delivering customised solutions

EuCOn

EUCON HOLDING LIMITED
Annual Report 2004

Contents

CORPORATE PROFILE


Eucon Holding Limited ("Eucon") is an integrated PCB service provider and one of the largest independent PCB drilling service providers in the Taiwan and China region.

Our history can be traced back to 1988 when our Chairman and Chief Executive Officer, Mr Wen Yao-Long, started the business of providing outsourced mechanical drilling services to PCB manufacturers in Taiwan. Over the years, we have expanded our coverage to include the Shanghai-Jiangsu region in China and added routing services to meet the demand of our customers. In 2001 when new generation of multi-layer PCBs emerged for products such as laptops and mobile phones, Eucon seized the opportunity to become one of the first companies in Taiwan to offer outsourced laser drilling services as these PCBs required more precise and accurate drilling. Today, Eucon is one of the largest laser drilling service providers in Taiwan with a total of 42 laser drilling machines as at 31 December 2004. The Taiwan subsidiary, Zeng Kang Enterprise, obtained the ISO9001:2000 certification on 14 April 2000.

In Shanghai, China the Group has two plants providing mechanical and laser drilling as well as routing services. The Group has a total of 83 mechanical drilling machines, 8 laser drilling machines and 20 routing machines, making Eucon one of the largest PCB drilling service providers in the Shanghai-Jiangsu region. Three of the subsidiaries in China, Shanghai Zeng Kang, Shanghai Yaolong and Shanghai Zhuo Kai, obtained ISO9001:2000 certifications on 21September 2000, 4 October 2002 and 12 September 2004 respectively.

In 2004, the Group expanded into PCB manufacturing in China to offer a complete turnkey solution to PCB manufacturers, most of whom are migrating upstream to focus on high density interconnect PCBs. Shanghai Zhuo Kai, our first PCB manufacturing plant which specializes in outer layers, commenced operation in January 2004. Shanghai Eu Ya, our second manufacturing plant which focuses on mass lamination, began operation in December 2004.

PRODUCTION CAPABILITIES

- **Laser Drilling for HDI PCBs**
  Laser drilling process with over 106.0 billion holes drilled in 2004 at its Taiwan and Shanghai facilities.

- **Mechanical Drilling**
  Advanced computer numeric control ("CNC") drilling techniques with over 48.2 billion holes drilled in 2004 at its Shanghai facilities.

- **Routing**
  Complementing laser and mechanical drilling services, with over 13.1 million metres routed in 2004.

- **Manufacture of PCBs**
  Capable to produce up to 300,000 sq m per annual of PCBs.

delivering GROWTH

Eucon – Production Facilities

Taiwan Zeng Kang, one of the largest independent laser drilling service providers in Taiwan.

Shanghai Zeng Kang, offers mechanical drilling and routing services to customers in northern Shanghai.

Shanghai Yaolong, offers mechanical and laser drilling as well as routing services to customers in southern Shanghai.

Shanghai Zhuo Kai, provides PCB manufacturing services.

Shanghai Eu Ya, manufactures laminate boards for use in the production of PCBs.

THE COMPLETION OF THE GROUP'S EXPANSION IN MANUFACTURING CAPABILITIES DURING 2004 WAS INSTRUMENTAL IN BOOSTING THE GROUP'S REVENUE GROWTH. GROUP REVENUE INCREASED 41.0% YEAR-ON-YEAR TO $41.8 MILLION IN 2004.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the first Annual Report of Eucon Holding Limited for the financial year ended 31 December 2004.

Initial Public Offering

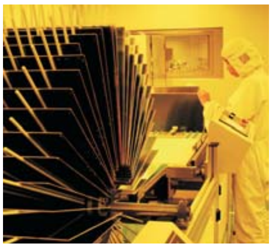
On 30 August 2004, the Company launched its Initial Public Offering ("IPO") on the Singapore Exchange raising $23.8 million in net proceeds. Of the net proceeds raised, $9.0 million was utilised to finance the purchase of 11 laser drilling machines for our manufacturing plant in Taiwan and the rest for working capital. Trading of Eucon shares commenced on 8 September 2004.

Performance and Strategic Developments

Apart from our successful IPO and inaugural admittance to the Main Board of the Singapore Exchange, 2004 was a strategically important year for the Group as we completed our expansion programme and laid the strong foundations to position Eucon Group as an integrated PCB service provider in China and one of the largest independent laser drillers in Taiwan.

In 2003, we implemented our vertical integration strategy to move up the value chain. This entailed expanding into PCB manufacturing and mass lamination to offer complete turnkey solutions to PCB manufacturers. We enlarged our manufacturing footprint in China with the addition of two manufacturing plants in Shanghai, Shanghai Zhuo Kai and Shanghai Eu Ya. Both are wholly owned subsidiaries under the Group. Shanghai Zhuo Kai will concentrate on PCB manufacturing specialising in outer layer PCBs while Shanghai Eu Ya in mass laminating.

CHAIRMAN'S STATEMENT



We are pleased to report that Shanghai Zhuo Kai which commenced operations in January 2004 became profitable by the fourth quarter of 2004 . We are also pleased with the progress of Shanghai Eu Ya which had commenced trial production in December 2004.

The completion of the Group's expansion in manufacturing capabilities during 2004 was instrumental in boosting the Group's revenue growth. Group revenue increased 41.0% year-on-year to $41.8 million in 2004. This is mainly driven by first-time contribution from the Group's PCB manufacturing operations in China and higher contribution from laser drilling operations in Taiwan which had increased its number of laser drilling machines from 24 units to 42 units.

Our strategy to expand laser drilling operation has also achieved its objective. The better margin laser drilling business has surpassed mechanical drilling to become the major contributor accounting for 44.5% of 2004 group revenue. The combined effect of lower pricing and softer demand in China has reduced revenue from mechanical drilling by 24.1% and its share of Group revenue from 51.9% in 2003 to 27.8% in 2004. By geographical segmentation, revenue from our China operations doubled from $11.3 million to $23.9 million mainly attributed to revenue from PCB manufacturing.

Gross profit increased 28.7% to $18.6 million in 2004, compared with $14.5 million in 2003. However, the Group's 2004 bottomline was dampened by high start-up costs at the new PCB manufacturing plants that increased administrative costs by $2.1 million, and unrealized foreign exchange translation loss of $0.8 million arising from the outstanding Inter-Company loan between the Group's subsidiaries in Taiwan and China.

Group profit before tax grew by 4.8% year-on-year to $10.6 million and had it not been offset by these start-up costs and unrealized translation foreign exchange loss, the Group would have recorded higher profits in 2004.

In addition, 2004 income tax expense rose to $2.4 million from $92,000 in 2003, due to the higher tax expenses in Taiwan. Aside from recording more profit in Taiwan, tax credit from earlier years' losses was already fully utilised in 2003. We also benefited less from Taiwan investment tax allowance in 2004 in line with a lower net increase in capital investment.

Consequently, net profit attributable to shareholders declined by 17.7% to $8.3 million in 2004. Earnings per ordinary share in 2004 was 1.72 cents computed on the weighted average of 480.8 million shares, compared with 2.96 cents in 2003 based on the pre-IPO share capital of 339.0 million shares.

CHAIRMAN'S STATEMENT

In consideration of the above results, the board of Directors has recommended a first and final dividend of 0.5 cent net per ordinary share for 2004.

Business Outlook

Going forward, the Directors are positive of the Group's prospects from having moved up the value chain, ramped up technological capabilities in laser drilling and PCB manufacturing coupled with an enlarged footprint in China. We believe that while 2004 was the year of strengthening the Group and laying the groundwork for future growth, 2005 will be the year from which the Group starts to reap the fruits of its investment over the last two years.

Our first PCB manufacturing plant at Shanghai Zhuo Kai underwent plant survey and product qualification tests for higher-layer count PCBs by existing customers and potential new customers. Our second PCB manufacturing plant at Shanghai Eu Ya was qualified by six potential customers in early 2005 and has already received some small orders in the first quarter of 2005. With more orders flowing in to the Group's new plants in China, we will benefit from improving cost efficiencies once economies of scale kick in. It is thus on track to deliver positive results in 2005.

There has been a clear trend of Taiwan notebook manufacturers shifting PCB production to China. In addition, PCB manufacturers continue to outsource drilling and routing of PCBs. The Group will continue to fine tune its drilling operation with more emphasis on laser drilling. Coupled with our PCB manufacturing strengths in China, the Group is well positioned to capitalise on these industry trends and springboard to the next level of growth.

We are confident that the Group will remain profitable in 2005.

Appreciation

I wish to thank all shareholders, sponsors, strategic partners, business associates, employees and the management team for their contribution towards Eucon's successful IPO and expansion programme during the past year. I would also like to express my appreciation to our Directors for their invaluable expert advice and look forward to their enduring support in steering the Group through new challenges ahead.

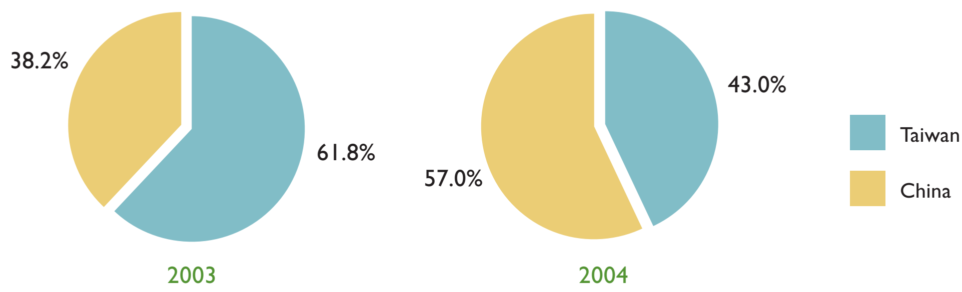
Yours Sincerely
Wen Yao-Long
Executive Chairman & CEO

FINANCIAL HIGHLIGHTS

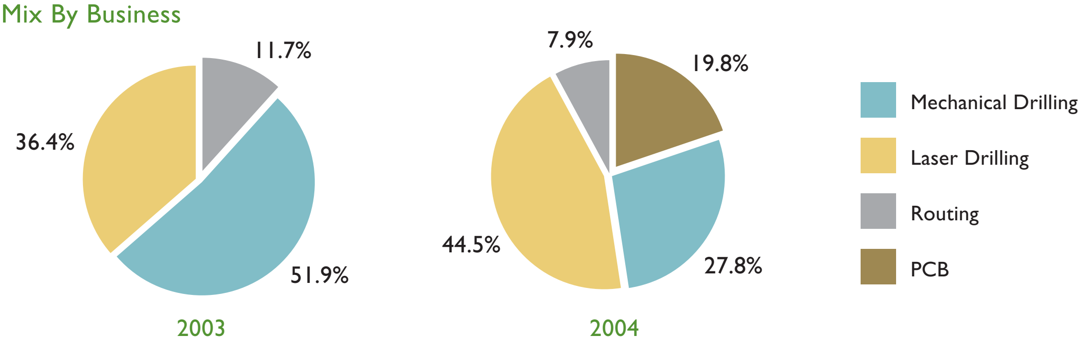
	Proforma 2002	2003	2004
Group Profit & Loss Account ($Million) (for the year ended 31 December)			
Revenue	19.2	29.7	41.8
Gross profit	6.1	14.5	18.6
Operating profit	2.6	11.1	12.1
Profit before tax	1.2	10.1	10.6
Profit attributed to shareholders	1.2	10.0	8.3

	2002	2003	2004
Group Balance Sheet ($Million) (as at 31 December)			
Property, plant and equipment	35.4	64.5	91.1
Cash and bank	1.0	7.7	9.0
Other assets	20.3	24.8	20.5
Total assets	56.7	97.0	120.6
Shareholders' equity	29.0	44.2	71.0
Total borrowings	16.5	32.6	31.8
Other liabilities	11.2	20.2	17.8
Total liabilities and equity	56.7	97.0	120.6
Financial Ratios			
Return on average shareholders' equity (%)	4.1	27.3	14.4
Return on average assets (%)	2.1	13.0	7.6
Net gearing ratio	0.5	0.6	0.3
Working capital ratio	0.7	0.8	0.6

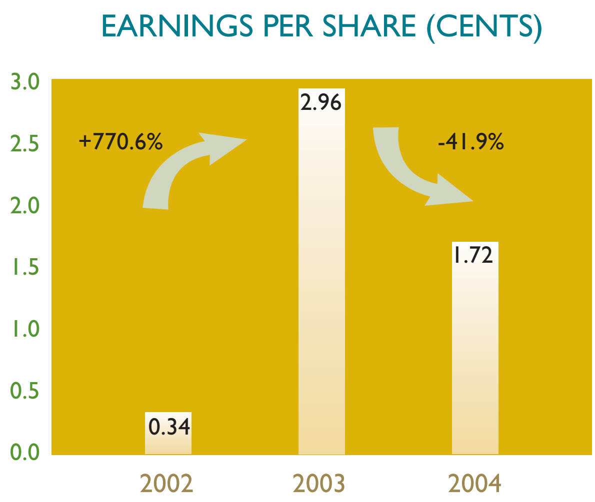
Revenue Mix By Geographical

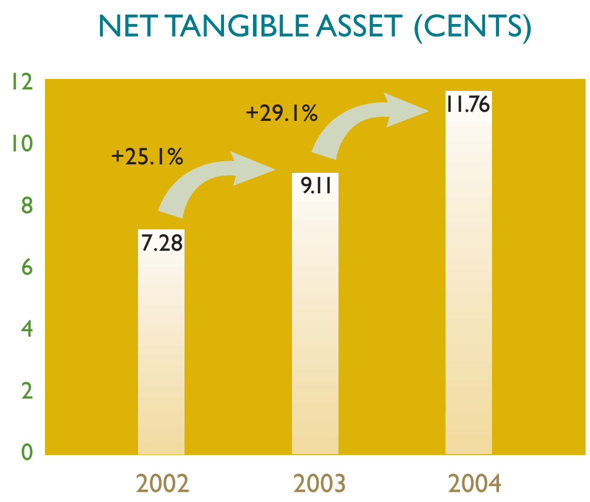


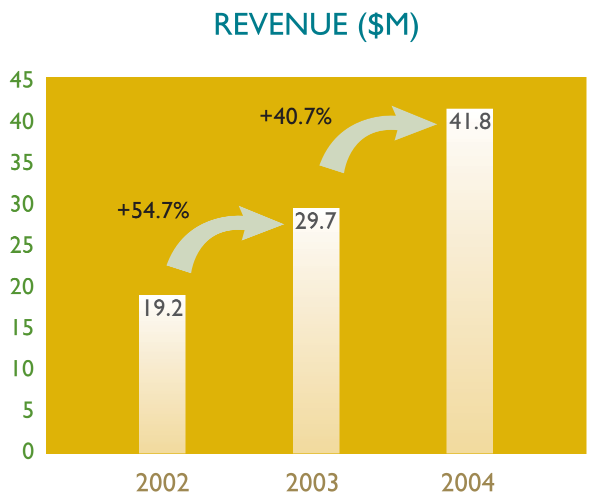
Revenue Mix By Business

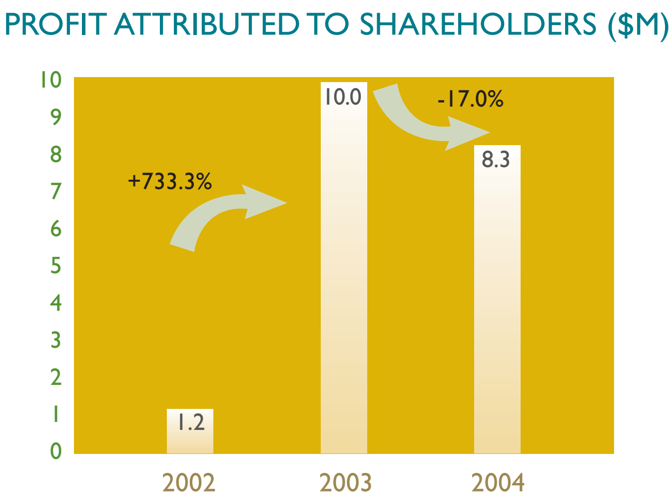


FINANCIAL HIGHLIGHTS









- ESP for 2002 based on weighted average Pre-IPO shares of 338,735,660*
- ESP for 2003 based on weighted average Pre-IPO shares of 339,013,097*
- ESP for 2004 based on weighted average shares of 480,846,995
- NTA for 2002 calculated based on Pre-IPO shares of 338,735,660*
- NTA for 2003 calculated based on Pre-IPO shares of 440,000,000*
- NTA for 2004 calculated based on shares of 570,000,000

** Adjusted for the share split of 1 ordinary share of $1.00 each into 20 ordinary shares of $0.05 each*

FINANCIAL HIGHLIGHTS

Income Statement

Turnover for 2004 registered a 41.0% increase to $41.8 million, compared to $29.7 million in 2003. The revenue growth was mainly due to the first-time contribution from our PCB manufacturing operation in China and higher contribution from our laser drilling operation in Taiwan.

Group gross profit for the year under review grew 28.7% to $18.6 million. The relatively slower growth rate was mainly due to lower margins from the PCB manufacturing operation.

Group profit before income tax grew 4.8% from $10.1 million to $10.6 million over the same period. The growth was dampened by the start up costs of our new PCB manufacturing operations in China which increased Group administrative expenses by $2.1 million. In addition, increase in other operating expenses of the Group was mainly due to an unrealised foreign exchange loss of $0.8 million arising from inter-company loan outstanding between our Taiwan and China subsidiaries.

Group income tax expense rose from $92,000 in 2003 to $2.4 million in 2004 due to the following factors:

1. Absence of Taiwan tax credit arising from losses prior to 2003 which was fully utilised in 2003,

2. Higher profit in Taiwan which has higher corporate income tax rate, and

3. A lower investment tax allowance in Taiwan in 2004 as the net increase in capital investment was lower than that in 2003.

As a result of the higher tax expenses, Group profit after tax attributable to shareholders declined 17.7% to $8.3 million in 2004 from $10.0 million in 2003.

Financial Position

Group financial position strengthened in 2004 despite a net capital expenditure of $36.7 million. We have generated $21.2 million from operating cash flow and have raised $23.8 million cash proceeds from the IPO exercise in September 2004. As a result, Group net borrowing as at 31 December 2004 was reduced by $2.0 million to $22.9 million from $24.9 million as at 31 December 2003. With higher capital base, Group net gearing ratio has also improved from 0.6 to 0.3 over the same period.

Cash and fixed deposits as at 31 December 2004 increased 16.9% to $9.0 million, from $7.7 million a year ago. Trade receivables decreased 25.1% to $12.4 million, from $16.6 million over the same period due to prompt payments from our customers.

Our fixed assets as at 31 December 2004 have increased to $91.2 million, up 41.3% from $64.5 million a year ago, due to purchase of plant and equipment for our two new PCB manufacturing plants in China and the increase in drilling machines in our China and Taiwan plants.

Shareholders' equity as at 31 December 2004 was up 60.8% to $71.0 million from $44.2 million a year earlier, while the Net Asset Value per ordinary share as at 31 December 2004 increased 29.1% to 11.76 cents from 9.11 cents over the same period.

To accelerate our expansion activities in China and Taiwan, the Group incurred net capital expenditure of $71.3 million over the last two financial years, $34.6 million in 2003 and $36.7 million in 2004. The management is of the opinion that the bulk of its expansion needs have been met adequately by the capital expenditure over these two years.

Capital expenditure going forward is expected to be sufficiently covered by our operating cash flow. Our planned capital expenditure for 2005 is estimated at $8.0 million. More than half of this will go towards the second phase of expansion for Shanghai Eu Ya PCB mass lamination plant and the balance for maintenance capital expenditure.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive

Wen Yao-Long (Chairman & Chief Executive Officer)
Wen Yao-Chou

Non-Executive

Chen Ming-Hsing
Huang Shih-An
Ang Miah Khiang (Independent)
Ong Sim Ho (Independent)

AUDIT COMMITTEE

Ang Miah Khiang (Chairman)
Ong Sim Ho
Huang Shih-An

NOMINATING COMMITTEE

Ong Sim Ho (Chairman)
Ang Miah Khiang
Huang Shih-An

REMUNERATION COMMITTEE

Ong Sim Ho (Chairman)
Ang Miah Khiang
Huang Shih-An

COMPANY SECRETARY

Chow Yew Kee, CPA

REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS

80 Marine Parade Road
#11-02 Parkway Parade
Singapore 449269
Tel: (65) 6346 6078
Fax: (65) 6346 6079
Web: www.euconholding.com

SHARE REGISTRAR

Lim Associates (Pte) Ltd

10 Collyer Quay
19-08 Ocean Building
Singapore 049315

AUDITORS

Deloitte & Touche

Certified Public Accountants
6 Shenton Way
32-00 DBS Building Tower Two
Singapore 068809
Partner-in-charge: Aric Loh Siang Khee
Date of Appointment: 15 October 2002

PRINCIPAL BANKERS

Chang Hwa Bank

Singapore Branch
No. 1 Finlayson Green
#08-00
Singapore 049246

Maybank

Main Branch
Maybank Tower
2 Battery Road
Singapore 049907

Taiwan Cooperative Bank

Yung-Jih Branch
279 Sung Shan Road
Shin Yi District, Taipei
Taiwan

ChinaTrust Commercial Bank

Cheng-Tung Branch
88 Section 2, Nanking East Road
Taipei, Taiwan

Hua Nan Commercial Bank

Chung-Li Branch
35 Min Tsu Road
Chung Li City
Taoyuan County
Taiwan

Ta Chong Bank

Erh-Chung Branch
1F-7, No. 14, Lane 609, Section 5
Chung Hsing Road, San Chung City
Taipei Country, Taiwan

Chailease Finance Co. Ltd.

4F, 56 Tun Hwa North Road
Taipei, Taiwan

BOARD OF DIRECTORS

Wen Yao-Long is our founder, Executive Chairman and Chief Executive Officer. Mr Wen has been instrumental in charging our business direction and spearheading our growth. He is responsible for the overall management such as the operational and financial matters of our Group. In 1988, Mr Wen saw the opportunity in providing outsourced mechanical drilling services to PCB manufacturers in Taiwan. Since then, he has been expanding our Group's business by establishing new facilities in the Shanghai-Jiangsu region and entering into new businesses such as laser drilling, routing and PCB manufacturing. Mr Wen has more than 15 years of experience in the PCB industry. He is a high school graduate.

Wen Yao-Chou is our co-founder and Executive Director. Mr Wen has more than 15 years of experience in the PCB industry. He is responsible for the sales and marketing functions of our Group. In addition, Mr Wen is also involved in developing our clientele base, servicing our customers and developing our overseas business. He is a high school graduate.

Chen Ming-Hsing is our Non-Executive Director. He has more than 20 years of experience in the electronic manufacturing services industry. Mr Chen's industry knowledge and invaluable inputs assist the Executive Chairman and Chief Executive Officer in identifying the industry trends and our business direction. Currently, Mr Chen is also the president of Biloda Ltd, an electronic company incorporated in Taiwan. Mr Chen holds a bachelor of arts degree in physical education from the Chinese Culture University, Taiwan and an executive master of business administration from the National University of Singapore.

BOARD OF DIRECTORS

Huang Shih-An is our Non-Executive Director. Currently, he is the chairman of Europtronic Group Ltd, a public listed company in Singapore, which is an electronic components manufacturer and distributor. Mr Huang's primary responsibilities with Europtronic include charting and reviewing its corporate developments, strategic initiatives, marketing operations and overseas businesses. Mr Huang brings to our Company more than 25 years of management experience in the electronic components industry. His expertise in the PCB and related industries aids the growth and development of our business. Mr Huang holds a bachelor degree in international trade and finance from the Chinese Culture University, Taiwan and an executive master of business administration from the National University of Singapore.

Ang Miah Khiang is our Independent Director. He is currently an executive director of DP Information Network Pte Ltd, a business and credit information bureau. He joined DP Information Group in April 2004 and is responsible for corporate development and formulating regional growth strategies. Prior to this, he was the managing director of GE Commercial Financing (Singapore) Ltd, where he was employed since 1979. In this position, he had overall responsibilities for the operations in Singapore, as well as regional responsibilities for GE related businesses. He sits on several boards of publicly listed and private companies. Mr Ang graduated from the University of Singapore with a Bachelor of Accountancy degree. He is a fellow of the Institute of Certified Public Accountants of Singapore and a member of the Singapore Institute of Directors.

Ong Sim Ho is our Independent Director. He is presently the Senior Partner of the law firm, Messrs Ong Sim Ho - A Tax & Corporate Law Practice. Mr Ong is also a non-practicing Certified Public Accountant in Singapore and a member of the Singapore Institute of Directors. He sits on several boards of publicly listed and private companies, including the Advisory Board of the Singapore Management University, School of Accountancy.

EUCON HAS BEEN ABLE TO LEVERAGE ON ITS TECHNICAL AND MANAGEMENT EXPERTISE TO ESTABLISH A STRONG FIRST-MOVER ADVANTAGE OVER ITS COMPETITORS

delivering COMMITMENT

Chien Wan-Hsin, our Group Financial Controller, joined our Group in June 2001. Mr Chien is responsible for the accounting, financial and taxation functions of our Group. Prior to joining Taiwan Zeng Kang in June 2001 as its finance manager, Mr Chien 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 the Taipei Certified Public Accountants Association.

Loo Ming-Chiang, our Vice General Manager of Taiwan Zeng Kang, joined our Group in April 1998. He is responsible for the production and engineering functions of the Group. Additionally, he constantly reviews our production processes to maximise our equipment efficiency. Mr Loo was the plant manager of Taiwan Zeng Kang in 1998 and was subsequently promoted to his current position in 1999. Mr Loo was the assistant manager of Century Circuits Inc in 1992. He joined Silicon Master Technology Co. Ltd. as its general manager in 1996 and was a manager of Orient First Industry Co., Ltd in 1997. Mr Loo graduated from the Naval Academy, Taiwan with an emphasis in electronics communication.

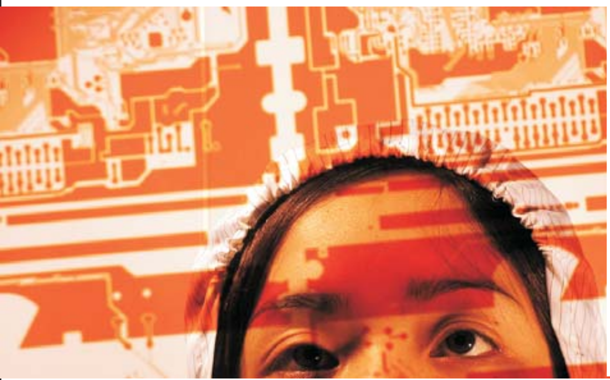
Lin Kuo-Feng, our Vice General Manager of Shanghai Zeng Kang and Shanghai Yaolong, joined our Group in May 1999. He is responsible for overseeing the overall operation of Shanghai Zeng Kang and Shanghai Yaolong. Mr Lin joined Xiamen Three Well Dress Co., Ltd as its general manager in 1993 and was the general manager of Guangdong Gingxi Textile Co., Ltd in 1997. Mr Lin is a high school graduate.

Lee Tung-Chen, our Vice General Manager of Shanghai Zhuo Kai, joined our Group in January 2003. He is responsible for the production, engineering and quality assurance functions of Shanghai Zhuo Kai. Mr Lee was the vice general manager of Circuitech Electronics Inc and Ching Shi Technology Co. Ltd in 1998 and 2002 respectively. Mr Lee holds a diploma in chemical engineering from Lunghwa Junior College of Technology, Taiwan.

Yeh Wei-Chuong, our Quality Assurance and Engineering Department Manager of Shanghai Zhuo Kai, joined our Group in March 2003. Mr Yeh is responsible for quality control and engineering functions of Shanghai Zhuo Kai. He was a quality assurance manager with Jiun Puu Technology Co., Ltd in 2001 and was a sales manager with Unicap Electronics Ind. Corp. in 1993. Mr Yeh is a high school graduate.

Chan Hui-Chung is the spouse of our Director, Wen Yao-Long. She joined our Group in April 1993. Currently, she is the Vice General Manager of Shanghai Zhuo Kai. Her primary responsibility is to look after the finance functions of Shanghai Zhuo Kai. Ms Chan was the Financial General Manager of Taiwan Zeng Kang from 1993 to 2000 and was subsequently the Vice General Manager of Taiwan Zeng Kang from 2000 to 2003. Ms. Chan is a high school graduate.

OPERATIONS REVIEW



Operations and Financial Review

The year 2004 has been an eventful and rewarding year for our Group. Apart from the listing on the Singapore Exchange Main Board ("SGX") in September 2004, we oversaw the successful restructuring of our PCB drilling operations in Taiwan and the commencement of our PCB manufacturing operation in China. It capped a two-year accelerated expansion programme that lays the foundations for our future growth in our core businesses in China and Taiwan.

Since our beginnings in 1988 in Taiwan, we have steadily expanded our service range to include laser drilling for High Density Interconnect PCBs ("HDI PCB") to cater for a broader market. We are one of the first companies in Taiwan to offer outsourced laser drilling services to PCB manufacturers. Currently, we are one of the largest independent laser drilling service providers in Taiwan.

Industry Overview

Our customers are mainly PCB manufacturers for electronic products such as computers and computer peripherals, telecommunication systems, networking equipment, handsets, wireless products and consumer electronic products.

China region is emerging as a major centre for PCB manufacturing and related industries. China and Taiwan accounted for over 33% of global PCB manufacturing in 2004, up significantly from 19% in 2000.

The continuing global outsourcing trend will also benefit players involved in the PCB industry in China and Taiwan. As Taiwan PCB manufacturers move up the value chain to offer more complex higher-density products, they will outsource matured products with high production volume to China which has a lower cost structure. At the same time, an increasing number of foreign PCB manufacturers, particularly from the US and Europe, are expected to ride on this trend and outsource PCB manufacturing to China and Taiwan. In each of these instances, Eucon, with footprint in both China and Taiwan, will stand to benefit.

According to Gartner, an industry research firm, about 674 million handsets were sold worldwide in 2004 and estimates that worldwide mobile phone sales to exceed 730 million sets in 2005. However, total handset-PCB shipments from Taiwanese PCB manufacturers in 2005 are expected to remain flat or grow at around 5% year-on-year, according to DigiTimes. Overall demand for handset-use PCBs is expected to pick up after the third quarter of 2005, when handset-inventory pressure has eased and more third-generation (3G) mobile phones are launched.

OPERATIONS REVIEW

Business Review

Laser Drilling

With precision of up to 0.10 mm, and capacity of up to 1.3 million holes per hour, Eucon's laser drilling activities serve mostly manufacturers of HDI PCBs used in the mobile phone and wireless communication products.

Early in 2004, we ceased all mechanical drilling services in Taiwan in order to focus on higher-margin laser drilling services. By February 2004, we had sold off all mechanical drilling machines in Taiwan. Instead, we increased the number of laser drilling machines from 24 as at 31 December 2003 to 42 as at 31 December 2004.

This shift in focus in Taiwan on laser drilling resulted in gross profit there rising 27.8% in 2004 despite a 2.0% fall in revenue.

In China, the Group has also increased the number of laser drilling machines from 2 units to 8 units during the year 2004. The demand for laser drilling service in China is still relatively subdued as production volume of PCBs which require laser drilling is still relatively small.

Group revenue from laser drilling services in 2004 increased 72.2% to $18.6 million, in line with the increase of laser machines from 26 units to 50 units during the year. With the latest industry forecast of handset PCB demand to pick up after third quarter of 2005, we also expect demand for our laser drilling service to be subdued in the first half of 2005.

Drilling and Routing

Shanghai Zeng Kang, our first China plant, commenced operation in September 1999. The plant provides mechanical drilling and routing service to customers in northern Shanghai.

Shanghai Yao Long, our second China plant, was established in March 2001 to meet the increasing demand of our customers in Shanghai. The plant provides laser and mechanical drilling as well as routing services to service customers in southern Shanghai.

During the early part of 2004, we disposed all 37 mechanical drillers in Taiwan, and purchased 37 advanced mechanical drillers in China. This brought the total number of mechanical drilling machines in China to 83 at the end of 2004 and that the total number of such machines within the Eucon Group remains the same at 83 as at 31 December 2004.

EUCON NOW PROVIDES SERVICES TO AT LEAST HALF THE WELL-KNOWN PCB MANUFACTURERS IN TAIWAN AND SHANGHAI AND HAS BUILT STRONG CUSTOMER RELATIONSHIPS OVER THE YEARS.

delivering SERVICES

We have 20 machines for routing which is seen as a complementary service to our drilling service in Shanghai Zeng Kang, Shanghai Yao Long and Shanghai Zhuo Kai.

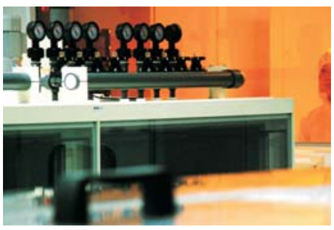
Group revenue from mechanical and routing service in 2004 declined 20.7% to $14.9 million. This is due to a significant fall in demand in the fourth quarter of 2004 and the cessation of mechanical drilling in Taiwan from February 2004. We have seen a rebound in demand in the first 3 months of 2005.

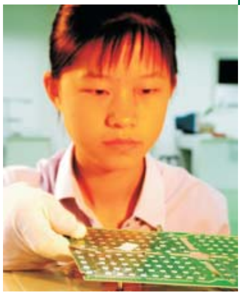
PCB Manufacturing

As more of our customers migrate to production of more complex multi-layer PCBs for products such as handsets and wireless communication products, it will open opportunities for the manufacturing of lower-layer count PCBs. Such lower-end and smaller volume orders may not have the economies of scale for the larger players, but can be met easily and profitably by niche PCB manufacturers.

Our new PCB manufacturing plant in China, Shanghai Zhuo Kai, with a built-up area of 12,684 square meters, began production in January 2004 to tap on such opportunities. The plant has an annual production capacity of 300,000 square meters. This facility allows us to offer a complete turnkey solution to PCB manufacturers who are mostly migrating upstream to focus on HDI PCBs. By offering drilling, manufacturing and routing of PCBs, we can better service our customers' needs as an integrated service provider. The synergy this provides will also allow us to strengthen our presence in the PCB industry and reduce our reliance on any one specific business segment.

The plant has continuously improved its utilization rate and has been operating above the breakeven level since the last quarter of 2004. It achieved profitability in just nine months by the fourth quarter of 2004, having begun operation only in January 2004. We are still in the process of qualification tests by new and existing customers for higher-layer count PCBs.





With the growing outsourcing trend and increasing dependence on multi-layer boards, Eucon's PCB manufacturing division is expected to contribute positively to the Group's bottom-line in 2005. Having invested $21.0 million in the plant, the bulk of the capital expenditure for Eucon's PCB manufacturing has already been made.

Mass Lamination

As part of our long-term plan to vertically integrate and provide a complete turnkey solution in PCB manufacturing, we invested $9.0 million in our second PCB manufacturing plant in China, Shanghai Eu Ya, in 2004. This new approximately 11,853 square meter facility will be dedicated to manufacturing laminate boards used in the production of PCBs. We believe that through this plant, we will be able to enjoy greater cost savings and better serve our customers.

Although trial production only started in December 2004, we have already been qualified by six potential customers since the start of 2005 and we have received some small orders in the first quarter of 2005. Looking forward, more than half of our planned capital expenditure of $8.0 million in 2005 will be channeled towards the second development phase of this plant. When the second phase is completed, our annual capacity will rise to 800,000 square meters.

With our management's extensive industry experience and track record in Shanghai Zhuo Kai's PCB manufacturing, we are confident of achieving the same success at Shanghai Eu Ya.

Technical and Management Expertise

Eucon has been able to leverage on its technical and management expertise to establish a strong first-mover advantage over its competitors in its core businesses outlined above. Its founders and senior management have over a decade's experience in laser and mechanical drilling while Zeng Kang Enterprise was one of the first to offer outsourced laser drilling services to PCB manufacturers in Taiwan. Eucon now provides services to at least half the well- known PCB manufacturers in Taiwan and Shanghai and has built strong customer relationships over the years. Eucon will leverage on this strong technical and management expertise to achieve fast turnover in PCB manufacturing and to capture more business and outsourcing opportunities going forward.

The Company is committed to maintaining high standards of corporate governance and transparency to enhance shareholders' value. The Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 8 September 2004 and the Group is in the process of refining its policies and practices so as to achieve this goal.

BOARD MATTERS

THE BOARD'S CONDUCT OF ITS AFFAIRS

The Board of Directors is entrusted with the responsibility for the overall management of the Group. It delegates day-to-day operations to management, while reserving certain key matters for its approval.

Key functions of the Board include approving the broad policies, strategies and objectives of the Company, monitoring the performance of management, approving the annual budget, and approving major funding, investment and divestment proposals. The Board regularly reviews business plans and the financial performance of the Company and the Group.

The Board also assumes the responsibility for the Group's compliance with the guidelines in the Code of Corporate Governance (the "Code").

The Board plans to meet regularly at least 4 times a year and as and when warranted by particular circumstances between the scheduled meetings.

The Board delegates specific responsibilities to the Audit Committee, Nominating Committee and Remuneration Committee. Specific descriptions of these Board Committees are set out in this Report.

The Company's Articles of Association allow a Board meeting to be conducted by way of telephone conference or videoconference.

All new Directors appointed to the Board are briefed on the Group's business activities, its strategic direction as well as their statutory and other duties and responsibilities. Where appropriate, Directors will be sent for courses, conferences and seminars in relevant fields.

The attendance of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings, since its listing on the SGX-ST, is disclosed at the end of this Report.

BOARD COMPOSITION AND BALANCE

The Board comprises six Directors, two of whom are Non-Executive Independent Directors.

The independence of each Director is reviewed annually by the Nominating Committee ("NC"). The NC adopts the Code's definition of what constitutes an Independent Director in its review.

Members of the Board comprise professionals and entrepreneurs, all having the core competencies and diversity of experience which enable them to contribute to the Company effectively.

The NC is of the view that the current size of the Board is appropriate, taking into account the nature and scope of the business and operations of the Group.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

Currently, Mr Wen Yao-Long serves as both the Chairman of the Board and the CEO of the Company as the scale of the business does not warrant such a division.

The Chairman's principal role is to manage the business of the Board and the Board Committees; preserve harmonious relations with the shareholders; exercise control over quality, quantity and timeliness of the flow of information between management and the Board; and ensures that procedures are introduced to comply with the Code. He approves meeting schedules of the Board and agendas for Board meetings in consultation with the Directors. The Chairman also advises on the Group's business strategy.

The CEO bears executive responsibility for the Company's business.

ACCESS TO INFORMATION

Management provides adequate and timely information to the Board on Board affairs and business issues which require the Board's decision. A quarterly report of the Company's activities is also provided to the Board. All analysts' reports on the Company are forwarded to the Directors on an on-going basis when received.

Prior to each Board meeting, the Board is supplied with relevant information by the management pertaining to matters to be brought before the Board for decision. The Board is also supplied with on going reports relating to operational and financial performance of the Group.

The Company adopts a policy which welcomes the Directors to request for explanations and briefings from or informal discussions with the Management on any aspects of the Company's operations or business issues. The Chairman will make the necessary arrangements to accede to these requests.

The Board also has separate and independent access to senior management and the Company Secretary at all times. To assist Board member in fulfilling their responsibilities, procedures have been put in place for Directors to seek independent professional advice, where appropriate, at the expense of the Company.

BOARD COMMITTEES

The Company has three Board Committees:-

1 Audit Committee
2 Nominating Committee
3 Remuneration Committee

NOMINATING COMMITTEE ("NC")

The members of the NC are Mr Ong Sim Ho (Committee Chairman), Mr Ang Miah Khiang and Mr Huang Shih-An. Both Mr Ong Sim Ho and Mr Ang Miah Khiang are Non-Executive Independent Directors.

The NC meets at least once a year and when necessary. The NC is guided by the Terms of Reference adopted on 10 September 2004.

The principal duties and responsibilities of the NC include:

- Making recommendations to the Board on all Board appointments, including re-nominations, having regard to the Directors' contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director.
- Making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Independent Directors appointed to the Board.
- Determining annually whether or not a Director is independent.
- Deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representation.
- Assessing the effectiveness of the Board as a whole and/or assessing the contribution by each individual Director to the effectiveness of the Board.
- Deciding how the Board's performance is to be evaluated and propose objective performance criteria, subject to approval of the Board, which address how the Board has enhanced long-term shareholders' value.

The Articles of Association of the Company requires at least one-third of the Directors to retire and subject themselves to re-election by shareholders at the Company's AGM. This means that no Director may stay in office for more than three years without being re-elected by shareholders. All new Directors appointed by the Board will have to retire at the next Annual General Meeting following their appointment. The retiring Directors are eligible to offer themselves for re-election.

The Directors due for retirement at the forthcoming Annual General Meeting are Mr Wen Yao-Long, Mr Wen Yao-Chou, Mr Ang Miah Khiang and Mr Ong Sim Ho. The NC recommends to the Board and shareholders, their re-nomination as Directors after taking into account their contributions and performance.

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
Wen Yao-Long	Executive	2 January 2003	19 April 2004
Wen Yao-Chou	Executive	2 January 2003	19 April 2004
Chen Ming-Hsing	Non-Executive	2 January 2003	19 April 2004
Huang Shih-An	Non-Executive	1 October 2002	16 June 2004
Ang Miah Khiang	Non-Executive / Independent	19 July 2004	-
Ong Sim Ho	Non-Executive / Independent	19 July 2004	-

Other key information on the individual directors of the Company is set out in pages 12 and 13 of this Annual Report. Their shareholdings in the Company are also disclosed on page 31 of the Report of the Directors.

The NC is of the opinion that the multiple board representations held by the Directors do not hinder them in carrying out their duties to the Company.

The NC has adopted a process for assessing the effectiveness of the Board as a whole which will be carried out for the financial year 2005. The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, Board accountability, Board processes, Board's standards of conduct, and Board performance in relation to Top Management and discharging its principal responsibilities in terms of the financial indicators as set out in the Code.

REMUNERATION MATTERS

REMUNERATION COMMITTEE ("RC")

The members of the RC are Mr Ong Sim Ho (Committee Chairman), Mr Ang Miah Khiang and Mr Huang Shih-An. Both Mr Ong Sim Ho and Mr Ang Miah Khiang are Non-Executive Independent 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 RC is guided by the Terms of Reference adopted on 10 September 2004.

The principal duties and responsibilities of the RC include:

- To recommend to the Board a framework of remuneration for the Board with a goal to retain and motivate them through competitive compensation and progressive policies, and to determine specific remuneration packages and terms of employment for each of the Executive Directors, 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.
- To ensure that remuneration package for employees related to Executive Directors and controlling 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.
- To recommend Executives' and Employees' Share Option Scheme or any other long term incentive schemes which may be set up from time to time.

The Independent Directors receive Directors' fees, 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. Directors' fees are recommended by the Board for approval at the Company's AGM.

The Executive Directors, Mr Wen Yao-Long and Mr Wen Yao-Chou, do not receive Directors' fees. The remuneration for the Executive Directors and the key senior executives comprise a basic salary component and a variable component which is based on the performance of the Group as a whole and their individual performance. The service contracts entered into with the Executive Directors were effective from 1 July 2004 and for a initial period of three years. Upon the expiry of the initial term of three years, their appointments shall automatically continue for an indefinite period until terminated by either party giving not less than six months' notice in writing to the other.

No Director is involved in deciding his own remuneration. For competitive reasons, the Group is not disclosing each individual Director's remuneration. Instead, we are disclosing the band of remuneration at the end of this Report. The details of the remuneration of the Directors and top 6 key executives who are not Directors for the financial year ended 31 December 2004 are set out at the end of this Report.

The RC also administers the Eucon Employee Share Option Scheme (the "ESOS"). Details of the ESOS are set out in the Report of the Directors.

ACCOUNTABILITY AND AUDIT

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, which together with its quarterly and full-year results will be published through the SGX-NET for the public and shareholders' information.

AUDIT COMMITTEE ("AC")

The members of the AC are Mr Ang Miah Khiang (Committee Chairman), Mr Ong Sim Ho and Mr Huang Shih-An, all of whom are Non-Executive Directors. Both Mr Ang Miah Khiang and Mr Ong Sim Ho are Independent Non-Executive Directors.

All members bring with them invaluable managerial and professional expertise in the financial, 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 is guided by the Terms of Reference adopted on 10 September 2004, which includes, amongst other responsibilities, reviewing quarterly and full-year financial statements, audit plan, system of internal accounting controls, internal control procedures, suspected fraud or irregularity, interested person transactions, auditors' independence annually, and consider the appointment and re-appointment of the external auditors.

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.

After the financial year, the AC met with the external auditors, Deloitte & Touche, without the presence of management. 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 attendance record of the AC is set out at the end of this Report.

INTERNAL CONTROLS

The Board has ultimate responsibility for the systems of internal control maintained by the Group and for reviewing their effectiveness. The systems are intended to provide reasonable but not absolute assurance against material misstatements or loss, and include the safeguarding of assets, 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. In designing these controls, the management has regard to the risks to which the business is exposed, the likelihood of such risks occurring and the cost of protecting against them.

The Board reviews the effectiveness of the Group's system of internal controls in the light of key business and financial risks affecting its business.

The Board is satisfied that based on the information furnished to it and based on its own observations, with the assistance of the AC and external auditors, the present internal controls and risk management process are satisfactory for the nature and size of the Group's operations and business.

INTERNAL AUDIT

The Board recognizes 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 which is recently out-sourced to an international public accounting firm. The internal audit function reports primarily to the Chairman of the Audit Committee.

The internal auditor plans its internal audit schedules in consultation with, but independent of the Management. The audit plan will be submitted to the AC for approval prior to the commencement of the audit. The AC will review the activities of the internal auditors on a regular basis, including overseeing and monitoring the implementation of improvements required on internal control weaknesses identified. The AC will ensure that the Internal Audit Function is adequately resourced and will review the adequacy of the Internal Audit Function annually.

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 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 notes for Annual General Meetings and Extraordinary General Meetings, press releases and disclosures to the SGX.

The Company makes sure that it does not practise 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 Annual General Meeting. The Chairmen of the AC, NC and RC, as well as the external auditors, will be present and available to address questions at general meetings.

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

DEALING IN SECURITIES

The Company adopted an internal Code of Best Practices on Securities Dealings on 10 September 2004 which is modeled on the Best Practices Guide introduced by the SGX-ST.

The Company has implemented a policy prohibiting its Officers from dealing in the Company's shares: 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; and on short-term considerations.

In the opinion of the Directors, the Company has complied with the Best Practices Guide on Dealings in Securities issued by the SGX-ST.

INTERESTED PERSON TRANSACTIONS

The Company has also put into place an internal policy in respect of any 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 the transaction.

The aggregate value of all interested person transactions entered into during the financial year ended 31 December 2004 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 Mr Wen Yao-Long and/or Mr Wen Yao-Chou to various financial institutions to secure credit facilities for the Group	Total facilities granted as at 31.12.2004: $ 51.3 million	-
	Amount outstanding as at 31.12.2004: $ 19.7 million	-

DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

	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 (1)	2	2	-	-	-	-	-	-
Wen Yao-Chou	2	2	-	-	-	-	-	-
Chen Ming-Hsing	2	2	-	-	-	-	-	-
Huang Shih-An	2	2	2	2	2	2	1	1
Ang Miah Khiang(2)	2	2	2	2	2	2	1	1
Ong Sim Ho(3)	2	2	2	2	2	2	1	1

(1) Chairman of the Board

(2) Chairman of Audit Committee

(3) Chairman of Remuneration and Nominating Committees

DIRECTORS' COMPENSATION TABLE FOR THE YEAR ENDED 31 DECEMBER 2004

Remuneration Band	No. of Directors	Directors' Fees	Salary	Variable Profit Sharing	Total
		(%)	(%)	(%)	(%)
$250,000 – $500,000	2	-	68.3	31.7	100
Below $250,000	4	24.8	75.2	-	100

TOP FIVE SENIOR EXECUTIVES' COMPENSATION TABLE FOR THE YEAR ENDED 31 DECEMBER 2004

Remuneration Band	Number of Employees
Below $250,000	6

Included above is a senior management staff, Ms Chan Hui-Chung, whose remuneration exceeded $150,000/- for the financial year ended 31 December 2004 and is the wife of the Executive Chairman/Chief Executive Officer and substantial shareholder, Mr Wen Yao-Long.

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.

FINANCIAL STATEMENTS

The Directors present their report together with the audited financial statements of the Company and the consolidated financial statements of the Group for the financial year ended December 31, 2004.

The Company was incorporated in Singapore on December 1, 2001 under the Singapore Companies Act as a private limited company under the name of Blue Aurora Pte Ltd. On October 7, 2002, the Company changed its name to Eucon Holding Pte Ltd. On July 21, 2004, the Company was converted into a public limited company and changed its name to Eucon Holding Limited. On September 8, 2004, the Company was admitted to the Official List of the Stock Exchange Securities Trading Limited ("SGX-ST").

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	
Huang Shih-An	
Ang Miah Khiang	(Appointed on July 19, 2004)
Ong Sim Ho	(Appointed on July 19, 2004)

2 AUDIT COMMITTEE

The Board of Directors has adopted the principles of corporate governance under the Best Practices Guide with regards to audit committee formulated by SGX-ST.

The Audit Committee of the Company comprises three members, of whom two are non-executive independent Directors and one is non-executive Director. The members of the Audit Committee at the date of this report are:

Ang Miah Khiang	(Chairman and Independent Director)
Ong Sim Ho	(Independent Director)
Huang Shih-An	(Non-executive Director)

The Audit Committee performs the functions as set out in the Singapore Companies Act. In performing those functions, the Audit Committee has reviewed the following:

i. the audit plans and results of the external auditors' examination and evaluation of the Group's system of internal accounting controls;
ii. the scope and results of internal audit examination;
iii. the Group's financial and operating results and accounting policies;
iv. the financial statements 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;
v. 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;

2 AUDIT COMMITTEE (cont'd)

vi. the co-operation and assistance given by the management to the Group's external auditors;

vii. the re-appointment of the external auditors of the Company; and

viii. interested person transactions.

The Audit Committee has full access to and co-operation by 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 office to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of Deloitte & Touche as auditors of the Company at the forthcoming Annual General Meeting.

3 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 other than the options described below.

4 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 beginning of year	At end of year	At January 21, 2005	At beginning of year	At end of year	At January 21, 2005
The Company Ordinary shares of $0.05 each						
Wen Yao-Long	-	630,000	2,630,000	264,460,000*	108,362,000	108,362,000
Chen Ming Hsing	-	12,700,000	12,700,000	-	-	-
Huang Shih-An	-	-	-	175,540,000*	153,540,000	153,540,000
Ang Miah Khiang	-	100,000	100,000	-	-	-
Ong Sim Ho	-	100,000	100,000	-	-	-

* *Adjusted for share split of 1 share of $1 each into 20 shares of $0.05 each during the year.*

By virtue of Section 7 of the Singapore Companies Act, Mr Huang Shih-An is deemed to have an interest in all the related companies of the Company.

5 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.

6 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 "Eucon ESOS"). The share option scheme is administered by the Remuneration Committee, comprising the following:

Ong Sim Ho	(Chairman and Independent Director)
Ang Miah Kiang	(Independent Director)
Huang Shih-An	(Non-executive Director)

b) Under the Share Option Scheme, an option entitles the option holder to subscribe for a specific number of new ordinary shares of $0.05 each in 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 Share Option Committee may at its discretion, fix that subscription price at a discount up to 20% off market price but not lower than the par value of the shares. The consideration for the grant of an option is $1.00.

Option 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.

6 SHARE OPTIONS (cont'd)

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.

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Wen Yao-Long
Director

Wen Yao-Chou
Director

February 24, 2005

AUDITORS' REPORT

to the Members of Eucon Holding Limited

We have audited the accompanying financial statements of Eucon Holding Limited set out on pages 35 to 67 for the year ended December 31, 2004. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

a) the 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 Companies Act, Cap. 50 (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, 2004 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche
Certified Public Accountants

Aric Loh Siang Khee
Partner

Singapore
February 24, 2005

BALANCE SHEETS

31 December 2004

		Group		Company	
	Note	2004 $'000	2003 $'000	2004 $'000	2003 $'000
ASSETS					
Current assets:					
Cash and bank balances	5	8,952	7,333	821	2,417
Trade receivables	6	12,400	16,557	-	-
Other receivables and prepayments	7	1,397	1,424	4,414	3,552
Inventories	8	1,083	833	-	-
Total current assets		23,832	26,147	5,235	5,969
Non-current assets:					
Secured bank fixed deposit	5	-	326	-	-
Investment in subsidiaries	9	-	-	63,235	43,069
Property, plant and equipment	10	91,179	64,549	1,227	-
Goodwill	11	3,956	4,096	-	-
Deferred tax asset	12	1,646	1,846	-	-
Total non-current assets		96,781	70,817	64,462	43,069
Total assets		120,613	96,964	69,697	49,038
LIABILITIES AND EQUITY					
Current liabilities:					
Trade payables		3,947	3,840	-	-
Other payables	13	7,191	7,442	2,863	13,355
Income tax payable		1,116	503	-	-
Short-term bank loans	14	9,150	14,034	-	-
Current portion of long-term bank loans	14	2,866	1,597	59	-
Current portion of finance leases	15	3,183	3,355	1,160	-
Current portion of notes payable	16	5,111	3,166	-	-
Due to former holding company	18	5,547	-	4,255	-
Total current liabilities		38,111	33,937	8,337	13,355

BALANCE SHEETS

31 December 2004

	Note	Group 2004 $'000	Group 2003 $'000	Company 2004 $'000	Company 2003 $'000
Non-current liabilities:					
Long-term bank loans	14	8,358	4,944	521	-
Finance leases	15	2,845	3,696	1,350	-
Notes payable	16	307	1,776	-	-
Other long-term payable	17	-	2,861	-	-
Due to former holding company	18	-	5,592	-	-
Total non-current liabilities		11,510	18,869	1,871	-
Capital and reserves:					
Issued capital	19	28,500	22,000	28,500	22,000
Share premium		27,627	10,284	27,627	10,284
Currency translation deficit		(3,412)	(1,527)	-	-
Proposed dividends		2,850	3,380	2,850	3,380
Accumulated profits		14,746	10,017	512	19
Statutory reserve	20	681	4	-	-
Total equity		70,992	44,158	59,489	35,683
Total liabilities and equity		120,613	96,964	69,697	49,038

See accompanying notes to financial statements.

CONSOLIDATED PROFIT AND LOSS STATEMENT

Year ended 31 December 2004

	Note	2004 $'000	2003 $'000
Revenue	21	41,820	29,654
Cost of sales		(23,195)	(15,183)
Gross profit		18,625	14,471
Other operating income	22	411	308
Administrative expenses		(6,159)	(3,642)
Other expenses		(824)	(13)
Profit from operations		12,053	11,124
Finance costs	23	(1,439)	(997)
Profit before income tax	24	10,614	10,127
Income tax expense	25	(2,358)	(92)
Net profit for the year		8,256	10,035
Basic earnings per share (cents)	26	1.72	2.96

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2004

	Issued capital	Share premium	Currency translation deficit	Proposed dividends	Accumulated profits	Statutory reserves	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Balance at December 31, 2002	16,937	9,125	(446)	-	3,366	-	28,982
Issue of shares	5,063	1,159	-	-	-	-	6,222
Currency translation difference	-	-	(1,081)	-	-	-	(1,081)
Net profit for the year	-	-	-	-	10,035	-	10,035
Proposed dividend (Note 30)	-	-	-	3,380	(3,380)	-	-
Transfer	-	-	-	-	(4)	4	-
Balance at December 31, 2003	22,000	10,284	(1,527)	3,380	10,017	4	44,158
Issue of shares	6,500	19,500	-	-	-	-	26,000
Share issue expenses *	-	(2,157)	-	-	-	-	(2,157)
Currency translation difference	-	-	(1,885)	-	-	-	(1,885)
Net profit for the year	-	-	-	-	8,256	-	8,256
Dividend paid (Note 30)	-	-	-	(3,380)	-	-	(3,380)
Proposed dividends (Note 30)	-	-	-	2,850	(2,850)	-	-
Transfer	-	-	-	-	(677)	677	-
Balance at December 31, 2004	28,500	27,627	(3,412)	2,850	14,746	681	70,992

* *Share issue expenses include professional fees of $200,000 paid to the auditors of the Company.*

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2004

	Issued capital	Share premium	Currency translation deficit	Proposed dividends	Accumulated profits	Statutory reserves	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company							
Balance at December 31, 2002	16,937	9,125	-	-	(65)	-	25,997
Issue of shares	5,063	1,159	-	-	-	-	6,222
Net profit for the year	-	-	-	-	3,464	-	3,464
Proposed dividend (Note 30)	-	-	-	3,380	(3,380)	-	-
Balance at December 31, 2003	22,000	10,284	-	3,380	19	-	35,683
Issue of shares	6,500	19,500	-	-	-	-	26,000
Share issue expenses *	-	(2,157)	-	-	-	-	(2,157)
Net profit for the year	-	-	-	-	3,343	-	3,343
Dividends paid (Note 30)	-	-	-	(3,380)	-	-	(3,380)
Proposed dividend (Note 30)	-	-	-	2,850	(2,850)	-	-
Balance at December 31, 2004	28,500	27,627	-	2,850	512	-	59,489

* *Share issue expenses include professional fees of $200,000 paid to the auditors of the Company.*

See accompanying notes to financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2004

	2004 $'000	2003 $'000
Cash flows from operating activities:		
Profit before income tax	10,614	10,127
Adjustments for:		
Depreciation expense	8,320	5,062
Amortisation of goodwill	225	221
Interest income	(33)	(11)
Interest expense	1,439	997
Gain on disposal of plant and equipment	(321)	(36)
Operating profit before working capital changes	20,244	16,360
Trade receivables	4,157	(9,004)
Other receivables and prepayments	27	5,512
Inventories	(250)	(187)
Trade payables	107	1,468
Other payables	(3,112)	6,747
Cash generated from operations	21,173	20,896
Interest received	33	11
Interest paid	(1,439)	(997)
Income tax paid	(1,545)	(173)
Net cash from operating activities	18,222	19,737
Cash flows from investing activities:		
Acquisition of subsidiary, net of cash acquired (Note A)	(85)	(561)
Proceeds on disposal of plant and equipment	8,429	3,205
Purchase of property, plant and equipment (Note B)	(39,254)	(30,599)
Net cash used in investing activities	(30,910)	(27,955)
Cash flows from financing activities:		
Decrease in cash subjected to restriction (Note 5)	326	19
Proceeds from issuing shares for cash, net of issue expenses	23,843	6,222
Proceeds from notes payable	476	758
(Decrease) Increase in bank loans	(201)	9,861
Dividends paid	(3,380)	-
Repayment of finance lease obligations	(6,582)	(1,671)
Due to former holding company	(45)	-
Net cash from financing activities	14,437	15,189

See accompanying notes to financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2004

	2004 $'000	2003 $'000
Net effect of exchange rate changes in consolidating subsidiaries	(130)	(283)
Net increase in cash	1,619	6,688
Cash at beginning of year	7,333	645
Cash at end of year (Note C)	8,952	7,333

Note to the consolidated cash flow statement:

A. Acquisition of subsidiaries:

	2004 $'000	2003 $'000
Cash	522	412
Other receivables and prepayments	-	428
Other payables	-	(251)
Net current assets	522	589
Property, plant and equipment	-	384
Goodwill on acquisition	85	-
Purchase consideration	607	973
Less: Cash of subsidiaries acquired	(522)	(412)
Net cash outflow on acquisition of subsidiaries	85	561

B. Plant and equipment:

During the financial year, the Group acquired plant and equipment with aggregate cost of $44,813,000 (2003 : $37,745,000) of which $5,559,000 (2003 : $7,146,000) was acquired by means of finance lease. Cash payment of $39,254,000 (2003 : $30,599,000) were made to purchase plant and equipment.

C. Cash:

Cash at the end of the financial year is stated after netting off bank deposits pledged amounting to $Nil (2003 : $326,000) [Note 5].

See accompanying notes to financial statements.

1 GENERAL

The Company (Reg. No. 200107762R) is incorporated in the Republic of Singapore with its principal place of business and registered office at 80 Marine Parade Road, #11-02 Parkway Parade, Singapore 449269.

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

The principal activities of the subsidiaries are disclosed in the Note 9 of the financial statements.

The Company was incorporated in Singapore on December 1, 2001 under the Singapore Companies Act as a private limited company under the name of Blue Aurora Pte Ltd. On October 7, 2002, the Company changed its name to Eucon Holding Pte Ltd. On July 21, 2004, the Company was converted into a public limited company and changed its name to Eucon Holding Limited. On September 8, 2004, the Company was admitted to the Official List of the Stock Exchange Securities Trading Limited ("SGX-ST").

The financial statements of the Company and of the Group for the year ended December 31, 2004 were authorised for issue by the Board of Directors on February 24, 2005.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) **Basis of Accounting** - The financial statements are prepared in accordance with the historical cost convention and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards.

b) **Basis of Consolidation** - The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to December 31 each year. Control is achieved when the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of 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. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) **Financial Assets** - The Group's principal financial assets are cash and bank, trade and other receivables. Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

d) **Financial Liabilities and Equity** - Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Debt instruments issued which carry a right to convert to equity that is dependent on the outcome of uncertainties beyond the control of both the Group and the holder, are classified as liabilities except where the possibility of non-conversion is remote.

Significant financial liabilities include finance lease obligations, bank loans, trade and other payables.

The accounting policy adopted for finance lease obligations is described below.

Bank loans and bank overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables are stated at their nominal value.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

e) **Inventories** - Inventories are measured at the lower of cost (FIFO, weighted average method) and net realisable value. Costs includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

f) **Property, Plant and Equipment** - Property, plant and equipment are carried at cost less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

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 20 years
Fixtures and equipment	-	5 years
Plant and machinery	-	10 years
Motor vehicles	-	10 years

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

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.

Depreciation is not provided on construction-in-progress.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g) **Goodwill** – Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of subsidiaries at the date of acquisition. Goodwill is recognised as an asset and amortised on a straight-line basis over its useful life of 20 years.

Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

h) **Negative Goodwill** - Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition over the cost of acquisition. Negative goodwill is released to income based on an analysis of the circumstances from which the balance resulted. To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight-line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately. Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets.

i) **Impairment of Assets** - At each balance sheet date, the Company and the Group review the carrying amounts of its 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). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or building at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent 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 in prior years. A reversal of an impairment loss is recognised as income immediately, 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.

j) **Provisions** - Provisions are recognised when the Company and the Group have a present obligation as a result of a past event which is probable will result in an outflow of economic benefits that can be reasonably estimated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

k) **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 date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease using the effective interest rate method.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

l) **Revenue Recognition** - Revenue from processing services is recognised when services are rendered.

Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably.

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

m) **Retirement Benefit Costs** - Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes) are charged as an expense when incurred.

n) **Income Tax** - Tax expense is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, except that a debit balance for deferred tax is not carried forward unless there is a reasonable expectation of realisation.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the assets are realised or the liability is settled. Deferred tax is charged or credited to the 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 they relate to income taxes levied by the same tax authority.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

o) **Foreign Currency Transaction and Translation** - Transactions in foreign currencies are recorded using the rates ruling on the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment profits and losses are dealt with in the profit and loss statement.

For inclusion in the consolidated financial statements, assets and liabilities of the foreign subsidiaries are translated at the rates of exchange approximating those ruling at the balance sheet date. The profit and loss statements are translated at the average rates of exchange for the year, and the opening net investment in the foreign subsidiaries are translated at the historical rates. The resulting currency translation differences are taken to the currency translation reserve.

p) **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.

In addition, pursuant to relevant laws and regulations in the PRC and the Articles of Association, the Company's subsidiaries in the PRC are required to transfer 10% of its profit after taxation as reported in the PRC statutory financial statements to the reserve fund until the balances reaches at least 50% of the registered capital of the Company subsidiaries. The reserve may be used to make up for losses incurred or to increase capital.

q) **Cash** - Cash for the consolidated cash flow statement includes cash and cash equivalents less bank overdrafts.

3 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) **Interest rate risk**

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. Those exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. The interest rate and terms of repayment of financial assets and financial liabilities are disclosed in the respective notes to the Group financial statements.

b) **Credit risk**

The Group places its bank balances with credit worthy institutions. The Group performs ongoing credit evaluation of its customers' financial condition and generally does not require collateral. This evaluation includes assessing and valuation of customers' credit reliability and periodic review of their financial status to determine credit limits to be granted.

The maximum exposure to credit risk in the event that the counter parties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets stated in the balance sheet.

3 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

c) **Significant concentrations of credit risk**

Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect group's of counter parties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

The Group's trade receivables are primarily located in People's Republic of China and Taiwan.

There are no concentrations of credit risk with any customer or group of customers except that as at December 31, 2004, the Group has 5 customers which accounted for 60.06% (2003 : 73.77%) of the Group's outstanding trade receivables.

d) **Foreign currency risk**

The Group's foreign currency exposures arose mainly from the exchange rate movements of the Chinese Renminbi and New Taiwan dollars against the Singapore dollars, which is also the Group's reporting currency. Revenue and sales, mainly denominated in Chinese Renminbi and New Taiwan dollars, are matched with corresponding costs in the same foreign currency. The Group makes use of natural hedge in the above situation to minimise its exposure to foreign currency movements. It is not the Group's policy to enter into any forward derivatives to hedge its exchange risk.

e) **Liquidity risk**

The Directors are of the opinion that there is no liquidity risk as the Group maintain adequate lines of facilities with financial institutions and the cash flow from operations is sufficient for present working capital requirements.

f) **Fair value of financial instruments**

The Directors are of the opinion that the fair value of the financial assets and financial liabilities approximate their carrying values.

4 RELATED PARTY TRANSACTIONS

As at December 31, 2003, the Company was a subsidiary of Sunny Worldwide International Limited, incorporated in Mauritius. Following the listing of the Company on the Singapore Exchange Securities Trading Limited on September 8, 2004, the Company ceased to be a subsidiary of Sunny Worldwide International Limited.

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 and terms thereof are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and without fixed repayment terms unless stated otherwise.

5 CASH AND BANK BALANCES

	Group		Company	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Cash and bank balances	8,952	7,659	821	2,417
Secured bank deposits shown as non-current assets	-	(326)	-	-
Shown as current assets	8,952	7,333	821	2,417

As at December 31, 2003, the amount of bank deposits secured for a bank loan [Note 14(a)] was $326,000.

6 TRADE RECEIVABLES

	Group	
	2004 $'000	2003 $'000
Outside parties	12,500	16,657
Less allowance for doubtful debts	(100)	(100)
	12,400	16,557

Certain receivables from outside parties amounting to $2,054,000 (2003 : $6,092,000) are pledged to secure banking facilities (Note 14).

7 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Deposits	293	329	3	139
Prepayments	545	559	21	-
Others	559	536	1	3
Subsidiaries (Note 9)	-	-	4,389	3,410
	1,397	1,424	4,414	3,552

8 INVENTORIES

	Group 2004 $'000	Group 2003 $'000
At cost:		
Finished goods	5	-
Work in process	265	-
Raw materials and consumable supplies	813	833
	1,083	833

9 INVESTMENT IN SUBSIDIARIES

	Company 2004 $'000	Company 2003 $'000
Unquoted equity shares/capital, at cost	63,235	43,069

Name of Company	Equity interest held 2004 %	Equity interest held 2003 %	Cost of investment 2004 $'000	Cost of investment 2003 $'000	Principal activities/ Country of incorporation and operation
Zeng Kang Enterprise Co., Ltd	100	100	10,424	10,424	Provision of laser drilling services to PCB manufacturers/ Taiwan
Shanghai Zeng Kang Electronic Co., Ltd	100	100	13,708	9,197	Provision of drilling and routing services to PCB manufacturers/ People's Republic of China
Shanghai Yaolong Electronic Co., Ltd	100	100	10,581	10,581	Provision of drilling and routing services to PCB manufacturers/ People's Republic of China

9 INVESTMENT IN SUBSIDIARIES (cont'd)

Name of Company	Equity interest held		Cost of investment		Principal activities/ Country of incorporation and operation
	2004 %	2003 %	2004 $'000	2003 $'000	
Shanghai Zhuo Kai Electronic Technology Co., Ltd	100	100	20,853	12,867	Manufacture of outsourced PCBs to PCB manufacturers/ People's Republic of China
Shanghai Eu Ya Electronic Technology Co., Ltd*	100	-	7,669	-	Manufacture of laminated PCB boards/ People's Republic of China
			63,235	43,069	

* *The effective date of acquisition for this subsidiary was March 1, 2004.*

Notes on auditors for 2004

The above subsidiaries were audited by Deloitte Touche Tohmatsu, Taiwan.

10 PROPERTY, PLANT AND EQUIPMENT

	Land	Leasehold buildings and improvement	Fixtures and equipment	Plant and equipment	Motor vehicles	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Cost:							
At beginning of year	3,167	4,519	769	67,420	351	436	76,662
Additions	-	1,328	423	30,460	314	12,288	44,813
Transfer	-	-	14	4,151	-	(4,165)	-
Disposals	-	-	(25)	(12,156)	-	-	(12,181)
Exchange differences	54	(81)	(24)	(1,654)	6	(306)	(2,005)
At end of year	3,221	5,766	1,157	88,221	671	8,253	107,289
Accumulated depreciation:							
At beginning of year	-	989	294	10,627	203	-	12,113
Depreciation for the year	-	470	180	7,618	52	-	8,320
Disposal	-	-	(19)	(4,054)	-	-	(4,073)
Exchange differences	-	(25)	(6)	(223)	4	-	(250)
At end of year	-	1,434	449	13,968	259	-	16,110
Depreciation for last year	-	341	102	4,562	57	-	5,062
Net book value:							
At beginning of year	3,167	3,530	475	56,793	148	436	64,549
At end of year	3,221	4,332	708	74,253	412	8,253	91,179

Property, plant and equipment with net book value of $29,378,000 (2003 : $18,595,000) are pledged to secured bank loans (Note 14).

At the end of the year, plant and equipment with net book value of $6,105,000 (2003 : $8,918,000) and $309,000 (2003 : $Nil) of the Group and Company respectively are purchased under finance leases.

10 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold buildings and improvement	Fixtures and equipment	Motor vehicles	Total
	$'000	$'000	$'000	$'000
Company				
Cost:				
At beginning of year	-	-	-	-
Additions	824	103	314	1,241
At end of year	824	103	314	1,241
Accumulated depreciation:				
At beginning of year	-	-	-	-
Depreciation for the year	5	4	5	14
At end of year	5	4	5	14
Net book value:				
At end of year	819	99	309	1,227

11 GOODWILL

	Group	
	2004 $'000	2003 $'000
Cost:		
At beginning of year	4,428	4,428
Arising on acquisition of subsidiary	85	-
At end of year	4,513	4,428
Accumulated depreciation:		
At beginning of year	332	111
Amortisation for the year	225	221
At end of year	557	332
Net book value	3,956	4,096

12 DEFERRED TAX ASSET

	Group	
	2004 $'000	2003 $'000
Deferred tax asset	1,646	1,846

The following are the major deferred tax assets recognised by the Group and movements therein during the year:

	Investment tax credits $'000	Others $'000	Total $'000
2004			
At beginning of year	1,842	4	1,846
(Charge) Credit to income for the year	(407)	207	(200)
At end of year	1,435	211	1,646
2003			
At beginning of year	1,204	71	1,275
Credit (Charge) to income for the year	638	(67)	571
At end of year	1,842	4	1,846

13 OTHER PAYABLES

	Group		Company	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Payables for acquisition of plant and equipment	5,117	5,339	-	-
Accruals	1,445	2,103	334	28
Other payables	629	-	85	-
	7,191	7,442	419	28
Former holding company (Note 4)	-	-	-	4,255
Subsidiaries (Note 9)	-	-	2,444	9,072
	7,191	7,442	2,863	13,355

14 BANK LOANS

	Group		Company	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Short-term bank loans	9,150	14,034	-	-
Long-term bank loans	11,224	6,541	580	-
Less: Current portion	(2,866)	(1,597)	(59)	-
Non-current portion	8,358	4,944	521	-

(a) Short term bank loans are secured on the property, plant and equipment and trade receivables of the subsidiary. The interest rates are 3.20% to 6.50% (2003 : 4.88% to 5.61%) per annum.

(b) In addition, the bank loans of the subsidiaries amounting to $15,263,000 (2003 : $17,840,000) are guaranteed by two Directors of the Company.

(c) The long-term bank loan of the company is secured on the property of the company and is guaranteed by a Director of the Company.

	Group	
	2004 $'000	2003 $'000
Details of long term bank loans are as follows:		
(a) Loan of the Company – Long term borrowing maturing on September 2014 and bearing interest at 3.50% per annum. The loan is secured by a subsidiary's plant and equipment. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on September 2004 in 120 monthly instalments.	580	-
(b) For construction of new machinery, the subsidiary obtained secured credit from Union Bank in Taiwan in March 2001, payable in 12 quarterly instalments ending January 2005. The interest rate is 6.73% (2003 : 6.09%) per annum. The loan is secured by the subsidiary's property, plant and equipment and bank deposits.	-	179
(c) For construction of new machinery, the subsidiary obtained secured credit from Union Bank in Taiwan in April 2001, payable in 11 quarterly instalments ending April 2004. The interest rate is 6.49% (2003 : 5.82%) per annum. The loan is secured by the subsidiary's property, plant and equipment.	-	191

14 BANK LOANS (cont'd)

	Group 2004 $'000	Group 2003 $'000
(d) For construction of new machinery, the subsidiary obtained secured credit from Union Bank in Taiwan in April 2001, payable in 12 quarterly instalments ending January 2005. The interest rate is 6.71% (2003 : 6.09%) per annum. The loan is secured by the subsidiary's property, plant and equipment.	-	89
(e) For construction of new machinery, the subsidiary obtained secured credit from Union Bank in Taiwan in August 2002, payable in 16 quarterly instalments ending July 2006. The interest rate is 4.725% (2003 : 4.185%) per annum. The loan is secured by the subsidiary's property, plant and equipment.	-	516
(f) For construction of new machinery, the subsidiary obtained secured credit from Taiwan Cooperative Bank in Taiwan in April 2000, payable in 48 monthly instalments ending July 2015. The interest rate is 3.025% (2003 : 3.025%) per annum. The loan is secured by the subsidiary's property, plant and equipment.	2,193	2,362
(g) Long term borrowing maturing on March 26, 2007 and bearing interest at 5.58% per annum. The loan is secured by a subsidiary's car. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on April 20, 2003 are repayable in 60 monthly instalments	-	29
(h) Long term borrowing maturing on December 12, 2005 and bearing interest at 5.49% per annum. The loan is secured by a subsidiary's car. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on January 20, 2004 are repayable in 36 monthly instalments	-	39

14 BANK LOANS (cont'd)

	Group 2004 $'000	2003 $'000
(i) Long term borrowing maturing on October 2008 and bearing interest at 5.25% (2003 : 6.30%) per annum. The loan is secured by a subsidiary's plant and equipment. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on October 2004 in 60 monthly instalments.	847	1,020
(j) Long term borrowing maturing on April 2008 and bearing interest at 3.84% (2003: 3.99%) per annum. The loan is secured by a subsidiary's plant and equipment. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on July 2004 in 20 quarterly instalments.	845	1,066
(k) Long term borrowing maturing on December 2006 and bearing interest at 5.50% per annum. The loan is secured by a subsidiary's plant and equipment. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on January 2004 in 36 monthly instalments.	714	1,050
(l) Long term borrowing maturing on November 2009 and bearing interest at 3.50% per annum. The loan is secured by a subsidiary's plant and equipment. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on December 2004 in 60 monthly instalments.	1,582	-
(m) Long term borrowing maturing on December 2006 and bearing interest at 5.25% per annum. The loan is secured by a subsidiary's plant and equipment. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on January 2004 in 36 monthly instalments.	714	-

14 BANK LOANS (cont'd)

	Group 2004 $'000	Group 2003 $'000
(n) Long term borrowing maturing on June 2007 and bearing interest at 5.52% per annum. The loan is secured by a subsidiary's plant and equipment. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on July 2004 in 36 monthly instalments.	1,785	-
(o) Long term borrowing maturing on July 2009 and bearing interest at 6.07% per annum. The loan is secured by a subsidiary's plant and equipment. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on August 2004 in 60 monthly instalments.	1,964	-
Total	11,224	6,541

15 OBLIGATIONS UNDER FINANCE LEASES

	Group			
	Mininmum lease payments		Fair value of minimum lease payments	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Amounts payable under finance leases				
Within one year	3,526	3,693	3,183	3,355
In the second to fifth years inclusive	2,900	3,907	2,756	3,696
After five years	93	-	89	-
	6,519	7,600	6,028	7,051
Less: Future finance charges	(491)	(549)	NA	NA
Present value of lease obligations	6,028	7,051	6,028	7,051

15 OBLIGATIONS UNDER FINANCE LEASES (cont'd)

	Company			
	Mininmum lease payments		Fair value of minimum lease payments	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Amounts payable under finance leases				
Within one year	1,284	-	1,160	-
In the second to fifth years inclusive	1,324	-	1,261	-
After five years	93	-	89	-
	2,701	-	2,510	-
Less: Future finance charges	(191)	-	NA	-
Present value of lease obligations	2,510	-	2,510	-

(a) The average effective borrowing rate was 4.257% to 8.750% (2003 : 4.725% to 7.600%) and 4.257% to 6.752% per annum for the Group and Company respectively.

(b) The finance leases of the subsidiaries amounting to $3,518,000 (2003 : $7,051,000) are guaranteed by two Directors of the Company.

16 NOTES PAYABLE

	Group – 2004		
	Current portion	Non-current portion	Total
	$'000	$'000	$'000
On behalf of former holding company	4,918	307	5,225
Outside parties	193	-	193
	5,111	307	5,418

16 NOTES PAYABLE (cont'd)

	Group – 2003		
	Current portion	Non-current portion	Total
	$'000	$'000	$'000
On behalf of former holding company	1,929	1,351	3,280
Outside parties	1,237	425	1,662
	3,166	1,776	4,942

These notes represent mainly instalments payable to two suppliers for plant and equipment purchased by the former holding company and by a subsidiary. These notes are unsecured and bears interest at nil% (2003 : 3%) per annum.

17 OTHER LONG-TERM PAYABLES

In 2003, other long-term payables represent a subsidiary's purchase of machinery and equipment. The balance was repaid in full in 2004.

18 DUE TO FORMER HOLDING COMPANY

The balance due to former holding company (Note 4) is unsecured, repayable after January 1, 2005 and without interest.

19 ISSUED CAPITAL

	2004	2004	2003	2004	2003
	'000	'000	'000	$'000	$'000
	Number of ordinary shares of $0.05 each	Number of ordinary shares of $1 each			
Company and Group					
Authorised:					
Ordinary shares	2,000,000	100,000	30,000	100,000	30,000
Issued and fully paid up:					
At beginning of year	-	22,000	16,937	22,000	16,937
Arising during the year:					
To finance acquisition of subsidiary at $1.229 per share	-	-	5,063	-	5,063
Sub-divided into ordinary shares of $0.05 each on the basis of 20 shares for every $1.00 share	440,000	(22,000)	-	-	-
Issuance of ordinary shares of $0.05 each at an issue price of $0.20 on initial public offering	130,000	-	-	6,500	-
	570,000	-	22,000	28,500	22,000

20 STATUTORY RESERVES

	Group	
	2004 $'000	2003 $'000
Legal and special reserves	627	4
Reserve fund	54	-
Net	681	4

21 REVENUE

This represents revenue from processing services rendered.

22 OTHER OPERATING INCOME

	Group	
	2004 $'000	2003 $'000
Foreign currency exchange adjustment gain	-	50
Gain on disposal of plant and machinery	321	36
Interest income	33	11
Write-back of allowance for doubtful debt	-	170
Other income	57	41
Total	411	308

23 FINANCE COSTS

	Group	
	2004 $'000	2003 $'000
Interest expense on:		
Bank loans	1,041	740
Finance leases	367	247
Notes payable	31	10
	1,439	997

24 PROFIT BEFORE INCOME TAX

	Group	
	2004	2003
Number of employees at end of year	1,027	594

24 PROFIT BEFORE INCOME TAX (cont'd)

Number of Directors of the Company in remuneration bands

	Group	
	2004	2003
$250,000 to $499,999	2	-
Below $250,000	4	5
Total	6	5

	Group	
	2004 $'000	2003 $'000
Directors' remuneration	743	358
Directors' fees	28	-
Staff costs (including directors' remuneration)	7,250	4,363
Costs of defined contribution plans included in staff costs	3	-
Non-audit fees paid to auditors of the company	12	14
Foreign currency exchange adjustment loss (gain)	755	(50)

25 INCOME TAX EXPENSE

	Group	
	2004 $'000	2003 $'000
Current – foreign	2,158	663
Deferred	200	(571)
Net	2,358	92

25 INCOME TAX EXPENSE (cont'd)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 20% (2003 : 22%) to profit (loss) before income tax as a result of the following differences:

	Group	
	2004 $'000	2003 $'000
Income tax expense at statutory rate	2,123	2,228
Tax effect on investment allowance arising	(345)	(849)
Withholding tax on dividend income from a subsidiary	574	-
Utilisation of tax loss carryforwards	-	(654)
Tax exempt income	(116)	(436)
Effect of different in tax rates of overseas operations	148	(285)
Others	(26)	88
Total income tax expense	2,358	92

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 EARNINGS PER SHARE

	Group	
	2004 $'000	2003 $'000
Profit after income tax ($'000)	8,256	10,035
Number of ordinary shares used to compute earnings per share [shares ('000)]		
- Weighted average shares	480,847	339,013
Earning per share (cents)	1.72	2.96

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

27 CONTINGENT LIABILITIES

	Group	
	2004 $'000	2003 $'000
Guarantees (unsecured)	5	30

The maximum estimated amount the Company could become liable is as shown above.

28 CAPITAL EXPENDITURE COMMITMENTS

	Group	
	2004 $'000	2003 $'000
Estimated amounts committed for future capital expenditure but not provided for in the financial statements in respect of acquisition of property, plant and equipment	-	1,825

29 OPERATING LEASE COMMITMENTS

	Group	
	2004 $'000	2003 $'000
Minimum lease payments paid under operating leases	155	117

At the balance sheet date, the commitments in respect of operating leases with a term of more than one period were as follows:

	Group	
	2004 $'000	2003 $'000
Within one year	789	440
In the second to fifth years inclusive	3,156	1,758

30 DIVIDENDS

During the financial year ended December 31, 2004, the Directors of the Company declared and paid a final tax exempt dividend of 15.36 cents per ordinary share totalling $3,380,000 in respect of the financial year ended 2003.

Subsequent to December 31, 2004, the Directors of the Company recommended that a final tax exempt dividend be paid at 0.5 cents per ordinary share totalling $2,850,000 for the financial year just ended on the ordinary shares of the Company. The proposed dividends are not accrued as a liability for the current year in accordance with FRS 10 – Events After the Balance Sheet Date.

31 SEGMENT INFORMATION

For management purposes, the Group is organised on a world-wide basis 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 ("PCB manufacturing"). 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 asset 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.

31 SEGMENT INFORMATION (cont'd)

(a) Analysis By Business Segment (Cont'd)

	Drilling and routing services		PCB manufacturing		Total	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Revenue	33,552	29,654	8,268	-	41,820	29,654
Result						
Segment result	17,413	14,471	1,212	-	18,625	14,471
Other operating income					411	308
Unallocated corporate expenses					(6,983)	(3,655)
Profit from operations					12,053	11,124
Finance costs					(1,439)	(997)
Profit before income tax					10,614	10,127
Income tax expense					(2,358)	(92)
Net profit attributable to the Group					8,256	10,035
Other Information						
Segment assets	81,807	61,361	32,777	-	114,584	61,361
Unallocated corporate assets					6,029	35,603
Consolidated total assets					120,613	96,964
Segment liabilities	38,886	19,559	2,870	-	41,756	19,559
Unallocated corporate liabilities					7,865	33,247
Consolidated total liabilities					49,621	52,806
Capital expenditure	29,583	24,017	13,989	-	43,572	24,017
Depreciation	6,790	3,916	1,516	-	8,306	3,916
Unallocated corporate expenditure:						
Capital expenditure					1,241	13,728*
Depreciation					14	1,146

* In 2003, unallocated capital expenditure included an amount of $13,401,000 relating to Shanghai Zhuo Kai which principal activity is manufacture of outsourced PCBs. This subsidiary was inactive in 2003 and started operation in 2004.

31 SEGMENT INFORMATION (cont'd)

(b) Analysis By Geographical Segment

Segment revenue is analysed based on the location of customers.

Segment 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	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000	2004 $'000	2003 $'000
People's Republic of China	23,854	11,323	73,804	46,674	29,816	20,905
Taiwan	17,966	18,331	40,780	43,537	13,756	16,840
Singapore	-	-	6,029	6,753	1,241	-
Total	41,820	29,654	120,613	96,964	44,813	37,745

STATEMENT OF DIRECTORS

In the opinion of the Directors, the accompanying financial statements of the Company and consolidated financial statements of the Group set out on pages 35 to 67 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at December 31, 2004, and of the results of the Group, changes in equity of the Company and the Group and cash flows of the Group for the financial year then ended and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

Wen Yao-Long
Director

Wen Yao-Chou
Director

February 24, 2005

STATISTICS OF SHAREHOLDINGS

as at 14 March 2005

Authorised share capital	:	SGD100,000,000/-
Issued share capital	:	SGD28,500,000/-
Number of shares	:	570,000,000
Class of shares	:	ordinary shares of SGD0.05
Voting rights	:	one vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	2	0.11	200	0.00
1,000 - 10,000	729	39.62	3,724,000	0.65
10,001 - 1,000,000	1,052	57.17	87,908,400	15.42
1,000,001 AND ABOVE	57	3.10	478,367,400	83.92
TOTAL	1,840	100.00	570,000,000	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	EUROPTRONIC INVESTMENT PTE LTD	153,540,000	26.94
2.	SUNNY WORLDWIDE INT'L LTD	108,362,000	19.01
3.	LEI CHUNG-SHU	16,040,000	2.81
4.	YANG HSIU-HSIA	14,074,460	2.47
5.	KO TSAI HSIU CHUN LISA	13,114,340	2.30
6.	CHEN MING-HSING	12,700,000	2.23
7.	CHANG MI-HUI	12,628,600	2.22
8.	UNITED OVERSEAS BANK NOMINEES PTE LTD	9,940,000	1.74
9.	MERRILL LYNCH (S'PORE) PTE LTD	8,857,800	1.55
10.	CHEN CHENG-HSIUNG	8,136,800	1.43
11.	KIM ENG SECURITIES PTE. LTD.	7,284,000	1.28
12.	LEE YING-CHI	7,140,000	1.25
13.	HSUEH PAI CHUN	5,627,200	0.99
14.	CHEN CHU-TSU	5,279,400	0.93
15.	KAU JUI-HUNG	4,763,800	0.84
16.	UOB KAY HIAN PTE LTD	4,590,000	0.81
17.	CITIBANK NOMINEES S'PORE PTE LTD	4,300,000	0.75
18.	LAI YU-CHUNG	4,243,600	0.74
19.	LIN JIA-LUH	4,243,600	0.74
20.	HUNG CHI FENG	4,116,800	0.72
	TOTAL	408,982,400	71.75

SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

	No. of shares	
Name of Shareholders	Direct Interest	Deemed Interest
Europtronic Investment Pte Ltd	153,540,000	
Huang Shih-An (1)		153,540,000
Sunny Worldwide Int'l Ltd	108,362,000	
Wen Yao-Long (2)	2,630,000	108,362,000

Notes:

1 Mr Huang Shih-An is deemed to be interested in the shares held by Europtronic Investment Pte Ltd ("Europtronic Investment") by virtue of his 26.94% direct interest in Europtronic Group Ltd ("Europtronic"), a company listed on the SGX-ST. Europtronic Investment is a wholly owned subsidiary of Europtronic.

2 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 be interested 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.

Percentage of Shareholding in Public's Hand

Based on information available to the Company as at 14 March 2005, approximately 51.33% 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.

NOTICE OF ANNUAL GENERAL MEETING

Eucon Holding Limited (Company Registration No.: 200107762R)

(Incorporated in The Republic of Singapore with Limited Liability)

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of Eucon Holding Limited (the "Company") will be held at Roxy 3, Level 4, Grand Mercure Roxy, 50 East Coast Road, Roxy Square, Singapore 428769 on Monday, 25 April 2005 at 10.00 am 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 2004 together with the Auditors' Report thereon. **[Resolution 1]**

2. To declare a Final Dividend of 0.5 cents (10%) per ordinary share for the financial year ended 31 December 2004. **[Resolution 2]**

3. To approve the Directors' Fees of $27,500/- for the year ended 31 December 2004 (2003: NIL). **[Resolution 3]**

4. 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 4(a)]**
   (b) Mr Wen Yao-Chou {retiring pursuant to Article 89} **[Resolution 4(b)]**
   (c) Mr Ang Miah Khiang {retiring pursuant to Article 88} **[Resolution 4(c)]**
   (d) Mr Ong Sim Ho {retiring pursuant to Article 88} **[Resolution 4(d)]**

5. To re-appoint Messrs Deloitte & Touche, as the Company's Auditors and to authorise the Directors to fix their remuneration. **[Resolution 5]**

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

Eucon Holding Limited (Company Registration No.: 200107762R)

(Incorporated in The Republic of Singapore with Limited Liability)

AS SPECIAL BUSINESS

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

7. "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 they 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 issued share 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 Company's issued share capital 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".
   [See Explanatory Note (i)] **[Resolution 6]**

BY ORDER OF THE BOARD

Chow Yew Kee
Company Secretary
Singapore, 8 April 2005

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. 4:
The Board of Directors, in consultation with the Nominating Committee, recommends to members the re-election of Messrs Wen Yao-Long, Wen Yao-Chou, Ang Miah Khiang and Ong Sim Ho.

Note to item no. 4(c)
Mr Ang Miah Khiang is an Independent Director and Chairman of the Audit Committee. He is also a member of the Nominating and Remuneration Committees. He will continue in the said capacities upon re-election as a Director of the Company.

Note to item no. 4(d)
Mr Ong Sim Ho is an Independent Director and Chairman of the Nominating and Remuneration Committees. He is also a member of the Audit Committee. He will continue in the said capacities upon re-election as a Director of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

(i) The ordinary resolution no. 6 proposed in item 7 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 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 Company's issued share capital 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 consolidation or subdivision of shares.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 25 May 2005 on which day no share transfer will be effected.

Duly completed registrable transfers received by the Company's Share Registrar, Lim Associates Pte Ltd, 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315 up to close of business at 5.00 p.m. on 24 May 2005 will be registered to determine shareholders' entitlements to the proposed final dividend.

Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares at 5.00 p.m. on 24 May 2005 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 25 April 2005 will be made on 10 June 2005.

PROXY FORM

Eucon Holding Limited (Company Registration No.: 200107762R)

(Incorporated in The Republic of Singapore with Limited Liability)

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 the 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 Third Annual General Meeting of the Company to be held at Roxy 3, Level 4, Grand Mercure Roxy, 50 East Coast Road, Roxy Square, Singapore 428769 on Monday, 25 April 2005 at 10.00 am 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 2004 together with the Auditors' Report thereon.		
2.	To approve payment of proposed final dividend.		
3.	To approve payment of Directors' Fees.		
4.	(a) To re-elect Mr Wen Yao-Long as a Director.		
	(b) To re-elect Mr Wen Yao-Chou as a Director.		
	(c) To re-elect Mr Ang Miah Khiang as a Director.		
	(d) To re-elect Mr Ong Sim Ho as a Director.		
5.	To re-appoint Messrs Deloitte & Touche as the Company's Auditors and to authorise the Directors to fix their remuneration.		
6.	To authorize the Directors to issue shares.		

Dated this ____________ day of ____________ 2005

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

____

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

PROXY FORM

Eucon Holding Limited (Company Registration No.: 200107762R)

(Incorporated in The Republic of Singapore with Limited Liability)

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 appointor or his duly authorised attorney or if the appointor 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 aggregate number of Ordinary Shares. 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 appointor are not ascertainable from the instructions of the appointor 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 against 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.

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