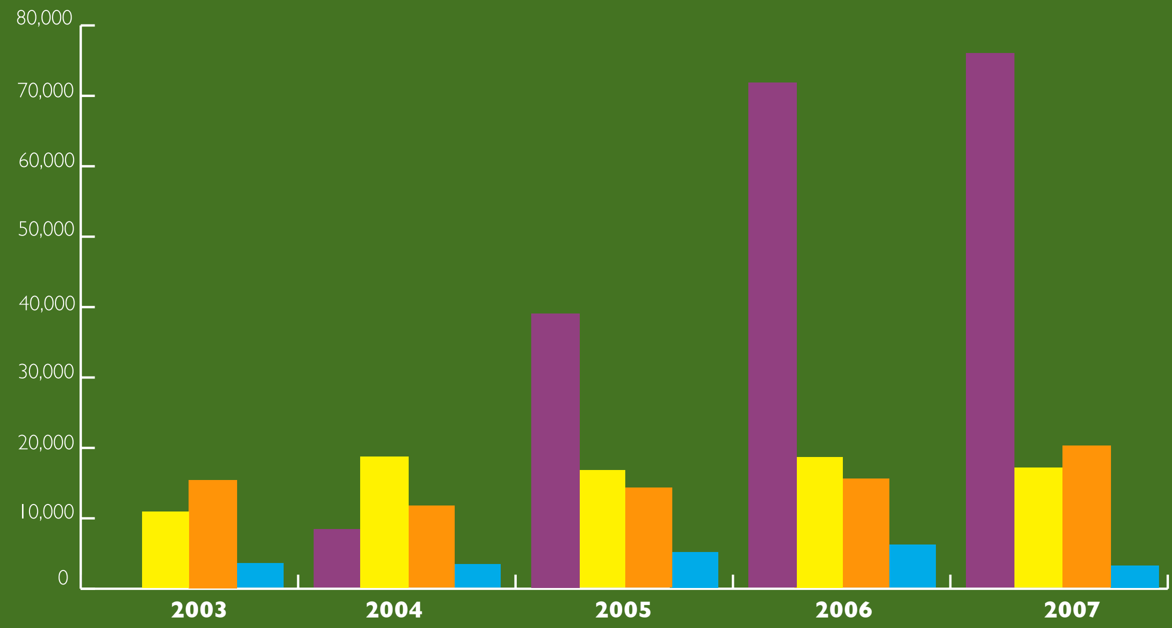
*excluding one-off gain of $4.07million from sale of 12.5% stake in our subsidiary, Shanghai Zhuo Kai

Group Balance Sheet ($'m)

(for the year ended December 31)	2003	2004	2005	2006	2007
Property, plant and equipment	64.5	91.1	90.4	117.3	129.4
Cash and bank	7.7	9.0	15.3	20.0	27.1
Other assets	24.8	20.5	47.5	55.5	78.9
Total assets	97.0	120.6	153.2	192.8	235.4
Shareholders' equity	44.2	71.0	83.0	91.0	92.8
Total borrowings	32.6	31.8	41.3	55.3	84.9
Other liabilities	20.2	17.8	28.9	46.5	51.3
Minority interest	-	-	-	-	6.4
Total liabilities and equity	97.0	120.6	153.2	192.8	235.4

Financial Ratios	27.3	14.4	16.3	17.6	7.9
Return on average shareholders' equity (%)	13.0	7.6	9.2	8.8	3.4
Return on average assets (%)	0.6	0.3	0.3	0.4	0.6
Net gearing ratio	0.8	0.6	1.0	0.8	0.9
Working capital ratio					
	2003	2004	2005	2006	2007
Per Share Data (cents)	2.96	1.72	2.21	2.69	1.16
Earnings after tax	9.11	11.76	13.87	15.28	15.60
Net assets					

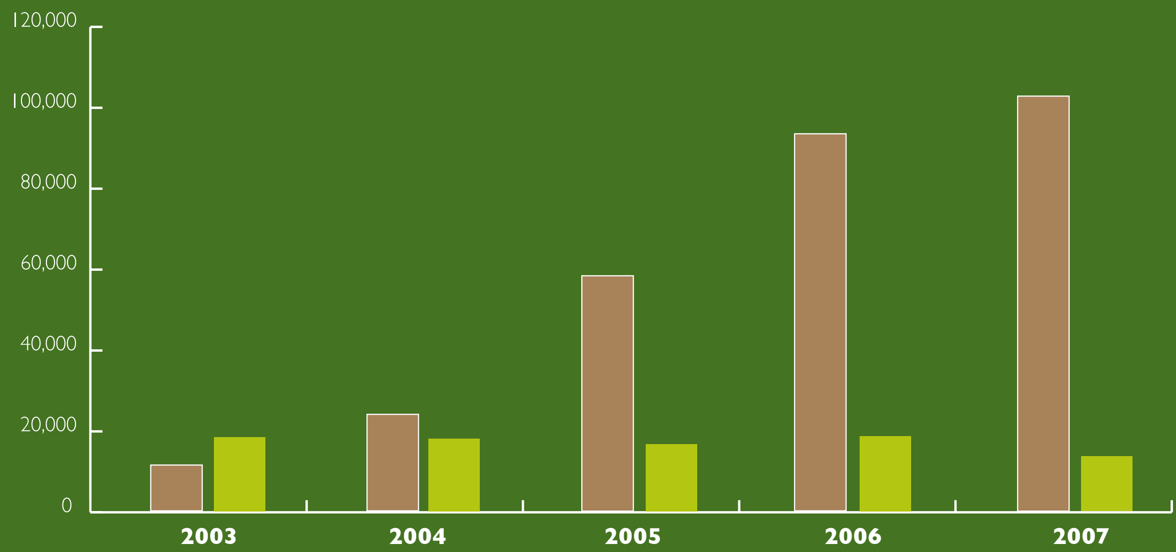
Revenue Mix by Business



NA	8,268	38,915	71,670	75,860
10,806	18,608	16,618	18,545	17,011
15,376	11,645	14,154	15,436	20,121
3,472	3,299	5,054	6,102	3,146

PCB Manufacturing   Laser Drilling Services   Mechancial Drilling Services   Routing

Revenue Mix by Geographical



11,323	23,854	58,184	93,207	102,596
18,331	17,966	16,556	18,545	13,542

China   Taiwan

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Wen Yao-Long
(Chairman & CEO)

Wen Yao-Chou

Non-Executive Director

Chen Ming-Hsing

Independent Directors

Ong Sim Ho
(Lead Independent Director)

Seow Han Chiang, Winston

Er Kwong Wah

AUDIT COMMITTEE

Ong Sim Ho
(Chairman)

Seow Han Chiang, Winston

Er Kwong Wah

NOMINATING COMMITTEE

Er Kwong Wah
(Chairman)

Seow Han Chiang, Winston

Chen Ming-Hsing

REMUNERATION COMMITTEE

Seow Han Chiang, Winston
(Chairman)

Ong Sim Ho

Er Kwong Wah

COMPANY SECRETARIES

Tan Cheng Siew

Chan Wai Teng, Priscilla

REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS

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Fax: (65) 6345 6079
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SHARE REGISTRAR

Boardroom Corporate &
Advisory Services Pte Ltd
3 Church Street #08-01
Samsung Hub, Singapore 049483

AUDITORS

Deloitte & Touche
Certified Public Accountants
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809

Partner-in-charge: Lim Kuan Meng
Date of Appointment: 1 June 2007

Financial Report

Corporate Governance

The company recognises the importance of and is committed to setting and maintaining high standards of corporate governance to protect shareholders' interest and enhance shareholders' value and corporate transparency. This report outlines the company's corporate governance processes and activities during the financial year, with specific reference to the Code of Corporate Governance (the "Code").

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The board of directors is entrusted with the responsibility for the overall management of the business and affairs of the company and its subsidiaries (the group). It delegates day-to-day operations to management, while reserving certain key matters for its approval.

Key functions of the board include providing entrepreneurial leadership, setting of strategic aims, and ensuring that the necessary financial and human resources are in place for the group to meet its objectives; establishing a framework of prudent and effective controls which enables risk to be assessed and managed; reviewing management performance; setting the group's values and standards, and ensuring that obligations to shareholders and others are understood and met. The board regularly reviews the business plans and the financial performance of the group.

The directors together with the company secretary are responsible for ensuring that the board procedures are followed and that applicable rules and regulations are complied with. The company secretary administers, attends and prepares minutes of all board and specialised committee meetings. She assists the Chairman in ensuring that the board procedures are followed and regularly reviewed to ensure effective functioning of the board, and that the company's Memorandum and Articles of Association and relevant rules and regulations, including requirements of the Companies Act and the Singapore Exchange, are complied with. She also assists the Chairman and the board in implementing and strengthening corporate governance practices and processes with a view to enhance long-term shareholder value. She is also the primary channel of communication between the company and the Singapore Exchange.

To facilitate effective management, the board delegates certain functions to the various board committees, each of which is subject to the board's approved terms of reference and whose actions are reported to and monitored by the board.

The board's approval is required for matters such as corporate strategy, mergers and acquisitions, announcements, approval of the group's quarterly results, annual results and accounts, interested person transactions of a material nature, authorisation of major transactions, declaration of interim dividends and proposal of final dividends, appointment or removal of company secretary and auditors, and convening of shareholders' meetings.

All new directors appointed to the board have visited the group's factories and facilities and have been briefed on the group's business activities and its strategic direction. They have also been given all relevant corporate materials and documents such as latest Annual Report and Summary Financial Statements to assist them to better understand the structure and operations of the group.

The company has on-going training budget for directors to attend training programmes relating to their duties as directors.

The board meets at least 4 times a year regularly on a quarterly basis and as warranted. Ad hoc meetings are also convened to deliberate on urgent substantive matters. The company's Articles of Association allows a board meeting to be conducted by way of telephone conference or videoconference. Details of the number of board meetings held in a year as well as the attendance of each board member at those meetings and meetings of the various board committees are disclosed below.

DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

Period covering January to December 2007

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Name of Director	**No. Held**	**Attended**	**No. Held**	**Attended**	**No. Held**	**Attended**	**No. Held**	**Attended**
Wen Yao-Long	6	6	-	-	-	-	-	-
Wen Yao-Chou	6	6	-	-	-	-	-	-
Chen Ming-Hsing	6	5	-	-	-	-	-	-
Ong Sim Ho	6	5	4	4	1	1	3	3
Seow Han Chiang, Winston	6	6	4	4	1	1	3	3
Er Kwong Wah	6	6	4	4	NA	NA	2	2

Principle 2: Board Composition and Guidance

Currently, the board has six directors comprising two executive directors, one non-executive director and three independent non-executive directors. They are Wen Yao-Long (Executive Chairman), Wen Yao-Chou, Chen Ming-Hsing, Ong Sim Ho, Seow Han Chiang, Winston and Er Kwong Wah respectively.

The independence of each director is reviewed annually by the Nominating Committee ("NC"). The NC is satisfied that more than one-third of the board comprises independent directors.

The NC is of the view that the current board size is appropriate, taking into account the nature and scope of the business and operations of the group. The board consists of high caliber members with a wealth of knowledge, expertise and experience. They contribute valuable direction and insight, drawing from their vast experience in matters relating to accounting, finance, law, business and general corporate matters.

The non-executive directors constructively challenge and help develop proposals on strategy and also review the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance.

Principle 3: Chairman and Chief Executive Officer ("CEO")

Currently, Mr Wen Yao-Long serves as Chairman of the board and CEO of the company. The scale of the business does not warrant a division of these positions. Further, the company had appointed Mr Ong Sim Ho, an independent non-executive director, as lead independent director. The lead independent director is available to shareholders in circumstances where shareholders' concerns raised through normal channels to the Chairman, CEO or Chief Financial Officer has failed to resolve or where such contact is inappropriate.

The Chairman's principal role is to manage the business of the board and the board committees; lead the board to ensure its effectiveness on all aspects of its role and set its agenda; ensure that the directors receive accurate, timely and clear information; ensure effective communication with shareholders; encourage constructive relations between the board and management; facilitate the effective contribution of non-executive directors in particular; encourage constructive relations between executive directors and non-executive directors; and promote high standard of corporate governance. The Chairman also advises on the Group's business strategy.

The CEO bears executive responsibility for the day-to-day operations of the group.

Principle 6: Access to Information

Management provides adequate and timely information to the board on the Group's affairs and business issues which require the board's decision. A quarterly report of the Group's financial and operational performance is also provided to the board.

Prior to each board meeting, the management will prepare and send board papers to the board so that the board members can better understand the matters before the board meeting. This also assist the board to focus on relevant issues and concerns during the board meeting.

The directors have separate and independent access to the company's senior management and the company secretary at all times. The company adopts a policy which welcomes directors to request for explanations and briefings from or informal discussions with management on any aspects of the Group's operations or business issues. The Chairman will make the necessary arrangements to accede to these requests.

The board takes independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. Subject to the approval of the Chairman, directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the company.

The following committees assist the board in the execution of its duties:

Principle 4: Board Membership
Principle 5: Board Performance

Nominating Committee ("NC")

Currently, the members of the NC are Er Kwong Wah (Committee Chairman), Seow Han Chiang, Winston and Chen Ming-Hsing. All the members are non-executive directors, of whom a majority of the members, including the Chairman, are independent non-executive directors. Mr Er Kwong Wah is not, nor directly associated with, a substantial shareholder.

The Terms of Reference of the NC include:-

- making recommendations to the board on all board appointments and re-appointments,
- reviewing and determine the independence of each director and ensure that at least one-third of the board comprises independent directors,
- reviewing and evaluating whether or not a director is able to and has been adequately carrying out his duties as director of the company, when he has multiple board representations,
- reviewing the skills required by the board, and the size of the board annually,
- determining how the board's performance may be evaluated, and proposing performance criteria to assess effectiveness of the board as a whole and contribution of each director,
- formal assessment of the effectiveness of the board as a whole and individual directors, and
- formulating succession plan.

The NC has adopted internal guidelines to address competing time commitments faced by directors serving on multiple boards.

In the nomination and selection process for new directors, the NC identifies the key attribute that an incoming director should have based on the attributes of the existing board and the requirement of the Group. Then, the NC taps on the resources of the board's personal contacts and recommendations of potential candidates, and goes through a short listing process. Interviews are conducted with potential candidates to assist NC members to make their recommendation to the board.

Article 89 of the company's Articles of Association requires at least one-third of the directors to retire from office at the company's Annual General Meeting. In addition, Article 88 of the company's Articles of Association provides that a newly appointed director must submit himself for re-election at the Annual General Meeting following his appointment.

The dates of initial appointment and last re-election of each director are set out as follows:-

Name of Director	Current appointment	Date of initial appointment	Date of last re-election	Due for re-election at next AGM
Wen Yao-Long	Executive	2 January 2003	25 April 2005	Retirement by rotation (Article 89)
Wen Yao-Chou	Executive	2 January 2003	27 April 2007	NA
Chen Ming-Hsing	Non-Executive	2 January 2003	27 April 2006	NA
Ong Sim Ho	Non-Executive/Independent	19 July 2004	27 April 2007	NA
Seow Han Chiang, Winston	Non-Executive/Independent	7 July 2005	27 April 2006	Retirement by rotation (Article 89)
Er Kwong Wah	Non-Executive/Independent	8 September 2006	27 April 2007	NA

Other key information on the individual directors of the company is set out in the "Board of Directors" section of this Annual Report. Their shareholdings in the company are also disclosed in the Report of the Directors.

The NC has adopted a process for assessing the effectiveness of the board as a whole and for assessing the contribution by each director. The NC considered a number of performance criteria. For board evaluation, board size and composition, board processes, board information and accountability and board performance in relation to discharging its principal functions and responsibilities and financial targets were assessed. For individual director evaluation, the NC assessed whether the directors continue to contribute effectively and demonstrate commitment to their roles, including attendance at the board and committee meetings, their industrial knowledge and/or functional expertise and any other duties.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

Remuneration Committee ("RC")

Currently, the members of the RC are Seow Han Chiang, Winston (Committee Chairman), Ong Sim Ho and Er Kwong Wah, all of whom are independent non-executive directors.

The RC has access to expert advice, inside and/or outside the company, in the field of executive compensation where required.

The RC meets at least once a year and when necessary. The Terms of Reference of the RC include:-

- recommending to the board a framework of remuneration for the board and the CEO with a goal to retain and motivate them through competitive compensation and progressive policies, and determining specific remuneration packages and terms of employment for each of the directors and the CEO, taking into consideration all aspects of remuneration (including but not limited to director's fees, salaries, allowances, bonuses, options, and benefits in kind) and remuneration packages within the industry and comparable companies,

- ensuring that remuneration package for employees related to directors, CEO or substantial shareholders of the company is in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes, levels of responsibilities and levels of performance,
- reviewing the remuneration of senior management, and
- recommending executives' and employees' share option scheme or any other long term incentive schemes which may be set up from time to time.

No director is involved in deciding his own remuneration. Directors' fees are recommended to the board for approval at the company's AGM.

The independent directors and non-executive director receive a basic fee and an additional fee for serving on any of the committees in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the directors and the need to pay competitive fees to attract, retain and motivate the directors. The total amount of directors' fees is subject to the approval of the shareholders at the AGM.

The executive directors do not receive directors' fees. The remuneration for the executive directors and the key senior executives comprises a basic salary component and a variable incentive bonus if the consolidated profit before tax of the group exceeds S$10 million. The first service contracts entered into with the executive directors were for an initial period of three years which expired on 30 June 2007. New service contracts were entered into with effect from 1 July 2007.

A breakdown, showing the level and mix of each individual director's remuneration payable for the financial year ended 31 December 2007, is as follows:-

Remuneration	**Directors' Fees (%)**	**Salary (%)**	**Variable Incentive Bonus (%)**	**Total (%)**
S$250,000 - S$499,999				
Wen Yao-Chou*	-	100	-	100
S$750,000 - S$999,999				
Wen Yao-Long*	-	100	-	100
Below S$250,000				
Ong Sim Ho	100	-	-	100
Seow Han Chiang, Winston	100	-	-	100
Chen Ming-Hsing	100	-	-	100
Er Kwong Wah	100	-	-	100

* Wen Yao-Long and Wen Yao-Chou are brothers.

The remuneration of the top five executives of the Group for the financial year ended 31 December 2007 is shown in the following bands:-

	Salary	Bonus	Post employment benefits	Total
Below $250,000				
• Chan Hui-Chung**	90	10	-	100
• Lee Tung-Chen	89	11	-	100
• Loo Ming-Chiang	88	8	4	100
• Lin Kuo-Feng	86	14	-	100
S$250,000 - S$499,999				
• Chien Wan-Hsin	86	11	3	100

** Chan Hui-Chung is the wife of Wen Yao-Long who is the Executive Chairman/Chief Executive Officer and substantial shareholder of the company. Her remuneration includes a basic salary and variable bonus of approximately $220,500 for the financial year ended 31 December 2007.

The RC also administers the Eucon Employee Share Option Scheme (the "ESOS"). Details of the ESOS are set out in the directors' report. No options have been granted under the ESOS since listing. In evaluating long-term incentive schemes, the RC takes into consideration the costs and benefits of such schemes.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The company has adopted quarterly results reporting since its listing. The company will hold media and analyst briefing of its quarterly and full-year results, when deem fit. The press release and the quarterly and full-year results will be published through the SGX-NET for the public and shareholders' information.

Principle 11: Audit Committee ("AC")

Currently, the members of the AC are Ong Sim Ho (Committee Chairman), Seow Han Chiang, Winston and Er Kwong Wah & all of whom are independent non-executive directors.

All members bring with them invaluable experience in the public sectors, and managerial and professional expertise in the finance, legal and business management spheres. The board is of the opinion that they have sufficient financial expertise to discharge the AC's functions.

The AC meets once every quarter and when necessary. The AC also meets once with internal and external auditors, without the presence of the company's management.

The AC is guided by the Terms of Reference, which include, amongst other responsibilities: reviewing quarterly and full year financial statements, audit plans of internal and external auditors, effectiveness of the internal audit function, adequacy of the internal controls and risk management policies and systems established by management, effectiveness and independence of external auditors, interested person transactions; investigating suspected fraud or irregularity and; making recommendations to the board on the appointment, re-appointment and removal of the external auditors. The AC reviews the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance.

The AC has explicit authority to investigate any matters within its terms of reference and has full access to and cooperation from management, full discretion to invite any director or executive officer to attend its meetings, direct access to internal and external auditors and reasonable resources to enable it to discharge its functions.

The AC conducted an annual review of the scope and results of the audit and its cost effectiveness, as well as the independence and objectivity of the external auditors and had also undertaken a review of the volume of non-audit services provided by the external auditors. The AC assessed whether the nature and extent of those services might prejudice the independence and objectivity of the external auditors before confirming its re-nomination. The AC was satisfied that such services did not affect the independence of the external auditors.

The AC has put in place a whistle-blowing policy and procedures by which staff of the company may, in confidence, raise concerns about possible improprieties in financial reporting or other matters.

Principle 12: Internal Controls

The company's internal and external auditors have conducted an annual review in accordance with their audit plans, of the effectiveness and adequacy of the company's material internal controls, including financial, operational and compliance controls, and risk management policies and procedures. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC has also reviewed the effectiveness of the actions taken by the management on the recommendations made by the internal and external auditors in this respect.

The board believes that, in the absence of any evidence to the contrary, the system of internal control maintained by the company's management that was in place throughout the financial year and up to the date of this report, provides reasonable, but not absolute, assurance against material financial misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Principle 13: Internal Audit

The board recognises that it is responsible for maintaining a system of internal control processes to safeguard shareholders' investments and the group's business and assets. The effectiveness of the internal financial control systems and procedures are monitored by the management and the internal audit function is out-sourced to an international public accounting firm. The internal auditor reports primarily to the Chairman of the AC.

The internal auditor plans its internal audit schedules in consultation with the AC, independent of the management. The audit plan will be submitted to the AC for approval prior to the commencement of the internal audit. The AC reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring the implementation of improvements required on identified internal control weaknesses. The AC will ensure that the internal audit function is adequately resourced and has appropriate standing within the company, and will review annually the effectiveness of the internal audit function. The AC ensures that the internal auditor meet or exceed the standards set by nationally or internationally recognised professional bodies.

The AC has reviewed the company's risk assessment and based on the internal audit reports and management controls in place, it is satisfied that there are adequate internal controls in the group, including financial, operational and compliance controls, and risk management policies and systems.

Principles 14 and 15: Communication with Shareholders

Pursuant to SGX-ST's Listing Rules and the Companies Act, and in line with continuous disclosure obligations of the company, the board's policy is that shareholders should be informed promptly of all major developments that impact the group.

Information is communicated to shareholders on a timely basis, through annual reports that are issued to all shareholders within the mandatory period, quarterly and full-year financial statements, notice of and explanatory memorandums for Annual General Meetings and Extraordinary General Meetings, press releases and disclosures to the SGX. The company takes all reasonable efforts to ensure that it does not practice selective disclosure of material information. Material information is excluded from any briefing or is first publicly released, either before the company meets with investors or analysts or simultaneously with such meetings. Results and annual reports are announced or issued within the mandatory period and are available on the company's website at www.euconholding.com.

The board welcomes shareholders to raise issues at the shareholders' meetings or on an ad hoc basis. The Chairman of the AC, NC and RC are normally available at the meeting to answer those questions relating to the work of these committees. The external auditors are also present to address the shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

The Articles allow a shareholder of the company to appoint one or two proxies to attend and vote in place of such shareholder.

The company secretary prepares minutes or notes of general meetings which include the comments and queries from shareholders and responses from the board and management, and these minutes or notes are available to shareholders upon their request. Separate resolutions are passed at general meetings on each substantial issue.

DEALING IN SECURITIES

The company adopted an internal Code of Best Practices on Securities Dealings on 10 September 2004 which is modeled on the Listing Rule 1207(18) of the Listing Manual of the SGX-ST (formerly known as "The Best Practices Guide").

The company implemented a policy prohibiting its officers from dealing in the company's shares while in possession of unpublished material price sensitive information; on short-term considerations; and during the period commencing 2 weeks before the announcement of the company's quarterly results and one month before the announcement of the full-year results, and ending on the date of the announcement of the results.

INTERESTED PERSON TRANSACTIONS

The company has an internal policy in respect of interested person transactions of the company ("IPT Policy"). All division heads are required to familiarize themselves with IPT policy, and highlight any such transactions to the company's finance department. The finance department is in charge of keeping a register of the company's interested person transactions. The IPT Policy also sets out the levels and procedures to obtain approval for such transactions.

The aggregate value of all interested person transactions entered into during the financial year ended 31 December 2007 are tabulated hereunder pursuant to Rule 907 of the SGX-ST Listing Manual:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Loan guarantees provided by Wen Yao-Long, Wen Yao-Chou and Chan Hui-Chung to various financial institutions to secure credit facilities for the group	Total facilities granted as at 31.12.2007: S$74.3 million Amount outstanding as at 31.12.2007: S$30.3 million	-
Loan from Sunny Worldwide Int'l Ltd (Amount outstanding as at 31.12.2007 is S$6.0 million)	Interest for the year ended 31.12.2007: S$0.2 million	-

OTHER INFORMATION

Material Contract

No material contracts to which the company or any related company is a party which involve the interest of the directors or controlling shareholders subsisted at, or have been entered into since the previous financial year.

Report of the Directors

The directors present their report together with the audited consolidated financial statements of the group and balance sheet and statement of changes in equity of the company for the financial year ended December 31, 2007.

1 DIRECTORS

The directors of the company in office at the date of this report are:

Wen Yao-Long
Wen Yao-Chou
Chen Ming-Hsing
Ong Sim Ho
Winston Seow Han Chiang
Er Kwong Wah

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in the name of the directors			Shareholdings in which the directors are deemed to have interests		
Name of directors and companies in which interests are held	**At January** 1, 2007	**At December** 31, 2007	**At January** 21, 2008	**At January** 1, 2007	**At December** 31, 2007	**At January** 21, 2008
The company						
Ordinary shares						
Wen Yao-Long	24,224,747	24,224,747	24,224,747	108,362,000	108,362,000	108,362,000
Wen Yao-Chou	4,794,643	4,794,643	4,794,643	-	-	-
Chen Ming-Hsing	33,723,000	33,723,000	33,723,000	-	-	-
Ong Sim Ho	1,220,000	1,220,000	1,220,000	-	-	-

By virtue of Section 7 of the Singapore Companies Act, Mr Wen Yao-Long is deemed to have an interest in all the related corporations of the company.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

5 SHARE OPTIONS

a) At the Extraordinary Meeting held on July 14, 2004, the shareholders approved the adoption of the Eucon Employee Share Option Scheme (the "ESOS"). The ESOS is administered by the Remuneration Committee, comprising the following independent directors:

Winston Seow Han Chiang (Chairman)
Ong Sim Ho
Er Kwong Wah

b) Under the ESOS, an option entitles the option holder to subscribe for a specific number of new ordinary shares of the company comprised in the option at a subscription price per share determined with reference to the market price of the share at the time of grant of the option. The Remuneration Committee may at its discretion, fix that subscription price at a discount up to 20% off market price but not lower than $0.05. The consideration for the grant of an option is $1.00.

Options granted with the subscription price set at the market price shall only be exercised after the first anniversary but before the tenth anniversary (fifth anniversary for non-executive directors) of the date of grant of that option, subject to the following:

i) up to 50% only of the shares in respect of which that option is granted may be exercised after the first anniversary of the date of grant of that option; and

ii) the remaining 50% of the shares in respect of which that option is granted may be exercised after the second anniversary of the date of grant of that option.

Options granted with the market price set at a discount to the market price shall only be exercised after the second anniversary but before the tenth anniversary (fifth anniversary for non-executive directors) of the date of grant of that option, subject to the following:

i) up to 50% only of the shares in respect of which that option is granted may be exercised after the second anniversary of the date of grant of that option; and

ii) the remaining 50% of the shares in respect of which that option is granted may be exercised after the third anniversary of the date of grant of that option.

The shares under option may be exercised in whole or in part on the payment of the relevant subscription price. Options granted will lapse when the option holder ceases to be a full-time employee of the company or any company of the group subject to certain exceptions at the discretion of the company.

As at the date of this report, no options have been granted under the Scheme.

c) During the financial year, no option to take up unissued shares of the company or any subsidiaries was granted and there were no shares of the company or any subsidiaries issued by virtue of the exercise of an option to take up unissued shares.

d) At the end of the financial year, there were no unissued shares of the company or any subsidiaries under option.

6 AUDIT COMMITTEE

The Audit Committee of the company comprises three members, all of whom are non-executive independent directors. The members of the Audit Committee at the date of this report are:

Ong Sim Ho (Chairman)
Winston Seow Han Chiang
Er Kwong Wah

The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the company:

i. the audit plans and results of the internal auditors' examination and evaluation of the group's system of internal accounting controls;

ii. the group's financial and operating results and accounting policies;

iii. the balance sheet and statement of changes in equity of the company and the consolidated financial statements of the group before their submission to the directors of the company and the external auditors' report on those financial statements;

iv. the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the company and the group; and

v. the re-appointment of the external auditors of the company.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of Deloitte & Touche for re-appointment as external auditors of the group at the forthcoming Annual General Meeting.

7 AUDITORS

The auditors, Deloitte & Touche, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Wen Yao-Long

Wen Yao-Chou

March 18, 2008

Independent Auditors' Report

to the Members of Eucon Holding Limited

We have audited the accompanying financial statements of Eucon Holding Limited (the company) and its subsidiaries (the group) which comprises the balance sheets of the group and the company as at December 31, 2007, the profit and loss statement, statement of changes in equity and cash flow statement of the group and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 38 to 87.

DIRECTORS' RESPONSIBILITY

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

AUDITORS' RESPONSIBILITY

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

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

OPINION

In our opinion:

a) the consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at December 31, 2007 and of the results, changes in equity and cash flows of the group, and changes in equity of the company for the year ended on that date; and

b) the accounting and other records required by the Act to be kept by the company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche
Certified Public Accountants
Singapore

Lim Kuan Meng
Partner
Appointed on June 1, 2007

March 18, 2008

Balance Sheets

December 31, 2007

	Note	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
ASSETS					
Current assets					
Cash and bank balances	6	20,983	18,780	1,052	2,114
Pledged bank deposits	7	6,108	1,179	-	-
Trade receivables	8	53,215	37,527	-	-
Other receivables and prepayments	9	3,061	2,712	33,480	18,596
Inventories	10	10,446	10,200	-	-
Land use rights	11	91	-	-	-
Derivative financial instruments	15	727	-	-	-
Total current assets		**94,631**	**70,398**	**34,532**	**20,710**
Non-current assets					
Other receivables	9	1,372	-	-	-
Land use rights	11	4,362	-	-	-
Investment in subsidiaries	12	-	-	78,679	73,126
Property, plant and equipment	13	129,373	117,302	941	1,039
Goodwill	14	3,956	3,956	-	-
Derivative financial instruments	15	60	-	-	-
Deferred tax assets	16	1,600	1,136	-	-
Total non-current assets		140,723	122,394	79,620	74,165
Total assets		**235,354**	**192,792**	**114,152**	**94,875**
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	17	49,593	45,742	13,199	16,576
Current portion of bank borrowings	18	52,768	39,586	10,651	9,280
Current portion of finance leases	19	5,798	3,468	1,263	1,115
Income tax payable		558	689	-	-
Total current liabilities		**108,717**	**89,485**	**25,113**	**26,971**
Non-current liabilities					
Derivative financial instruments	15	1,002	-	1,002	-
Bank borrowings	18	19,621	7,292	12,583	394
Finance leases	19	6,705	4,985	2,001	1,368
Total non-current liabilities		**27,328**	**12,277**	**15,586**	**1,762**

Balance Sheets

December 31, 2007

	Note	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
CAPITAL, RESERVES AND MINORITY INTERESTS					
Share capital	20	56,127	56,127	56,127	56,127
Currency translation reserves		(6,338)	(5,586)	-	-
Hedging reserves		(1,002)	-	(1,002)	-
Statutory reserves	21	4,855	3,068	-	-
Accumulated profits		39,229	37,421	18,328	10,015
Equity attributable to the equity holders of the company		92,871	91,030	73,453	66,142
Minority interests		6,438	-	-	-
Total equity		99,309	91,030	73,453	66,142
Total liabilities and equity		**235,354**	**192,792**	**114,152**	**94,875**

See accompanying notes to financial statements.

Consolidated Profit and Loss Statement

Year ended December 31, 2007

	Note	Group 2007 $'000	Group 2006 $'000
Revenue	22	116,138	111,752
Cost of service/sales		(97,396)	(76,792)
Gross profit		18,742	34,960
Other income	23	6,327	106
Distribution costs		(4,152)	(5,411)
Administrative expenses		(9,875)	(10,116)
Other expenses		(46)	(774)
Finance costs	24	(3,673)	(2,352)
Profit before income tax		7,323	16,413
Income tax expense	25	(66)	(1,080)
Profit for the year	26	**7,257**	**15,333**
Attributable to:			
Equity holders of the company		6,624	15,333
Minority interests		633	-
		7,257	**15,333**
Earnings per share (cents):			
- Basic	27	1.16	2.69
- Diluted	27	1.16	2.69

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended December 31, 2007

Group	Share capital $'000	Share premium $'000	Currency translation reserves $'000	Hedging reserves $'000	Statutory reserves $'000	Accumulated profits $'000	Total attributable to equity holders of the company $'000	Minority interests $'000	Total $'000
Balance at January 1, 2006	28,500	27,627	(1,137)	-	1,537	26,469	82,996	-	82,996
Currency translation difference representing net income recognised directly in income	-	-	(4,449)	-	-	-	(4,449)	-	(4,449)
Profit for the year	-	-	-	-	-	15,333	15,333	-	15,333
Total recognised income and expense for the year	-	-	(4,449)	-	-	15,333	10,884	-	10,884
Dividends paid (Note 30)	-	-	-	-	-	(2,850)	(2,850)	-	(2,850)
Transfer from share premium account	27,627	(27,627)	-	-	-	-	-	-	-
Transfer to statutory reserves	-	-	-	-	1,531	(1,531)	-	-	-
Balance at December 31, 2006	56,127	-	(5,586)	-	3,068	37,421	91,030	-	91,030
Currency translation difference	-	-	(752)	-	(290)	(2)	(1,044)	-	(1,044)
Loss on cash flow hedge	-	-	-	(1,002)	-	-	(1,002)	-	(1,002)
Net income recognised directly in equity	-	-	(752)	(1,002)	(290)	(2)	(2,046)	-	(2,046)
Profit for the year	-	-	-	-	-	6,624	6,624	633	7,257
Total recognised income and expense for the year	-	-	(752)	(1,002)	(290)	6,622	4,578	633	5,211
Acquisition of shareholdings in subsidiary by minority interest	-	-	-	-	-	113	113	5,805	5,918
Dividends paid (Note 30)	-	-	-	-	-	(2,850)	(2,850)	-	(2,850)
Transfer to statutory reserves	-	-	-	-	2,077	(2,077)	-	-	-
Balance at December 31, 2007	**56,127**	**-**	**(6,338)**	**(1,002)**	**4,855**	**39,229**	**92,871**	**6,438**	**99,309**

Statements of Changes in Equity

Year ended December 31, 2007

Company	Share capital $'000	Share premium $'000	Hedging reserves $'000	Accumulated profits $'000	Total $'000
Balance at January 1, 2006	28,500	27,627	-	3,512	59,639
Profit for the year	-	-	-	9,353	9,353
Dividends paid (Note 30)	-	-	-	(2,850)	(2,850)
Transfer from share premium account	27,627	(27,627)	-	-	-
Balance at December 31, 2006	56,127	-	-	10,015	66,142
Loss on cash flow hedge	-	-	(1,002)	-	(1,002)
Profit for the year	-	-	-	11,163	11,163
Dividends paid (Note 30)	-	-	-	(2,850)	(2,850)
Balance at December 31, 2007	**56,127**	**-**	**(1,002)**	**18,328**	**73,453**

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

Year ended December 31, 2007

	Group	
	2007 **$'000**	**2006** **$'000**
Cash flows from operating activities		
Profit before income tax	7,323	16,413
Adjustments for :		
Depreciation expense	17,001	13,271
(Reversal of) Allowance for doubtful receivables	(647)	76
Allowance for inventory obsolescences	730	227
Amortisation of land use rights	91	-
Fair value gain on derivative financial instrument	(787)	-
Gain on dilution of interest in subsidiary	(4,074)	-
Interest income	(208)	(75)
Interest expense	3,673	2,352
Net foreign exchange losses	939	1,763
Plant and equipment written off	-	104
Loss (Gain) on disposal of property, plant and equipment	2	(16)
Operating profit before working capital changes	24,043	34,115
Trade receivables	(15,041)	(863)
Other receivables and prepayments	(1,721)	(705)
Inventories	(976)	(6,183)
Trade payables	5,486	9,252
Other payables	3,016	200
Cash generated from operations	14,807	35,816
Interest received	208	75
Interest paid	(3,673)	(2,352)
Income tax paid	(661)	(1,777)
Net cash from operating activities	10,681	31,762
Cash flows from investing activities		
Proceeds on disposal of property, plant and equipment	5	42
Purchase of property, plant and equipment (Note A)	(18,534)	(27,257)
Purchase of land use rights	(4,544)	-
Net cash used in investing activities	(23,073)	(27,215)

Consolidated Cash Flow Statement

Year ended December 31, 2007

	Group	
	2007 $'000	2006 $'000
Cash flows from financing activities		
Increase in pledged bank deposits	(4,929)	(1,037)
Increase in bank loans	13,562	7,583
Proceeds from dilution of interest in subsidiary	10,095	-
Dividends paid	(2,850)	(2,850)
Repayment of finance lease obligations	(876)	(4,178)
Due to a shareholder	249	249
Net cash from (used in) financing activities	15,251	(233)
Net increase in cash and bank balances	2,859	4,314
Cash and bank balances at beginning of year	18,780	15,193
Effect of exchange rate changes on the balances of cash held in foreign currencies	(656)	(727)
Cash and bank balances at end of year	20,983	18,780

Note to the consolidated cash flow statement:

A. Property, plant and equipment:

During the financial year, the group acquired property, plant and equipment with aggregate cost of $30,508,000 (2006 : $45,772,000) of which $4,926,000 (2006 : $8,461,000) was acquired by means of finance leases, $11,949,000 (2006 : $2,184,000) by means of notes payable and of which $5,203,000 (2006 : $10,104,000) remained unpaid as at year end. Cash payment of $18,534,000 (2006 : $27,257,000) were made in respect of property, plant and equipment purchased.

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2007

1 GENERAL

The company (Registration No. 200107762R) is incorporated in Singapore with its principal place of business and registered office at 80 Marine Parade Road, #11-02 Parkway Parade, Singapore 449269. The company is listed on the mainboard of the Singapore Exchange Securities Trading Limited.

The principal activity of the company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

The group has net current liabilities of $14,086,000 (2006 : $19,087,000) as at December 31, 2007. The financial statements are prepared on a going concern basis as the directors believe that the revolving credit facilities will continue to be available to the group from its lenders and the group will be able to generate cash flows from future operations to meet its liabilities as and when they fall due.

The consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company for the year ended December 31, 2007 were authorised for issue by the Board of Directors on March 18, 2008.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2007. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below and in the notes to financial statements.

FRS 107 - Financial Instruments: Disclosures and amendments to FRS 1 Presentation of Financial Statements relating to capital disclosures

The group has adopted FRS 107 with effect from annual periods beginning on or after January 1, 2007. The new Standard has resulted in an expansion of the disclosures in these financial statements regarding the group's financial instruments. The group has also presented information regarding its objectives, policies and processes for managing capital (see Note 4) as required by the amendments to FRS 1 which are effective from annual periods beginning on or after January 1, 2007.

The directors anticipate that the adoption of the FRSs, INT FRSs and amendments to FRSs that were issued but not yet effective until future periods will not have a material impact on the financial statements of the company and the group in the initial period of adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). Control is achieved when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed off during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. On disposal of shareholdings in the subsidiaries, any gain or loss on disposal is included immediately in the profit and loss statement.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

In the company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

c) BUSINESS COMBINATIONS - The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 Business Combinations are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit and loss statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

d) FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the group's and company's balance sheets when the group and the company becomes a party to the contractual provisions of the instrument.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest rate basis for debt instruments other than those financial instruments "at fair value through profit and loss statement".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets

Investments are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit and loss statement which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit and loss statement", "held-to-maturity investments", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

<u>Loans and receivables</u>

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

<u>Impairment of financial assets</u>

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance amount. Changes in the carrying amount of the allowance account are recognised in profit and loss statement.

In a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit and loss statement to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

<u>Classification as debt or equity</u>

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit and loss statement" or other financial liabilities.

Financial liabilities at fair value through profit and loss statement (FVTPL)

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and FRS 39 Financial Instruments: Recognition and Measurement, permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at fair value through profit and loss statement are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit and loss statement. The net gain or loss recognised in profit and loss statement incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 4 to the financial statements.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derivative financial instruments

The group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 15 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit and loss statement immediately.

Hedge accounting

The group designates certain hedging instruments as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 15 contain details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of changes in equity.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

Hedge accounting is discontinued when the group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss statement as part of other gains and losses.

Amounts deferred in equity are recycled in the profit and loss statement in the periods when the hedged item is recognised in the profit and loss statement. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the profit and loss statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit and loss statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit and loss statement on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

f) INVENTORIES - Inventories are measured at the lower of cost (weighted average method) and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

g) PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment loss where the recoverable amount if the asset is estimated to be lower than its carrying amount.

Freehold land is carried at cost less any impairment loss.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold buildings and improvement	-	5 to 74 years
Fixtures and equipment	-	5 years
Plant and machinery	-	10 years
Motor vehicles	-	10 years

Depreciation is not provided on freehold land and construction-in-progress.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant leases.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit and loss statement.

Fully depreciated assets still in use are retained in the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) GOODWILL - Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

i) LAND USE RIGHTS - Leasehold land premiums are up-front payments to acquire long term interest in lessee-occupied properties. The premiums are stated at cost and are amortised over the period of the lease of 50 years on a straight-line basis to the profit and loss statement.

j) IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS (EXCLUDING GOODWILL) - At each balance sheet date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

k) PROVISIONS - Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

The amount recognised as a provision is the best estimate of the consideration required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l) REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the balance sheet date;
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Interest income

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the interest rate applicable.

m) RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) 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.

o) INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the balance sheet date.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit and loss statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit and loss statement, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

p) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company are presented in Singapore dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit and loss statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in profit and loss statement in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

q) RESERVES - A subsidiary in Taiwan is required by established laws to set aside a certain percentage of its annual net profit after tax less prior years' losses, if any, as legal and special reserves until the accumulated reserves have reached an amount equal to the subsidiary's paid up capital. These reserves can be used to offset accumulated losses. They may be transferred to capital when these reserves have reached a level equivalent to a certain percentage of the subsidiary's paid-up capital.

Pursuant to relevant laws and regulations in the PRC applicable to foreign investment enterprises and the Articles of Association of the PRC subsidiaries, the subsidiaries are required to maintain three statutory reserves, being a statutory surplus reserve fund, an enterprise fund and a staff welfare and bonus fund. Appropriations to such reserves are made out of profit after taxation of the statutory financial statements of the subsidiary. The subsidiaries are required to transfer 10% of its profit after taxation as reported in its PRC statutory financial statements to the statutory surplus reserve fund until the balance reached 50% of its registered capital. The statutory surplus reserve fund can be used to make up prior year losses incurred and, with approval from relevant government authority, to increase capital.

The subsidiaries are also required to make appropriation from profit after taxation as reported in the PRC statutory financial statements to the enterprise expansion fund at rates determined by the Board of Directors. The enterprise expansion fund, subject to approval by relevant government authority, may also be used to increase capital.

Appropriation from profit after taxation as reported in the PRC statutory financial statements to the staff welfare and bonus fund is at the discretion of the subsidiary at rates determined by the subsidiaries. The amount transferred to the staff welfare and bonus fund in the PRC statutory financial statements has been adjusted in these FRS financial statements as an operating expense as in the opinion of the directors, this fund will be used to pay for staff benefits of the subsidiaries.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements apart from those involving estimates, which are dealt with below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

a) Allowance for doubtful debts

The policy for allowance of doubtful debts of the group is based on the evaluation of collectibility and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. The carrying amount of trade receivables at the balance sheet date is disclosed in Note 8 to the financial statements.

b) Allowance for inventories

In determining the net realisable value of the group inventories, an estimation of the recoverable amount of inventories on hand is performed based on the most reliable evidence available at the time the estimates are made. These estimates made by management take into consideration the fluctuations of price or cost, or any inventories on hand that may not be realised, directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. The carrying amount of inventories at the balance sheet date is disclosed in Note 10 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

c) Impairment of property, plant and equipment

The group assesses annually whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value in use calculations. These calculations require the use of judgement and estimates. The carrying amount of property, plant and equipment at the balance sheet date is disclosed in Note 13 to the financial statements.

d) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date is disclosed in Note 14 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Capital risk management policies and objectives

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt, which includes the bank borrowings, cash and cash equivalents and equity attributable to equity holders of the company, comprising paid up capital, accumulated profits and other reserves.

The group's management reviews the capital structure on an on-going basis. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The group's overall strategy remains unchanged from 2006.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Categories of financial instruments

The following table sets out the financial instruments as at the balance sheet date:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Loan and receivables (including cash and bank balances)	84,739	60,198	34,532	20,710
Fair value through profit and loss	787	-	-	-
Financial liabilities				
Derivative financial instruments	1,002	-	1,002	-
Amortised cost	134,485	101,073	39,697	28,733

(c) Financial risk management policies and objectives

The management of the group monitors and manages the financial risks relating to the operations of the group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

(i) Market risk

The group's activities are exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Management monitors risks associated with changes in foreign currency exchanges rates and interest rates and will consider appropriate measures should the need arises.

There has been no significant change to the group's exposure to market risk or the manner in which it manages and measures the risk.

(ii) Foreign currency risk management

The group transacts business in various foreign currencies, including the United States dollar, Taiwan dollar, Chinese Renminbi and Japanese Yen and therefore is exposed to foreign exchange risk.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
United States dollars	16,889	14,672	7,302	16,884	5,176	9,709	459	1,429
Taiwan dollars	-	-	1,253	-	-	-	1,253	-
Chinese Renminbi	-	-	-	-	-	-	32,181	17,628
Japanese Yen	14,909	3,070	733	6	-	-	340	6

The group manages its foreign exchange exposure by matching revenue and costs in the relevant currencies to create a natural hedge and also through active currency management using derivatives such as forwards and currency options where necessary.

The company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. No hedge has been taken up to mitigate this exposure as it does not impact cash flows.

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the Singapore dollar against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

If the Singapore dollar strengthens/weakens by 5% against the relevant foreign currency, profit and loss statement and other equity will increase (decrease) by:

	United States dollars impact		Taiwan dollars impact		Chinese Renminbi impact		Japanese Yen impact	
	2007	2006	2007	2006	2007	2006	2007	2006
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Profit for the year (i)	(694)	170	3	-	-	-	(9)	(2)
Other equity (ii)	73	-	-	-	-	-	-	-

	United States dollars impact		Taiwan dollars impact		Chinese Renminbi impact		Japanese Yen impact	
	2007	2006	2007	2006	2007	2006	2007	2006
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company								
Profit for the year (i)	(341)	(636)	3	-	319	173	-	-
Other equity (ii)	73	-	-	-	-	-	-	-

(i) This is mainly attributable to the exposure outstanding on receivables and payables at year end in the group.

(ii) This is mainly as a result of the changes in fair value of derivative financial instruments designated as cash flow hedges.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year. The foreign currency denominated sales and purchases are seasonal and can vary over time subject to the demands of the market.

(iii) Interest rate risk management

Summary quantitative data of the group's interest-bearing financial instruments can be found in Section (v) of this Note. The group's policy is to maintain cash equivalents with reputable international financial institutions and investments in fixed rate instruments of strong financial ratings.

The group has borrowings at variable rates and is therefore exposed to interest rate risks arising from the variability of cash flows.

The group holds fixed-rate and variable-rate debt instruments which expose it to interest rate risks arising from changes in fair value and variability of cash flows respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the group's profit for the year ended December 31, 2007 would increase/decrease by $212,000 (2006 : decrease/increase by $170,000). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

The group's sensitivity to interest rates has increased during the current period mainly due to the increased balances in variable rate debt instruments.

(iv) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The group's exposure and the creditworthiness of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables are disclosed in Notes 8 and 9 to the financial statements respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(v) Liquidity risk management

The group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities.

Liquidity risk is managed by matching the payment and receipt cycle. The group has sufficient cash from operations and credit lines from financial institution (Note 18) to fund its capital investments and working capital requirements.

Liquidity and interest risk analyses

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group and the company anticipates that the cash flow will occur in a different period.

	Effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	Total $'000
Group				
2007				
Non-interest bearing	-	77,259	1,372	78,631
Fixed interest rate instruments	2.43 - 3.78	6,108	-	6,108
2006				
Non-interest bearing	-	59,019	-	59,019
Fixed interest rate instruments	0.72 - 2.25	1,179	-	1,179
Company				
2007				
Non-interest bearing	-	34,532	-	34,532
2006				
Non-interest bearing	-	20,710	-	20,710

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the balance sheet.

	Effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Group						
2007						
Non-interest bearing	-	50,760	9,027	-	-	59,787
Variable interest rate instruments	3.3 - 7.5	16,433	10,752	635	(1,851)	25,969
Fixed interest rate instruments	3.0 - 7.3	37,262	-	-	(1,036)	36,226
Finance lease liability (fixed rate)	2.2 - 10.0	6,646	7,193	-	(1,336)	12,503
2006						
Non-interest bearing	-	42,726	1,510	-	-	44,236
Variable interest rate instruments	3.6 - 6.3	10,028	4,748	943	(969)	14,750
Fixed interest rate instruments	3.5 - 6.7	34,137	602	-	(1,105)	33,634
Finance lease liability (fixed rate)	2.2 - 9.1	3,902	5,401	-	(850)	8,453
Company						
2007						
Non-interest bearing	-	11,498	7,826	-	-	19,324
Variable interest rate instruments	5.5 - 6.0	2,128	5,069	108	(573)	6,732
Fixed interest rate instruments	6.1 - 6.7	10,554	-	-	(177)	10,377
Finance lease liability (fixed rate)	2.2 - 9.4	1,458	2,155	-	(349)	3,264
2006						
Non-interest bearing	-	10,791	-	-	-	10,791
Variable interest rate instruments	3.5 - 5.6	83	304	175	(109)	453
Fixed interest rate instruments	3.5 - 6.6	15,614	-	-	(608)	15,006
Finance lease liability (fixed rate)	2.2 - 9.0	1,173	1,457	-	(147)	2,483

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of derivative instruments (Note 15) are derived from valuation models that are proprietary to the issuing banks. The issuing banks have confirmed among others, that the valuations are computed by an independent valuation team and that the valuations reflect the current economic assessment of the transactions and take into consideration, observable market data that banks believe to be appropriate.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

5 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless stated otherwise.

The compensation of directors and key management personnel is disclosed in Note 26 to the financial statements.

6 CASH AND BANK BALANCES

	Group		Company	
	2007	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**
Cash and bank balances	20,983	18,780	1,052	2,114

The above balances that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**
Japanese Yen	733	6	340	6
United States dollars	5,083	6,856	459	1,429

7 PLEDGED BANK DEPOSITS

As at December 31, 2007, the group has bank deposits amounting to $6,108,000 (2006 : $1,179,000) that were pledged to certain banks as security for banking facilities (Note 18). The deposits carry fixed interest rate at 2.43% to 3.78% (2006 : 0.72% to 2.25%) per annum with an original maturity of three months or less.

8 TRADE RECEIVABLES

	Group	
	2007	**2006**
	$'000	**$'000**
Outside parties	53,782	38,738
Less allowance for doubtful debts	(567)	(1,211)
Net	53,215	37,527

The above balances that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2007	**2006**
	$'000	**$'000**
United States dollars	2,219	10,028

Certain receivables from outside parties amounting to $11,260,000 (2006 : $8,996,000) are pledged to secure banking facilities (Note 18).

The credit period on sales of goods ranges from 45 to 150 days (2006 : 45 to 150 days). No interest is charged on overdue trade receivables.

The allowance for doubtful debts has been determined by reference to past default experience.

8 TRADE RECEIVABLES (CONT'D)

The table below is an analysis of trade receivables that are past due but not impaired as at December 31:

	Group	
	2007 $'000	2006 $'000
Ageing of past due but not impaired:		
150 to 360 days	175	-

Movement in the allowance for doubtful debts:

	Group	
	2007 $'000	2006 $'000
Balance at beginning of the year	1,211	1,194
Exchange differences	3	(59)
(Decrease) Increase in allowance recognised in profit and loss	(647)	76
Balance at end of the year	567	1,211
Impaired trade receivables:		
150 to 360 days	567	1,211

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Deposits	170	349	-	-
Deposits for acquisition of property, plant and equipment	1,253	937	1,253	937
Prepayments	1,471	414	32	24
Subsidiaries (Note 12)	-	-	32,195	17,635
Others	1,539	1,012	-	-
Total	4,433	2,712	33,480	18,596
Presentation in balance sheet:				
Current assets	3,061	2,712	33,480	18,596
Non-current assets	1,372	-	-	-
Total	4,433	2,712	33,480	18,596

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

The above balances that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Taiwan dollars	1,253	-	1,253	-
Chinese Renminbi	-	-	32,181	17,628

10 INVENTORIES

	Group	
	2007 $'000	2006 $'000
Finished goods	2,319	1,515
Work in process	2,436	2,929
Raw materials and consumable supplies	5,691	5,756
Total	10,446	10,200

The cost of inventories recognised as an expense includes $730,000 (2006 : $227,000) in respect of write downs of inventory to net realisable value. The allowance for inventory obsolescence as at December 31, 2007 is $957,000 (2006 : $227,000).

11 LAND USE RIGHTS

	Group	
	2007	2006
	$'000	$'000
Cost:		
At January 1	-	-
Additions	4,544	-
At December 31	4,544	-
Accumulated amortisation:		
At January 1	-	-
Amortisation	91	-
At December 31	91	-
Carrying amount	4,453	-
Presentation in balance sheet:		
Current assets	91	-
Non-current assets	4,362	-
Total	4,453	-

The land use rights are amortised over 50 years. The amortisation periods are in line with the business licence of each of the subsidiaries.

Land use rights with carrying amount of $2,841,000 (2006 : $Nil) are pledged to secure bank loans (Note 18).

12 INVESTMENT IN SUBSIDIARIES

	Company	
	2007	2006
	$'000	$'000
Unquoted equity shares/capital, at cost	78,679	73,126

12 INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the company's subsidiaries are as follows:

Name of subsidiary	Proportion of ownership interest and voting power held		Cost of investment		Principal activities/ Country of incorporation and operation
	2007 %	2006 %	2007 $'000	2006 $'000	
LGANG Optronics Technology Co, Ltd (Taiwan) [(a)]	100	100	10,424	10,424	Provision of laser drilling services to PCB manufacturers/ Taiwan
Shanghai Zeng Kang Electronic Co., Ltd [(a)] [(b)]	93.125	100	7,862	13,708	Provision of drilling and routing services to PCB manufacturers/ People's Republic of China
Shanghai Yaolong Electronic Technology Co., Ltd [(a)] [(b)]	93.125	100	5,690	10,581	Provision of drilling and routing services to PCB manufacturers/ People's Republic of China
Shanghai Zhuo Kai Electronic Technology Co., Ltd [(a)]	87.5	100	38,075	22,668	Manufacturing of PCB boards and provision of related processing services on outsourced PCBs to PCB manufacturers/ People's Republic of China
Shanghai Eu Ya Electronic Technology Co., Ltd [(a)] [(b)]	93.125	100	9,546	12,692	Provision of processing laminating services on PCB boards/ People's Republic of China
Shanghai Lian Han Xin Electronic Technology Co., Ltd [(a)] [(b)]	93.125	100	7,082	3,053	Provision of drilling and routing services to PCB manufacturers/ People's Republic of China
Leeya International Pte Ltd [(c)]	100	100	*	*	Dormant/Singapore
			78,679	73,126	

* *Amount less than $1,000.*

Notes on auditors

(a) Audited by Deloitte & Touche, Taiwan for consolidation purposes.

(b) During the year, these subsidiary companies had undergone a restructuring exercise whereby Shanghai Zhuo Kai Electronic Technology Co., Ltd now holds 55% of shareholdings of these subsidiary companies as at December 31, 2007. As at December 31, 2007, the company holds an effective interest of 93.125% in these subsidiary companies. The minority shareholder paid $10,095,000 for the shareholdings in Shanghai Zhuo Kai Electronic Technology Co., Ltd, which resulted in a one-off gain on dilution of interest of $4,074,000 recognised in the profit and loss statement (Note 23).

(c) Audited by Deloitte & Touche, Singapore.

13 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $'000	Leasehold buildings and improvements $'000	Fixtures and equipment $'000	Plant and machinery $'000	Motor vehicles $'000	Construction -in-progress $'000	Total $'000
Cost:							
At January 1, 2006	3,196	8,632	1,582	97,137	663	5,994	117,204
Additions	-	1,395	686	7,816	-	35,875	45,772
Transfer	-	2,417	(1)	19,622	-	(22,038)	-
Disposals/Written off	-	-	(49)	(127)	(174)	-	(350)
Exchange differences	(222)	(480)	(86)	(5,956)	(19)	(440)	(7,203)
At December 31, 2006	2,974	11,964	2,132	118,492	470	19,391	155,423
Additions	-	210	296	357	-	29,645	30,508
Transfer	-	1,712	-	41,936	-	(43,648)	-
Disposals	-	-	(71)	(3)	-	-	(74)
Exchange differences	(164)	(106)	(10)	(2,117)	(8)	(29)	(2,434)
At December 31, 2007	2,810	13,780	2,347	158,665	462	5,359	183,423
Accumulated depreciation:							
At January 1, 2006	-	2,140	654	23,737	316	-	26,847
Depreciation	-	932	281	11,983	75	-	13,271
Disposals/Written off	-	-	(34)	(42)	(144)	-	(220)
Exchange differences	-	(131)	(35)	(1,598)	(13)	-	(1,777)
At December 31, 2006	-	2,941	866	34,080	234	-	38,121
Depreciation	-	1,161	347	15,415	78	-	17,001
Disposals	-	-	(64)	(3)	-	-	(67)
Exchange differences	-	(45)	(10)	(943)	(7)	-	(1,005)
At December 31, 2007	-	4,057	1,139	48,549	305	-	54,050
Carrying amount:							
At December 31, 2006	2,974	9,023	1,266	84,412	236	19,391	117,302
At December 31, 2007	2,810	9,723	1,208	110,116	157	5,359	129,373

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold buildings and improvement $'000	Fixtures and equipment $'000	Motor vehicles $'000	Total $'000
Cost:				
At January 1, 2006, December 31, 2006 and 2007	824	112	314	1,250
Accumulated depreciation:				
At January 1, 2006	18	26	68	112
Depreciation	13	23	63	99
At December 31, 2006	31	49	131	211
Depreciation	14	21	63	98
At December 31, 2007	45	70	194	309
Carrying amount:				
At December 31, 2006	793	63	183	1,039
At December 31, 2007	779	42	120	941

For the group, property, plant and equipment with carrying amount of $67,590,000 (2006 : $61,772,000) are pledged to secure bank loans (Note 18).

At the end of the year, plant and machinery with carrying amount of $11,593,000 (2006 : $13,854,000) and $120,000 (2006 : $183,000) of the group and company respectively are purchased under finance leases.

14 GOODWILL

	Group 2007 $'000	Group 2006 $'000
At beginning and end of year	3,956	3,956

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	Group 2007 $'000	Group 2006 $'000
Drilling and routing services (comprise several CGUs)	3,874	3,874
Printed circuit board production (single CGU)	82	82
Total	3,956	3,956

14 GOODWILL (CONT'D)

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next two years based on the estimated growth rate of the market. This rate does not exceed the average long-term growth rate for the relevant markets.

The average rate used to discount the cash flow is 7% (2006 : 6.5%) per annum. A 10% (2006: Nil) growth rate was used to extrapolate the cash flow of one CGU in drilling and routing services. A zero growth rate (2006: Nil) was used to extrapolate the cash flows of the other CGUs.

15 DERIVATIVE FINANCIAL INSTRUMENTS

	2007		2006	
	Assets $'000	**Liabilities $'000**	**Assets $'000**	**Liabilities $'000**
Group				
Forward foreign exchange contracts	787	-	-	-
Presentation in balance sheet:				
Current	727	-	-	-
Non-current	60	-	-	-
Total	787	-	-	-
Group and Company				
Cross currency rate swap contracts	-	1,002	-	-

Forward foreign exchange contracts

The group utilises currency derivatives to hedge significant future transactions and cash flows. The group is a party to a variety of forward foreign exchange contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the group's principal markets.

15 DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

At the balance sheet date, the total notional amount of outstanding forward foreign exchange contracts to which the group is committed are as follows:

	Group	
	2007 $'000	2006 $'000
Forward foreign exchange contracts - sell US$	19,380	461
Analysed as:		
Within 1 year	17,932	461
From 2 to 5 years	1,448	-
	19,380	461

Changes in the fair value of currency derivatives designated as a fair value hedge amounting to $787,000 (2006 : $Nil) have been credited to the profit and loss statement in the year (Note 23).

Cross currency rate swap contracts

The group uses cross currency rate swap contracts to manage its exposure on interest rate movements and exchange rate exposures on its bank borrowings by swapping those borrowings from floating rates to fixed rates. All of these cross currency rate swap contracts are designated and effective as cash flow hedges and the fair value thereof have been deferred in equity. An amount of $60,000 (2006 : $Nil) has been offset against hedged interest payments made in the year.

The following table details the notional principal amounts and remaining terms of cross currency rate swap contracts outstanding as at reporting date:

	Average contracted fixed interest rate	Group and Company	
	%	2007 $'000	2006 $'000
Cross currency rate swap contracts	5.3	6,389	-

The cross currency rate swaps settle on a monthly basis. The floating rate on the swaps is the Singapore Interbank rate. The company will settle the difference between the fixed and floating interest rate on a net basis.

All cross currency rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount deferred in equity is recognised in the profit and loss statement over the loan period.

Changes in the fair value of the currency rate swap contracts that are designated and effective as cash flow hedges amounting to $1,002,000 (2006 : $Nil) has been deferred in equity.

16 DEFERRED TAX ASSETS

	Group	
	2007 $'000	2006 $'000
Deferred tax assets	1,600	1,136

The following are the major deferred tax assets recognised by the group and movements thereon, during the current and prior reporting period:

	Investment tax credits $'000	Others $'000	Total $'000
At January 1, 2006	497	13	510
Credit to profit and loss	586	40	626
At December 31, 2006	1,083	53	1,136
Credit to profit and loss	230	234	464
At December 31, 2007	1,313	287	1,600

As at balance sheet date, temporary differences associated with the undistributed earnings of one subsidiary for which deferred tax liabilities have not been recognised is $1.6 million (2006 : $1.9 million). No liability has been recognised in respect of these differences because the group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Trade payables	29,237	23,861	-	-
Due to a shareholder	6,034	5,785	6,034	5,785
Accruals	5,301	3,450	990	982
Payables for acquisition of plant and equipment	5,203	10,104	5,073	9,709
Other payables	3,818	2,542	1,102	100
	49,593	45,742	13,199	16,576

The balance due to a shareholder, Sunny Worldwide International Limited, is unsecured, repayable on demand and bears interest at 4.5% per annum with effect from January 1, 2006.

17 TRADE AND OTHER PAYABLES (CONT'D)

The above balances that are not denominated in the functional currencies of the respective entities are as follows:

	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
United States dollars	22,822	14,672	5,176	9,709
Japanese Yen	14,909	3,070	-	-

18 BANK BORROWINGS

	Note	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Bank loans:					
The company	a	11,075	9,674	11,075	9,674
Subsidiary:					
LGANG Optronics Technology Co., Ltd	b	14,103	15,496	-	-
Shanghai Eu Ya Electronic Technology Co., Ltd	c	5,954	2,951	-	-
Shanghai Yaolong Electronic Technology Co., Ltd	d	1,785	1,770	-	-
Shanghai Zeng Kang Electronic Co., Ltd	e	3,568	3,541	-	-
Shanghai Zhuo Kai Electronic Technology Co., Ltd	f	19,676	9,167	-	-
Total bank loans		56,161	42,599	11,075	9,674
Notes payable:					
The company	a	12,159	-	12,159	-
Subsidiary:					
LGANG Optronics Technology Co., Ltd	b	4,069	4,279	-	-
Total notes payable		16,228	4,279	12,159	-
Total bank borrowings		72,389	46,878	23,234	9,674
Presentation in balance sheet:					
Current liabilities		52,768	39,586	10,651	9,280
Non-current liabilities		19,621	7,292	12,583	394
Total		72,389	46,878	23,234	9,674

18 BANK BORROWINGS (CONT'D)

(a) Details of bank borrowings of the company are as follows:

	Group and Company	
	2007 $'000	2006 $'000
Guaranteed by 2 directors and a subsidiary		
Due within 12 months and bear average interest rates at 6.10% (2006 : 6.69%) per annum	4,343	9,221
Secured by company's property		
Maturing on September 2014 and bearing interest at fixed rate of 3.50% per annum for the first two years and subsequently at floating rates. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commenced on September 2005 in 120 monthly instalments.	394	453
Secured by subsidiary's plant and equipment		
Maturing on November 2010 and bearing interest at floating rate of 5.43% per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commenced on November 2007 in 36 monthly instalments.	6,338	-
Notes payable		
Instalment payable on a monthly basis to suppliers for plant and equipment purchased and have maturity dates from January 2008 to October 2010.The notes are unsecured and non-interest bearing.	12,159	-
Total for the company	23,234	9,674

The loans are repayable as follows:

	2007 $'000	2006 $'000
Within one year	10,578	9,280
After one but within two years	6,134	59
After two but within five years	6,422	176
More than five years	100	159
Total	23,234	9,674

18 BANK BORROWINGS (CONT'D)

(b) Details of bank borrowings of LGANG Optronics Technology Co., Ltd are as follows:

	Group	
	2007 $'000	2006 $'000
Secured by property, plant and equipment		
Maturing on April 2008 and bearing floating interest at 4.85% (2006 : 5.44%) per annum. Interest and principal are payable on a quarterly basis according to the repayment schedule. Repayments commenced on July 2003 in 20 quarterly instalments.	105	335
Maturing on April 2008 and bearing floating interest at 3.5% (2006 : 3.5%) per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on August 2006 in 21 monthly instalments	253	1,076
Maturing on September 2008 and bearing floating interest at 5.99% (2006 : 5.99%) per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commenced on October 2005 in 36 monthly instalments.	333	824
Maturing on October 2008 and bearing floating interest at 6.35% (2006 : 6.01%) per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commenced on October 2003 in 60 monthly instalments.	175	396
Maturing on December 2008 and bearing floating interest at 4.64% (2006 : 4.11%) per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on January 2006 in 36 monthly instalments.	564	1,193
Maturing on July 2009 and bearing floating interest at 5.98% (2006 : 5.52%) per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commenced on August 2004 in 60 monthly instalments.	592	1,022
Maturing on February 2009 and bearing floating interest at 4.93% (2006 : Nil%) per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on February 2007 in 24 monthly instalments.	434	-
Maturing on November 2009 and bearing floating interest at 4.6% (2006 : 4.26%) per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commenced on December 2005 in 60 monthly instalments.	571	901

18 BANK BORROWINGS (CONT'D)

	Group	
	2007 $'000	2006 $'000
Maturing on February 2010 and bearing floating interest at 6.01% (2006 : 5.52%) per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commenced on February 2006 in 60 monthly instalments.	771	1,193
Maturing on July 2015 and bearing floating interest at 3.98% (2006 : 3.64%) per annum. Interest and principal are payable on a quarterly basis according to the repayment schedule. Repayments commenced on October 2003 in 48 quarterly instalments.	1,380	1,649
Matured on January 2007 and bore floating interest at 9.98% per annum. Interest and principal were payable on a monthly basis according to the repayment schedule.	-	27
Matured on January 2007 and bore floating interest at 5.98% per annum. Interest and principal were payable on a monthly basis according to the repayment schedule.	-	27
Matured on March 2007 and bore fixed interest at 6.18% per annum. Interest and principal were payable on a monthly basis according to the repayment schedule.	-	122
Matured on June 2007 and bore floating interest at 5.98% per annum. The loan was secured by a subsidiary's plant and equipment. Interest and principal were payable on a monthly basis according to the repayment schedule.	-	330
<u>Guaranteed by 2 directors of the company and a director of subsidiary</u>		
Due within 12 months and bear average interest rates at 6.10% (2006 : 6.69%) per annum	8,925	6,401
<u>Notes payable</u>		
Instalment payable on a monthly basis to suppliers for plant and equipment purchased and have maturity dates from January 2008 to October 2010. The notes are unsecured and non-interest bearing.	4,069	4,279
Total for LGANG Optronics Technology Co., Ltd	18,172	19,775

18 BANK BORROWINGS (CONT'D)

	Group 2007 $'000	Group 2006 $'000
The loans are repayable as follows:		
Within one year	14,863	14,754
After one but within two years	1,800	2,772
After two but within five years	1,109	1,542
More than five years	490	707
Total	18,172	19,775

(c) Details of bank borrowings of Shanghai Eu Ya Electronic Technology Co., Ltd are as follows:

	Group 2007 $'000	Group 2006 $'000
Secured by property, plant and equipment		
Maturing on December 2009 and bearing floating interest at 7.47% (2006 : Nil%) per annum. Interest and principal are payable on a quarterly basis according to the repayment schedule. Repayments commencing on April 2007 in 12 quarterly instalments.	2,898	-
Secured by property, plant and equipment and trade receivables		
Due within 12 months and bear interest rates at 6.12% to 7.02% (2006 : 5.58% to 5.85%) per annum	3,056	2,951
Total for Shanghai Eu Ya Electronic Technology Co., Ltd	5,954	2,951
The loans are repayable as follows:		
Within one year	4,344	2,951
After one but within two years	1,288	-
After two but within five years	322	-
Total	5,954	2,951

(d) Details of bank borrowings of Shanghai Yaolong Electronic Technology Co., Ltd are as follows:

	Group 2007 $'000	Group 2006 $'000
Secured by property, plant and equipment		
Due within 12 months and bear average interest rates at 6.57% (2006 : 5.58%) per annum	1,785	1,770

18 BANK BORROWINGS (CONT'D)

(e) Details of bank borrowings of Shanghai Zeng Kang Electronic Technology Co., Ltd are as follows:

	Group 2007 $'000	Group 2006 $'000
Secured by property, plant and equipment and land use rights		
Due within 12 months and bear interest rates at 6.57% to 6.73% (2006 : 5.85% to 6.44%) per annum	3,568	3,541

(f) Details of bank borrowings of Shanghai Zhuo Kai Electronic Technology Co., Ltd are as follows:

	Group 2007 $'000	Group 2006 $'000
Secured by property, plant and equipment		
Maturing on July 2009 and bearing floating interest at 3.49% (2006 : 3.14%) per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on August 2006 in 36 monthly instalments.	322	526
Maturing on December 2009 and bearing floating interest at 6.3% (2006 : Nil%) per annum. Interest and principal are payable on a quarterly basis according to the repayment schedule. Repayments commencing on April 2007 in 12 quarterly instalments.	3,420	-
Secured by property, plant and equipment, trade receivables, land use rights and pledged bank deposits		
Due within 12 months and bear interest rates at 5.77% to 7.29% (2006 : 5.30% to 5.58%) per annum	15,934	8,641
Total for Shanghai Zhuo Kai Electronic Technology Co., Ltd	19,676	9,167
The loans are repayable as follows:		
Within one year	17,656	8,852
After one but within two years	1,640	216
After two but within five years	380	99
Total	19,676	9,167

18 BANK BORROWINGS (CONT'D)

The interest rates of the bank loans are reviewed and re-priced at the discretion of the financial institutions. The fair values of bank loans approximate their carrying amounts.

As at December 31, 2007, the company breached one of the financial covenants imposed by the credit facility from a financial institution. The lender did not request accelerated repayment of the loan and the terms of the loan were not changed. Management has reviewed the company's settlement procedures to ensure that such circumstances do not occur.

19 FINANCE LEASES

	Minimum lease payments		Fair value of minimum lease payments	
	2007 $'000	**2006 $'000**	**2007 $'000**	**2006 $'000**
Group				
Amounts payable under finance leases				
Within one year	6,646	3,902	5,798	3,468
In the second to fifth year inclusive	7,193	5,401	6,705	4,985
	13,839	9,303	12,503	8,453
Less: Future finance charges	(1,336)	(850)	NA	NA
Present value of lease obligations	12,503	8,453	12,503	8,453
Less: Amount due within 12 months			(5,798)	(3,468)
Amount due after 12 months			6,705	4,985
Company				
Amounts payable under finance leases				
Within one year	1,458	1,173	1,263	1,115
In the second to fifth year inclusive	2,155	1,457	2,001	1,368
	3,613	2,630	3,264	2,483
Less: Future finance charges	(349)	(147)	NA	NA
Present value of lease obligations	3,264	2,483	3,264	2,483
Less: Amount due within 12 months			(1,263)	(1,115)
Amount due after 12 months			2,001	1,368

19 FINANCE LEASES (CONT'D)

a) The average lease term is 3 years. The average effective borrowing rate was 2.2% to 10.0% (2006 : 2.20% to 9.14%) and 2.2% to 9.4% (2006 : 2.20% to 8.95%) per annum for the group and company respectively. Interest rates are fixed at the contract date, and thus expose the group and the company to fair value interest rate risk. All leases are on a fixed repayment basis, secured by machineries and no arrangements have been entered into for contingent rental payments.

b) The finance leases of the subsidiaries amounting to $9,239,000 (2006 : $5,464,000) are guaranteed by two directors of the company and another director of a subsidiary.

c) The fair value of the group's and company's lease obligations approximates their carrying amount.

20 SHARE CAPITAL

	2007 '000	2006 '000	2007 $'000	2006 $'000
	Number of ordinary shares			
Group and Company				
Issued and paid up:				
At beginning of year	570,000	570,000	56,127	28,500
Transfer from share premium	-	-	-	27,627
At end of year	570,000	570,000	56,127	56,127

The company has one class of ordinary shares which carry no right to fixed income.

In 2006, as a result of the Companies (Amendment) Act 2006, any amount standing to the credit of the share premium account has been transferred to the company's share capital account on the effective date.

21 STATUTORY RESERVES

	Legal and special reserves $'000	Reserve fund $'000	Total $'000
Group			
Balance at January 1, 2006	1,257	280	1,537
Transfer from accumulated profits	323	1,208	1,531
Balance at December 31, 2006	1,580	1,488	3,068
Transfer from accumulated profits	293	1,494	1,787
Balance at December 31, 2007	1,873	2,982	4,855

22 REVENUE

	Group 2007 $'000	Group 2006 $'000
Rendering of services		
Drilling and routing services	40,278	40,082
Sale of printed circuit boards and related processing services	75,860	71,670
Total	116,138	111,752

23 OTHER INCOME

	Group 2007 $'000	Group 2006 $'000
Gain on dilution of interest in subsidiary	4,074	-
Fair value gain on derivative financial instrument	787	-
Foreign currency exchange adjustment gain	813	-
Interest income	208	75
Gain on disposal of plant and machinery	-	16
Other income	445	15
Total	6,327	106

24 FINANCE COSTS

	Group 2007 $'000	Group 2006 $'000
Interest expense on:		
Bank loans	2,933	1,765
Finance leases	491	338
Amount due to a shareholder	249	249
Total	3,673	2,352

25 INCOME TAX EXPENSE

	Group 2007 $'000	Group 2006 $'000
Current	530	1,706
Deferred	(464)	(626)
Net	66	1,080

Domestic income tax is calculated at 18% (2006 : 20%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

25 INCOME TAX EXPENSE (CONT'D)

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2007 $'000	2006 $'000
Profit before income tax	7,323	16,413
Tax at statutory rate of 18% (2006 : 20%)	1,318	3,283
Tax effect on investment allowance arising	(650)	(1,081)
Non-deductible expenses	518	1,165
Tax exempt income	(877)	(1,986)
Effect of different in tax rates of subsidiaries operating in other jurisdictions	(243)	(301)
Income tax expense	66	1,080

a) Pursuant to the Chinese income tax regulations, the subsidiaries in the People's Republic of China ("PRC") are also entitled to exemptions from the PRC income tax for the first two years commencing from their first profit making year followed by 50% reduction in their income tax for the next three years. A profit-making year is defined as the first year for which an enterprise would need to pay income tax after absorption of any loss carried forward.

b) The corporate tax rate of the Taiwanese subsidiary is 25%. However, the subsidiary has been awarded investment allowance on certain plant and equipment acquired during the financial year.

26 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2007 $'000	2006 $'000
Depreciation of property, plant and equipment	17,001	13,271
Amortisation of land use rights*	91	-
Total depreciation and amortisation	17,092	13,271
Directors' remuneration	1,172	1,439
Directors' fees	170	153
Total directors' expense	1,342	1,592
Defined contribution plans	165	175
Other staff costs	16,278	13,402
Total employee benefits expense	16,443	13,577
(Reversal of) Allowance for doubtful receivables*	(647)	76
Allowance for stock obsolescence	730	227
Total impairment loss on financial assets	83	303

* included in administrative expenses

26 PROFIT FOR THE YEAR (CONT'D)

	Group	
	2007 $'000	2006 $'000
Net foreign currency exchange (gain) loss	(813)	328
Cost of inventories recognised as expense	75,869	53,938
Audit fees:		
Auditors of the company	69	62
Other auditors	325	127
Non-audit fees:		
Auditors of the company	8	2
Other auditors	7	8

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group	
	2007 $'000	2006 $'000
Short-term benefits	2,281	2,637
Post-employment benefits	18	12
	2,299	2,649

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

27 EARNINGS PER SHARE

	Group	
	2007	2006
Profit attributable to equity holders of the company ($'000)	6,624	15,333
Number of ordinary shares ('000)	570,000	570,000
Earnings per share (cents)	1.16	2.69

There is no dilution of earnings per share as no share options were granted.

28 COMMITMENTS AND CONTINGENT LIABILITIES

	Group	
	2007 $'000	2006 $'000
Commitments for land use rights	-	4,376
Commitments for machinery and equipment	7,104	1,098
Commitments for product warranties	9	5
Corporate guarantee given to third party	198	393

29 OPERATING LEASE ARRANGEMENTS

	Group	
	2007 $'000	2006 $'000
Minimum lease payments under operating leases recognised as an expense in the year	2,037	2,184

At the balance sheet date, the group has outstanding committments under non-cancellable operating leases, which fall due as follows:

	Group	
	2007 $'000	2006 $'000
Within one year	1,921	2,209
In the second to fifth years inclusive	4,445	5,838
After five years	3,401	7,620
Total	9,767	15,667

Operating lease payments represent rental payable by the group for certain of its office premises, land use rights and plant and equipment. Leases are negotiated for an average term of seven years.

30 DIVIDENDS

In 2006, the company paid a final tax exempt 1-tier dividend of 0.5 cents per ordinary share totalling $2,850,000 in respect of the financial year ended December 31, 2005.

In 2007, the company paid a final tax exempt 1-tier dividend of 0.5 cents per ordinary share totalling $2,850,000 in respect of the financial year ended December 31, 2006.

31 SEGMENT INFORMATION

For management purposes, the group is organised into two major operating segments – Precision mechanical drilling, precision laser drilling and routing of printed circuit boards ("Drilling and routing services") and printed circuit boards production and related processing services ("PCB operations"). The segments are the basis on which the group reports its primary segment information.

(a) Analysis By Business Segment

Segment revenue and expense are revenue and expense reported in the group's profit and loss statement that are either directly attributable to a segment or can be allocated on a reasonable basis to a segment.

Segment assets are all operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets exclude interest-producing assets.

Segment liabilities are all operating liabilities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities exclude interest-bearing liabilities and income tax liabilities.

	Drilling and routing services		**PCB operations**		**Total**	
	2007 $'000	**2006 $'000**	**2007 $'000**	**2006 $'000**	**2007 $'000**	**2006 $'000**
Revenue	40,278	40,082	75,860	71,670	116,138	111,752
Result						
Segment result	7,400	10,342	512	10,719	7,912	21,061
Other income					6,327	106
Unallocated corporate expenses					(3,243)	(2,402)
Finance costs					(3,673)	(2,352)
Profit before income tax					7,323	16,413
Income tax expense					(66)	(1,080)
Profit for the year					7,257	15,333

31 SEGMENT INFORMATION (CONT'D)

	Drilling and routing services		PCB operations		Total	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Other information						
Segment assets	110,651	92,938	117,465	92,718	228,116	185,656
Unallocated corporate assets					7,238	7,136
Consolidated total assets					235,354	192,792
Segment liabilities	41,901	42,315	53,444	42,697	95,345	85,012
Unallocated corporate liabilities					40,700	16,750
Consolidated total liabilities					136,045	101,762
Capital expenditure:						
- Property, plant and equipment	22,279	25,971	8,229	19,801	30,508	45,772
- Land use rights	561	-	3,983	-	4,544	-
Depreciation	11,679	9,647	5,224	3,526	16,903	13,173
Amortisation of land use rights	11	-	80	-	91	-
Allowance for stock absolescence	-	-	730	227	730	227
(Reversal of) Allowance for doubtful receivables	(446)	(449)	(201)	525	(647)	76
Unallocated corporate expenditure:						
Depreciation					98	98

(b) Analysis By Geographical Segment

Segment revenue is analysed based on the location of customers.

Total assets and capital expenditure are analysed based on the location of those assets. Capital expenditure includes the total cost incurred to acquire property, plant and equipment.

	Revenue		Assets		Capital expenditure	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
People's Republic of China	102,596	93,207	180,060	137,152	25,378	29,745
Taiwan	13,542	18,545	48,056	48,504	5,130	16,027
Singapore	-	-	7,238	7,136	-	-
Total	116,138	111,752	235,354	192,792	30,508	45,772

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company as set out on pages 38 to 87 are drawn up so as to give a true and fair view of the state of affairs of the group and of the company as at December 31, 2007, and of the results, changes in equity and cash flows of the group and changes in equity of the company 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 when they fall due.

ON BEHALF OF THE DIRECTORS

Wen Yao-Long

Wen Yao-Chou

March 18, 2008

Summary of Properties

HELD BY	LOCATION AND DESCRIPTION	TENURE	USAGE OF PROPERTY
Eucon Holding Ltd	80 Marine Parade Road #11-02 Parkway Parade Singapore 449269	Leasehold 99 years commencing from August 1979	Office
LGANG Optronics Technology Co, Ltd	19 Her-Jun North Road Chung-Li Industrial Park Chung-Li City Taoyuan County Taiwan	Freehold	Office, manufacturing plant, warehouse and garage
Shanghai Zeng Kang Electronic Co., Ltd	1150 Caoxin Road Xuhang Town Jiading District Shanghai 201809.PRC.	Freehold	Manufacturing Plant
Shanghai Yaolong Electronic Technology Co., Ltd	18 Shengxin Road Malu Town Jiading District Shanghai 201801.PRC.	Leasehold 30 years commencing from October 2001	Manufacturing Plant
Shanghai Zhuo Kai Electronic Technology Co., Ltd	399 Baoqian Road Xuhang Industrial Park Jiading District Shanghai 201809.PRC.	Leasehold 5 years commencing from December 2003	Manufacturing Plant
Shanghai Zhuo Kai Electronic Technology Co., Ltd	188 Yu Wan Road Xuhang Town Jiading District Shanghai 201809.PRC.	Leasehold 10 years commencing from January 2006	Manufacturing Plant
Shanghai Zhuo Kai Electronic Technology Co., Ltd	399 Baoqian Road Xuhang Industrial Park Jiading District Shanghai 201809.PRC.	Leasehold 3 years commencing from June 2006	Manufacturing Plant
Shanghai EuYa Electronic Technology Co., Ltd	419 Baoqian Road Xuhang Industrial Park Jiading District Shanghai 201809.PRC.	Leasehold 6 years commencing from January 2005	Manufacturing Plant
Shanghai Lian Han Xin Electronic Technology Co., Ltd	2700 DaAn Road Xuhang Town Jiading District Shanghai 201809.PRC.	Leasehold 10 years commencing from September 2006	Manufacturing Plant

Statistics of Shareholders

as at 19 March 2008

Issued share capital	:	SGD56,127,017/-
Number of shares	:	570,000,000
Class of shares	:	ordinary shares
Voting rights	:	one vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	185	5.27	91,600	0.02
1,000 - 10,000	1,403	40.01	7,197,862	1.26
10,001 - 1,000,000	1,870	53.32	146,630,383	25.72
1,000,001 AND ABOVE	49	1.40	416,080,155	73.00
TOTAL	3,507	100.00	570,000,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SUNNY WORLDWIDE INT'L LTD	108,362,000	19.01
2	EUROPTRONIC INVESTMENT PTE LTD	51,482,085	9.03
3	CHEN MING-HSING	33,723,000	5.92
4	WEN YAO-LONG	24,224,747	4.25
5	UOB KAY HIAN PTE LTD	18,651,600	3.27
6	HUANG SHIH-AN	14,540,200	2.55
7	HUANG CHUANG SHUEH OU	13,120,800	2.30
8	MERRILL LYNCH (SINGAPORE) PTE LTD	12,334,000	2.16
9	CHEN CHU-TSU	9,763,600	1.71
10	CIMB-GK SECURITIES PTE. LTD.	9,736,800	1.71
11	CHEN CHENG HSIUNG	8,136,800	1.43
12	LEE YING-CHI	7,140,000	1.25
13	JENG HUANG FONG MAAN	6,188,800	1.09
14	OCBC SECURITIES PRIVATE LTD	6,058,200	1.06
15	KO TSAI HSIU CHUN LISA	5,866,340	1.03
16	UNITED OVERSEAS BANK NOMINEES PTE LTD	4,919,400	0.86
17	DBS NOMINEES PTE LTD	4,835,240	0.85
18	WEN YAO-CHOU	4,794,643	0.84
19	KAU JUI-HUNG	4,763,800	0.84
20	CITIBANK CONSUMER NOMINEES PTE LTD	4,604,400	0.81
	TOTAL	353,246,455	61.97

Substantial Shareholders

As shown in the Register of Substantial Shareholders

Name of Shareholders	No of Shares Direct Interest	Deemed Interest
Sunny Worldwide Int'l Ltd	108,362,000	-
Wen Yao-Long (1)	24,224,747	108,362,000
Chen Ming-Hsing	33,723,000	-
Europtronic Investment Pte Ltd	51,482,085	-
Europtronic Group Ltd (2)	30,515	51,482,085
Huang Shih-An (3)	14,540,200	64,633,400
Huang Chuang Shueh Ou (4)	13,120,800	66,052,800

Notes:-

1 Sunny Worldwide Int'l Ltd ("Sunny Worldwide") is an investment holding company incorporated in Mauritius. It is beneficially owned by Mr Wen Yao-Long, Mr Wen Yao-Chou and their family members. Mr Wen Yao-Long is deemed to have an interest in the shares held by Sunny Worldwide by virtue of his 20.3% direct interest in Sunny Worldwide. Mr Wen Yao-Long is the only director of Sunny Worldwide.

2 Europtronic Group Ltd ("EGL"), a company listed on the SGX-ST, is deemed to have an interest in the shares held by Europtronic Investment Pte Ltd ("EIPL") by virtue of its 100% direct interest in EIPL.

3 Mr Huang Shih-An is deemed to have an interest in the shares held by:

(a) his spouse Mrs Huang Chuang Shueh Ou
(b) EGL and EIPL by virtue of his 27.29% direct interest in EGL. EIPL is a wholly owned subsidiary of EGL.

4 Mrs Huang Chuang Shueh Ou is deemed to have an interest in the shares held by:

(a) her spouse Mr Huang Shih-An
(b) EGL and EIPL by virtue of her 25.24% direct interest in EGL.

Percentage of Shareholding in Public's Hand

Based on information available to the Company as at 19 March 2008, approximately 55.88% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

(Company Registration No. 200107762R)
(Incorporated in the Republic of Singapore with Limited Liability)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of Eucon Holding Limited (the "Company") will be held at Boardroom, Level 16, Grand Mercure Roxy Hotel, 50 East Coast Road, Roxy Square, Singapore 428769 on Monday, 28 April 2008 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the financial year ended 31 December 2007 together with the Auditors' Report thereon. **[Resolution 1]**

2. To approve the Directors' Fees of S$170,000/- for the year ended 31 December 2007 (2006: S$153,333/-). **[Resolution 2]**

3. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:-

   (a) Mr Wen Yao-Long {retiring pursuant to Article 89} **[Resolution 3(a)]**

   (b) Mr Seow Han Chiang, Winston {retiring pursuant to Article 89} **[Resolution 3(b)]**

4. To re-appoint Messrs Deloitte & Touche as the Company's Auditors and to authorise the Directors to fix their remuneration. **[Resolution 4]**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolution with or without any modifications:-

6. "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be and are hereby authorised to issue shares and convertible securities in the capital of 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 person as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed 50 per centum of the total number of issued shares, excluding treasury shares, in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to existing shareholders shall not exceed 20 per centum of the total number of issued shares, excluding treasury shares, in the capital of the Company at the time of the passing of this Resolution and that such authority shall continue in force until the date that the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, unless revoked or varied at a general meeting of the Company". **[Resolution 5]**

   [See Explanatory Note (i)]

   BY ORDER OF THE BOARD

   Tan Cheng Siew
   Chan Wai Teng Priscilla
   Joint Company Secretary
   Singapore, 10 April 2008

Notes:

A Member is entitled to appoint up to two proxies to attend and vote in his place. A proxy need not be a Member of the Company. Members wishing to vote by proxy at the meeting may use the proxy form enclosed. The completed proxy form must be lodged at the Registered Office of the Company at 80 Marine Parade Road, #11-02 Parkway Parade, Singapore 449269 not less than 48 hours before the time appointed for the Meeting.

Note to item no. 3

The Board of Directors, in consultation with the Nominating Committee, recommends to members the re-election of Messrs Wen Yao-Long and Seow Han Chiang, Winston.

Note to item no. 3(b)

Mr Seow Han Chiang, Winston will, upon re-election as Director of the Company, continue to serve as Chairman of the Remuneration Committee and member of the Audit and Nominating Committees. Mr Seow Han Chiang, Winston will be considered independent for the purposes of Clause 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

(i) The ordinary resolution no. 5 proposed in item 6 above, if passed, will empower the Board of Directors of the Company, from the date of the above Meeting until the date the next Annual General Meeting is held or is required by law to be held, whichever is the earlier, to issue shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) in the Company in accordance with the percentages set out above. This authority will, unless revoked or varied at a general meeting, expire at the date the next Annual General Meeting of the Company is held or is required by law to be held, whichever is earlier.

The percentage of issued share capital is based on the total number of issued shares, excluding treasury shares, in the capital of the Company at the time of the passing of this Resolution after adjusting for (a) new shares arising from the conversion or exercise of convertible securities (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution and (c) any subsequent bonus issue, consolidation or subdivision of shares.

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EUCON HOLDING LIMITED (Company Registration No. 200107762R)
(Incorporated in The Republic of Singapore with Limited Liability)

PROXY FORM

Important
1. For investors who have used their CPF monies to buy Eucon Holding Limited's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.

2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We____

of____

being a *member/members of Eucon Holding Limited, hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

as my/our proxy/proxies to vote for me/us on my/our behalf at the Sixth Annual General Meeting of the Company to be held at Boardroom, Level 16, Grand Mercure Roxy Hotel, 50 East Coast Road, Roxy Square, Singapore 428769 on Monday, 28 April 2008 at 10.00 a.m. and at any adjournment thereof.

The proxy is required to vote as indicated with an "X" on the resolutions set out in the Notice of Meeting and summarised below. If no specific direction as to voting is given, the proxy/proxies may vote or abstain at his discretion.

No.	Resolution	For	Against
1.	To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 December 2007 together with the Auditors' Report thereon.		
2.	To approve payment of Directors' Fees.		
3.	(a) To re-elect Mr Wen Yao-Long as a Director.		
	(b) To re-elect Mr Seow Han Chiang, Winston as a Director.		
4.	To re-appoint Messrs Deloitte & Touche as the Company's Auditors and to authorise the Directors to fix their remuneration.		
5.	To authorise the Directors to issue shares.		

Signed this day of 2008

Total No. of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

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

Notes:

1. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.

2. Where a member appoints two proxies, he must specify the proportion of his shareholding to be represented by each proxy, failing which the nomination shall be deemed to be alternative.

3. The instrument appointing a proxy must be signed by the appointer or his duly authorised attorney or if the appointer is a corporation, it must be executed either under its common seal or signed by its attorney or a duly authorised officer of the corporation.

4. A corporation which is a member may also appoint by resolution of its Directors or other governing body an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote on its behalf.

5. The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof), must be deposited at the registered office of the Company, 80 Marine Parade Road, #11-02 Parkway Parade, Singapore 449269 at least 48 hours before the time fixed for holding the Annual General Meeting.

6. A member should insert the total number of Ordinary Shares held. If the member has Ordinary Shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of Ordinary Shares. If the member has Ordinary Shares registered in his name in the Register of Members, he should insert that number of Ordinary Shares. If the member has Ordinary Shares entered against his name in the Depository Register as well as Ordinary Shares registered in his name in the Register of Members, he should insert the numbers of Ordinary Shares in the respective boxes provided in the instrument of proxy. If no number is inserted, this form of proxy will be deemed to relate to all the Ordinary Shares held by the member.

7. The Company shall be entitled to reject this instrument of proxy if it is incomplete, or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of a member whose Ordinary Shares are entered in the Depository Register, the Company shall be entitled to reject this instrument of proxy which has been lodged if such member is not shown to have Ordinary Shares entered his name in the Depository Register at least 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

EUCON HOLDING LIMITED

(Co. Reg. No. 200107762R)

80 Marine Parade Road #11-02

Parkway Parade Singapore 449269

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