BREAKING NEW GROUND

IN A CHANGING LANDSCAPE

EUCON HOLDING LIMITED

annual report 2005

CONTENTS

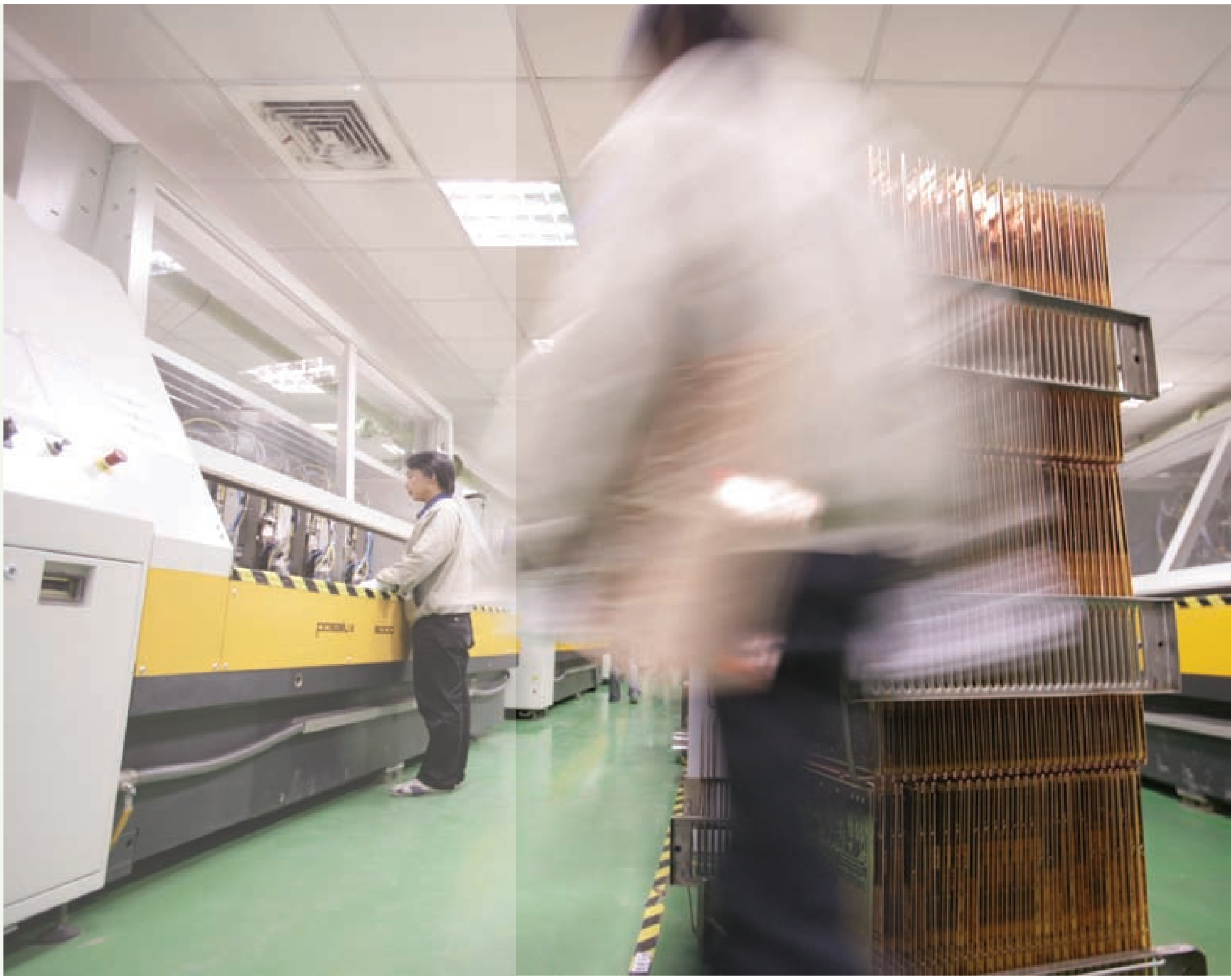
our vision

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

our mission

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

corporate profile



SGX Mainboard-listed Eucon Holding Limited ("Eucon") has come a long way since 1988 when our Chairman and Chief Executive Officer Mr Wen Yao-Long started the business in 1988 by providing outsourced mechanical drilling services to PCB manufacturers in Taiwan. Today, Eucon is an integrated PCB service provider and one of the largest independent PCB drilling service providers in Taiwan and China.

In Taiwan, Eucon pioneered the offering of outsourced laser drilling services to meet the needs of the new-generation of multi-layer PCBs (used in products such as laptops and mobile phones) that require more precise and higher-density drilling. Currently, our Taiwan plant, which is ISO 9001:2000 certified, is one of the largest laser drilling service providers in Taiwan with a total of 45 laser drilling machines as at December 31, 2005.

To offer a complete turnkey solution to PCB manufacturers in China which are migrating upstream to focus on high density interconnect PCBs, the Group embarked on PCB manufacturing in the year 2004. Today, the Group has four plants in Shanghai providing a suite of services for PCB manufacturing, which include the production of inner-layer boards and outer-layer boards, mechanical drilling and laser drilling, routing and mass lamination.

To date, our China plants are equipped with a total of 83 mechanical drilling machines, 6 laser drilling machines and 23 routing machines. Three of the China subsidiaries have already achieved ISO 9001:2000 certification.

The Group has a total staff force of 1,351 people as at December 31, 2005.

THE CHANGING LANDSCAPE

New technologies have changed consumer trends. Spotting new 'signposts' in the business landscape is key to first mover advantage and securing a strong market foothold.

Wen Yao-Long
Executive Chairman & CEO

Dear Shareholders
We are pleased to report that for the financial year ended December 31, 2005, the Group delivered a good set of results in terms of improved top and bottom line. Our performance is the result of the improved utilisation rates of our PCB operations and in the second half of FY2005, firm demand recovery for our laser drilling services.

Last year, Group revenue rose 78.7% to $74.7 million from $41.8 million in FY2004. This growth was driven largely by improved sales in the PCB operations business segment.

While Group profit before tax grew 42.5% from $10.6 million in FY2004 to $15.1 million in FY2005, gross profit margin decreased from 44.5% in FY2004 to 39.5% in FY2005 mainly due to higher sales contribution from the lower profit margin PCB operations segment.

Overall, Group net profit rose 51.8% from $8.3 million in FY2004 to $12.6 million in FY2005.

The commencement of production of both inner-layer and outer-layer PCB boards in 2005, coupled with greater efficiency, has resulted in a 368.7% surge in revenue contribution year-on-year from our PCB operations business. PCB operations sales of $38.9 million accounted for 52.1% of the Group revenue in FY2005, making PCB operations the largest revenue contributor of the Group.

Second to PCB operations in revenue contribution is our laser drilling services, accounting for 22.2% of the Group revenue. In FY2005, laser drilling recorded revenue of $16.6 million, which was slightly lower than FY2004's $18.6 million. This was due to soft industry demand for laser drilling services in the first half of FY2005.

Geographically, the China market accounted for 77.8% of the Group revenue. Its revenue contribution increased 143.5% from $23.9 million to $58.2 million, driven mainly by contributions from PCB operations. The Taiwan market recorded a full year contribution of $16.6 million, down slightly from the $18.0 million in FY2004 due to soft industry demand for laser drilling services in the first half of FY2005.

Earnings per ordinary share in 2005 was 2.21 cents compared with 1.72 cents in 2004. Net asset value per ordinary share increased from 11.76 cents as at December 31, 2004 to 13.87 cents as at December 31, 2005.

Outlook for 2006

PCB operations and laser drilling businesses will continue to drive future revenue and profitability growth for the Group. Since the last quarter of FY2005, growing customer demand has resulted in our plants running at almost full utilisation rates. This positive momentum looks set to continue into the first half of FY2006.

The launch of 3G phones and new PCB products by our major customers is likely to increase the demand for our services this year. We therefore expect demand growth in the first half of FY2006 to outstrip the Group's current laser drilling and PCB operations capacities. We will also step up our marketing efforts to secure more turnkey projects from both existing and new customers.

In the first quarter of FY2006, customer enquiries have increased. This reflects a positive industry outlook for our PCB operations and laser drilling business segments.

We intend to capitalise on this growing demand by expanding our production capacity. We are considering a capital expenditure plan of about $60 million to boost our production capacity in two key business segments - the higher margin laser drilling business as well the stable and growing PCB operations segment.

We will continue to monitor the market closely and exercise prudence in executing this plan. Where necessary, we will modify such plans to meet the market demand.

Looking ahead, we expect to leverage on the anticipated growth in demand for our products. This coupled with our management expertise in improving efficiency would enhance our overall margins.

Barring any unforeseen circumstances that significantly affect market demand, we are confident that the Group will continue to remain profitable in FY2006.

Final Dividend

The Board of Directors has recommended a final dividend of 0.5 cents net per ordinary share for FY2005, for Shareholders' approval at the upcoming Annual General Meeting.

Appreciation

On behalf of the Board of Directors, I would like to express my sincere appreciation to our customers, business partners and shareholders for their support and faith in us. Kudos also goes to the management and all our staff for their hard work and dedication in meeting their targets. We look forward to continued teamwork as we firmly believe that with concerted efforts on all fronts, we can steer the Group towards greater heights.

Yours Faithfully

Wen Yao-Long
Executive Chairman & CEO

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

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

1. Wen Yao-Chou
Co-Founder and Executive Director

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

2. Chen Ming-Hsing
Non-Executive Director

Mr Chen has more than 20 years of experience in the electronic manufacturing services industry. His industry knowledge and invaluable advice have been useful in identifying the industry trends and forging the Group's business directions. Mr Chen is also the president of Biloda Ltd, an electronic company incorporated in Taiwan. He holds a Bachelor of Arts Degree in Physical Education from the Chinese Culture University, Taiwan, and an Executive Master of Business Administration Degree from the National University of Singapore.

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3. Huang Shih-An
Non-Executive Director

Currently, Mr Huang is the chairman of Europtronic Group Ltd, a public listed Company in Singapore which manufactures and distributes electronic components. He is primarily responsible for charting Europtronic's strategic direction, marketing operations and overseas business. Mr Huang brings to the Company more than 25 years of management experience and expertise in the electronic components industry. He holds a Bachelor Degree in International Trade and Finance from the Chinese Culture University, Taiwan and an Executive Master of Business Administration Degree from the National University of Singapore.

4. Ong Sim Ho
Lead Independent Director

Mr Ong is a practising lawyer specializing in tax laws. He is presently the Senior Partner of the law firm, Messrs Ong Sim Ho. Mr Ong holds both a Bachelor in Accountancy and a Bachelor of Laws (Honours) Degree. He holds directorships in other Singapore listed companies namely, Innovalues Precision Limited, Metal Components Engineering Limited and Unidux Electronic Limited. He is also a member of the Advisory Board of the Singapore Management University, School of Accountancy. He is a non-practising Certified Public Accountant in Singapore and a member of the Singapore Institute of Directors.

5. Seow Han Chiang, Winston
Independent Director

Mr Seow is currently the corporate partner of Madhavan Partnership, a Singapore law firm. He was called to the Singapore Bar in 1995 and has been a practising advocate and solicitor of the Supreme Court of Singapore since then. He holds a Bachelor of Law (Honours) Degree from the National University of Singapore.

senior management team

1. Loo Ming-Chiang
Vice General Manager of Taiwan Zeng Kang

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

2. Lin Kuo-Feng
Vice General Manager of Shanghai Zeng Kang and Shanghai Yaolong

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

3. Lee Tung-Chen
Vice General Manager of Shanghai Zhuo Kai and Shanghai EuYa

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

4. Chan Hui-Chung
Vice General Manager of Shanghai Zhuo Kai

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

5. Chien Wan-Hsin
Group Financial Controller

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

6. Chee Kawei, Nicole
Finance Manager

Ms Chee's responsibilities include assisting the Group Financial Controller on Group financial matters as well as managing Eucon's investor relations. She came to Eucon with financial experience gleaned from working with Singapore Computer Systems Limited as well as an auditor with Ernst and Young. She graduated with a Bachelor Degree in Accountancy from University of New South Wales, Australia and is a member of CPA Australia.

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Key to Eucon's success is a cohesive and dedicated management team comprising of managers and engineers with strong technical expertise and extensive experience in the PCB market. The strong team spirit and bonding has been a driving force behind the Group's achievements.

SUBSIDARIES

TAIWAN

Zeng Kang Enterprise Co., Ltd
Offers laser drilling services to PCB manufactures in Taiwan

CHINA

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

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

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

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

SINGAPORE

Leeya International Pte Ltd
Dormant

SCALING THE VALUE CHAIN

Scaling up the value chain is vital to business growth. Our expansion into PCB manufacturing, coupled with careful positioning, helps to widen our customer base.

In FY2005, the Group recorded a good performance with improved revenue and profitability. The financial results reflect the combined effect of strong sales contribution from the PCB operations segment and firm recovery of demand for laser drilling in the second half of the year.

Laser Drilling

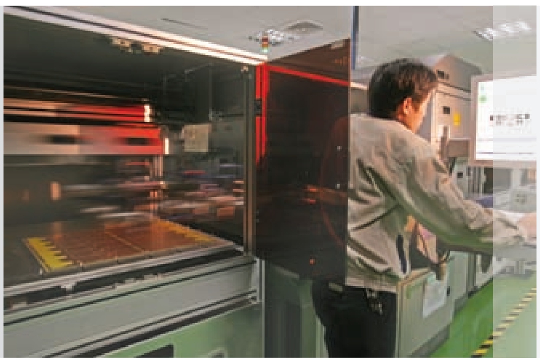
Our laser drilling business in Taiwan provides services to manufacturers of High Density Interconnect (HDI) PCBs and IC substrates, used in mobile phones and wireless communication products such as game consoles. The performance of the laser drilling segment was affected by consolidation within the consumer electronics products sector due to changes in packaging for new products during the first half of FY2005. As a result, the demand for laser drilling was slow from late 2004 to the first half of FY2005.

We capitalised on the 'lull' period during the first half of FY2005 by preparing ourselves for the anticipated demand in the next half. We successfully obtained customer certification for new products and installed a clean room facility to strengthen our laser drilling capabilities.

The launch of new designs and models in second half of FY2005 resulted in an increased global demand for handsets. Similarly, the demand for new notebooks and consumer electronic products including game consoles and 3G phones also picked up in the second half of FY2005.

Owing to the lower industry demand during that transitional period, the overall Group revenue from laser drilling services in 2005 dipped to $16.6 million from $18.6 million in FY2004.

However, since the second half of FY2005, there has been strong demand recovery and this strong demand is likely to continue into the first half of FY2006. This is supported by the increasing level of customer enquiries and interest in the beginning of FY2006.



Mechanical Drilling and Routing

In FY2005, mechanical drilling services registered a revenue of $14.2 million, up 22.4% from $11.6 million in FY2004. Our production machines are currently operating at optimal utilisation rates.

Routing services generated revenue of $5.1 million in FY2005, up 54.5% from $3.3 million in FY2004, reflecting steady growth in demand.

We may increase the number of mechanical and routing machines to capture the growing demand for these services.

PCB Operations

From being a pioneer and a leading provider of outsourced drilling services in Taiwan, Eucon has strengthened its business model by diversifying into PCB manufacturing and offering integrated PCB solution packages. We currently meet the niche demand for lower-layer count PCBs as our customers focus on complex HDI PCBs products used in handsets and wireless communication products.

In FY2005, revenue from PCB manufacturing segment increased by 368.7% to a revenue of $38.9 million. This good segmental performance was a result of improved plant utilisation rates as well as commencement of integrated production of both inner-layer and outer-layer boards for the full year.

Currently, in Shanghai, the various PCB activities are segregated into four different plants. This enables the plants to enhance their operational efficiency and maximise profitability since each plant is able to service a larger customer base.

Industry Prospects

This year, the consumer telecommunication industry appears to be abuzz with excitement over the anticipated take-off of the 3G mobile handsets. Demand for IT and consumer electronic products are also expected to show strong growth in the year 2006. According to technology research firm, IDC, demand for notebooks will still be the growth driver for the PC business, with the Asia Pacific market spearheading the expansion. The fact that the industry book-to-bill ratio has remained above 1 in recent months also reflects the vibrancy of the electronics industry to date.

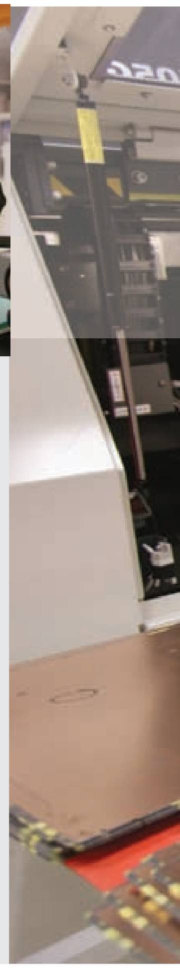
Capital Expenditure

In view of the anticipated improvement in customer demand and the positive industry outlook, we intend to set aside a capital expenditure (capex) of about $60 million to expand our production capacity in both laser drilling segment and PCB operations segment in FY2006.

About $40 million will be allocated to laser drilling segment to purchase 50 new sets of laser drillers with twin-heads. These new machines will be added progressively, depending on customer demand. The balance $20 million will be deployed in our PCB operations segment to increase PCB output from 300,000 m per sq ft to about 800,000 m per sq ft. We will monitor market demand and adjust the final capex disbursement accordingly.

With higher demand for PCB services, there may be a corresponding need to increase the capacity of mechanical drilling and routing services. We are also exploring the need for capex in these activities.

We believe our PCB operations business and our laser drilling operations are advantageously positioned to benefit from the global outsourcing trend as well as the encouraging industry demand outlook in the year 2006.

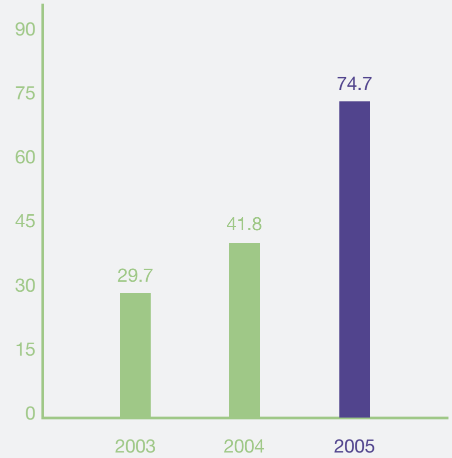


STRENGTHENING THE CORE

To sharpen our competitive edge, we need to constantly strengthen our core competency in the provision of PCB related solutions.

financial highlights

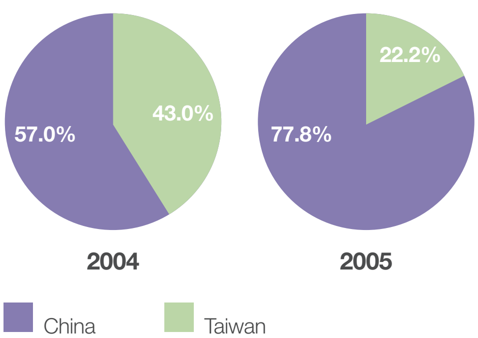
Revenue ($'m)



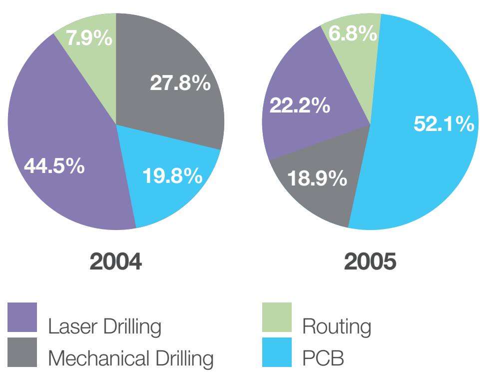
Profit Attributed To Shareholders ($'m)

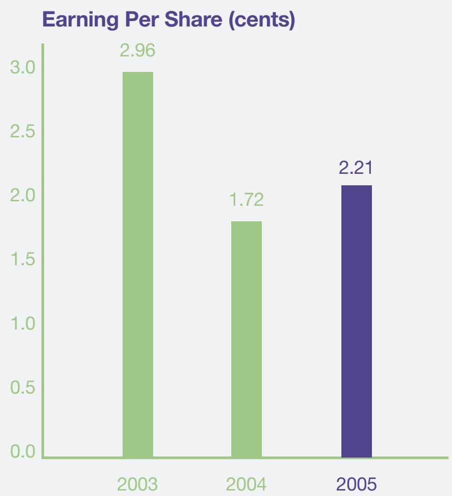
	2003	2004	2005
(for the year ended December 31)			
Group Profit & Loss Account ($'m)			
Revenue	29.7	41.8	74.7
Gross profit	14.5	18.6	29.5
Operating profit	11.1	12.1	16.9
Profit before tax	10.1	10.6	15.1
Profit attributed to shareholders	10.0	8.3	12.6

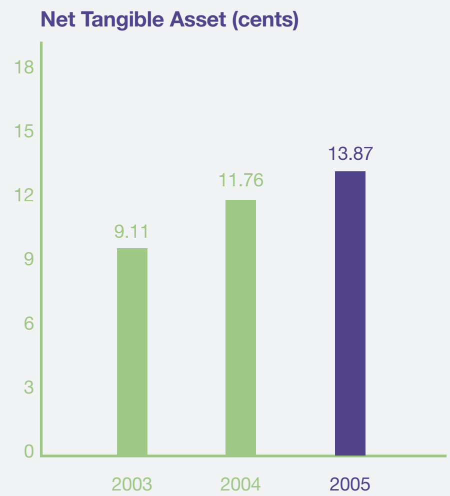
Revenue Mix By Geographical



Revenue Mix By Business







- EPS for 2003 based on weighted average Pre-IPO shares of 339,013,097*
- EPS for 2004 based on weighted average shares of 480,846,995
- NTA for 2003 calculated based on Pre-IPO shares of 440,000,000*
- NTA for 2004 calculated based on shares of 570,000,000
- EPS and NTA for 2005 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*

	2003	2004	2005
(as at December 31)			
Group Balance Sheet ($'m)			
Property, plant and equipment	64.5	91.1	90.4
Cash and bank	7.7	9.0	15.3
Other assets	24.8	20.5	47.5
Total assets	97.0	120.6	153.2
Shareholders' equity	44.2	71.0	83.0
Total borrowings	32.6	31.8	41.3
Other liabilities	20.2	17.8	28.9
Total liabilities and equity	97.0	120.6	153.2
Financial Ratios			
Return on average shareholders' equity (%)	27.3	14.4	16.3
Return on average assets (%)	13.0	7.6	9.2
Net gearing ratio	0.6	0.3	0.3
Working capital ratio	0.8	0.6	1.0

corporate information

as at the latest practicable date, being March 28, 2006

Board Of Directors

Executive Directors
Wen Yao-Long *(Chairman & CEO)*
Wen Yao-Chou

Non-Executive Directors
Chen Ming-Hsing
Huang Shih-An

Independent Directors
Ong Sim Ho *(Lead Independent Director)*
Seow Han Chiang, Winston

Audit Committee

Ong Sim Ho *(Chairman)*
Seow Han Chiang, Winston
Huang Shih-An

Nominating Committee

Ong Sim Ho (Chairman)
Seow Han Chiang, Winston
Huang Shih-An

Remuneration Committee

Seow Han Chiang, Winston (Chairman)
Ong Sim Ho
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) 6345 6078
Fax: (65) 6345 6079
Website: 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

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 September 8, 2004 and the Group is continuously refining its policies and practices so as to achieve this goal. This Corporate Governance Report is made up to the latest practicable date, being March 28, 2006.

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.

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

Key functions of the Board include providing entrepreneurial leadership, setting strategic aims, and ensuring that the necessary financial and human resources are in place for the Company and the Group to meet its objectives; establish framework of prudent and effective controls which enables risk to be assessed and managed; review management performance; set the Company's values and standards, and ensure that obligations to Shareholders and others are understood and met. 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's approval is required for matters such as corporate strategies, business plans, corporate restructuring, mergers and acquisitions, new and major investments, divestments, material acquisitions and disposals of assets, annual budgets, material credit limits/provision for doubtful debts/bad debts written off/loss of inventory, funding policies for treasury operations, hedging strategies for managing foreign exchange exposure, appointment and removal of Company Secretary, the release of the Group's quarterly results and other announcements, and interested person transactions of a material nature.

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 allows a Board meeting to be conducted by way of telephone conference or video conference.

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

The attendances of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings in the financial year under review, are disclosed at the end of this Report.

Board Composition And Guidance

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 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.

Non-Executive Directors constructively challenge and help develop proposals on strategy; and review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

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; lead the Board to ensure its effectiveness on all aspects of its role and set its agenda; ensure that the Directors receive accurate, timely and clear information; ensure effective communication with Shareholders; encourage constructive relations between the Board and Management; facilitate the effective contribution of Non-Executive Directors in particular; encourage constructive relations between Executive Directors and Non-Executive Directors; and promote high standard of corporate governance. The Chairman also advises on the Group's business strategy.

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

Pursuant to recommendation under Commentary 3.3 of the Code of Corporate Governance Report 2005, Mr Ong Sim Ho was appointed as Lead Independent Director as the Chairman and CEO is the same person.

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 Seow Han Chiang, Winston and Mr Huang Shih-An. Both Mr Ong Sim Ho and Mr Seow Han Chiang, Winston are Non-Executive Independent Directors. Mr Ong Sim Ho is not, nor directly associated with, a Substantial Shareholder.

The NC has in place a selection and nomination process for the appointment of a new Director. The NC will first source for a list of suitable candidates and review their qualifications and experience before passing a resolution to approve the appointment of the most suitable candidate.

The NC meets at least once a year and when necessary. The NC is guided by the Terms of Reference adopted on September 10, 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. In other words, 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 Chen Ming-Hsing, Mr Huang Shih-An and Mr Seow Han Chiang, Winston. 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	January 2, 2003	April 25, 2005
Wen Yao-Chou	Executive	January 2, 2003	April 25, 2005
Chen Ming-Hsing	Non-Executive	January 2, 2003	April 19, 2004
Huang Shih-An	Non-Executive	October 1, 2002	June16, 2004
Ang Miah Khiang	Resigned on July 7, 2005	July 19, 2004	April 25, 2005
Ong Sim Ho	Non-Executive / Independent	July19, 2004	April 25, 2005
Seow Han Chiang, Winston	Non-Executive / Independent	July 7, 2005	-

Other key information on the individual Directors of the Company is set out in pages 8 and 9 of this Annual Report. Their shareholdings in the Company are also disclosed on page 35 of this Annual Report.

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 and for assessing the contribution by each Director. The NC considered a number of performance criteria, including those set out in the Code of Corporate Governance 2005, for the purpose of such assessment. Individual evaluation assess whether each Director continue to contribute effectively and demonstrate commitment to the role, including commitment of time for Board and Committee meetings, and any other duties.

REMUNERATION MATTERS

Remuneration Committee ("RC")

The members of the RC are Mr Seow Han Chiang, Winston (Committee Chairman), Mr Ong Sim Ho and Mr Huang Shih-An. Both Mr Seow Han Chiang, Winston and Ong Sim Ho are Non-Executive Independent Directors.

The RC has access to expert advice, inside and/or outside the Company, in the field of Director and 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 September 10, 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 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 Directors, Chief Executive Officer or Substantial Shareholders of the Company is in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes, levels of responsibilities and levels of performance.

- 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.

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 an 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. Directors' fees are recommended by the Board for approval at the Company's AGM. For competitive reasons, the Group does not disclose specifically each individual Director's remuneration. Instead, the Company discloses the band of remuneration which each Director falls within at the end of this report.

The details of the remuneration of the Directors and top 6 key Senior Executives who are not Directors for the financial year ended December 31, 2005 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 Directors' Report. No options have been granted under the ESOS since listing. In evaluating long-term incentive schemes, the RC takes into consideration the costs and benefits of such schemes.

ACCOUNTABILITY AND AUDIT

Accountability

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

Audit Committee ("AC")

The members of the AC are Mr Ong Sim Ho (Committee Chairman), Mr Seow Han Chiang, Winston and Mr Huang Shih-An, all of whom are Non-Executive Directors. Both Mr Ong Sim Ho and Mr Seow Han Chiang, Winston 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 September 10, 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 controls (including financial, operational and compliance controls, risk management policies and system) maintained by the Group and for reviewing their adequacy and 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 internal controls, the management takes its consideration the risks to which the business is exposed, the likelihood of such risks occurring and the cost of protecting the business from such risks.

The Board reviews the adequacy and 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 internal auditors, the present internal controls as described above 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 is 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 reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring the implementation of improvements required on identified internal control weaknesses. The AC will ensure that the Internal Audit Function is adequately resourced and has appropriate standing within the Company, and will review annually the effectiveness of the Internal Audit Function. The AC ensures that the internal auditors meet or exceed the standards set by nationally or internationally recognized professional bodies.

Communication With Shareholders

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

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

The Board welcomes Shareholders to raise issues at the Annual General Meeting. The Chairman of the AC, NC and RC, as well as the external auditors, will be present and available to address questions at General Meetings.

Separate resolutions are passed at general meetings on each substantial issue.

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

Dealing In Securities

The Company has an internal Code of Best Practices on Securities Dealings on September 10, 2004 which is modeled on the Best Practices Guide introduced by the SGX-ST. The Company 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 an internal policy in respect of interested person transactions of the Company ("IPT Policy").

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

The aggregate value of all interested person transactions entered into during the financial year ended December 31, 2005 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 Mr Wen Yao-Chou to various financial institutions to secure credit facilities for the Group	Total facilities granted as at 31.12.2005: $46.8million Amount outstanding as at 31.12.2005: $25.4 million	- -

Directors' Attendance At Board And Board Committee Meetings

	Board Meeting		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)	4	4	-	-	-	-	-	-
Wen Yao-Chou	4	4	-	-	-	-	-	-
Chen Ming-Hsing	4	3	-	-	-	-	-	-
Huang Shih-An	4	4	4	4	1	1	2	2
Ang Miah Khiang (2)	4	2	4	2	1	1	2	2
Ong Sim Ho (3)	4	3	4	3	1	-	2	1
Seow Han Chiang, Winston (4)	4	2	4	2	1	N.A.	2	N.A.

(1) Chairman of the Board
(2) Chairman of Audit Committee (Resigned on July 7, 2005)
(3) Chairman of Audit Committee (Appointed on July 7, 2005) & Nominating Committee. Resigned as Chairman of Remuneration Committee on July 7, 2005. Appointed as Lead Independent Director on February 20, 2006.
(4) Chairman of Remuneration Committee (Appointed on July 7, 2005)

Directors' Compensation Table For The Year Ended December 31, 2005

Band	No. of Directors	Directors' Fee (%)	Salary (%)	Variable Incentive Bonus (%)	Special Bonus (%)	Total (%)
S$250,000 – S$500,000	2	-	51.1	34.7	14.2	100
Below S$250, 000	4	79.8	-	-	20.2	100

Top Six Key Executives' Compensation Table For The Year Ended December 31, 2005

Band	Number of Employees
S$250,000 – S$500,000	1
Below S$250, 000*	5

*Included is a Senior Executive, Ms Chan Hui-Chung, who is the wife of the Executive Chairman/Chief Executive Officer and Substantial Shareholder, Mr Wen Yao-Long. Her remuneration (including salary, bonus and benefits-in-kind) for the financial year ended December 31, 2005 is approximately S$235,000.

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.

CONTENTS

The Directors present their report together with the audited consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the financial year ended December 31, 2005.

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	
Ong Sim Ho	
Seow Han Chiang, Winston	(Appointed on July 7, 2005)

During the financial year, Mr Ang Miah Khiang resigned as a Director of the Company on July 7, 2005.

2 AUDIT COMMITTEE

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:

Ong Sim Ho	(Appointed as Chairman on July 7, 2005 and Independent Director)
Huang Shih-An	(Non-Executive Director)
Seow Han Chiang, Winston	(Appointed on July 7, 2005 and Independent Director)

During the financial year, Mr Ang Miah Khiang resigned as Chairman of the Audit Committee on July 7, 2005.

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

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

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

iii. the 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;

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

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

vi. the re-appointment of the external auditors of the Company.

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

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

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.

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, 2006	At beginning of year	At end of year	At January 21, 2006
The Company						
Ordinary shares of $0.05 each						
Wen Yao-Long	2,630,000	11,096,147	23,724,747	108,362,000	108,362,000	108,362,000
Wen Yao-Chou	-	4,794,643	4,794,643	-	-	-
Chen Ming-Hsing	12,700,000	28,740,000	29,911,000	-	-	-
Huang Shih-An	-	-	-	153,540,000	153,540,000	153,540,000
Ong Sim Ho	100,000	100,000	100,000	-	-	

By virtue of Section 7 of the Singapore Companies Act, Mr Wen Yao-Long and Mr Huang Shih-An is deemed to have an interest in all the related corporations 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:

Seow Han Chiang, Winston	(Chairman and Independent Director)
Ong Sim Ho	(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.

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 20, 2006

auditors' report

We have audited the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of Eucon Holding Limited for the financial year ended December 31, 2005 set out on pages 39 to 75. 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 statements 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 Singapore 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, 2005 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

Deloitte & Touche
Certified Public Accountants
Singapore

Aric Loh Siang Khee
Partner
Appointed on October 15, 2002

February 20, 2006

balance sheets

December 31, 2005

		Group		Company	
		2005	2004	2005	2004
	Note	$'000	$'000	$'000	$'000
ASSETS					
Current assets:					
Cash and bank balances	6	15,335	8,952	653	821
Trade receivables	7	36,799	12,400	-	-
Other receivables and prepayments	8	2,007	1,397	12,281	4,414
Inventories	9	4,244	1,083	-	-
Total current assets		58,385	23,832	12,934	5,235
Non-current assets:					
Investment in subsidiaries	10	-	-	63,235	63,235
Property, plant and equipment	11	90,357	91,179	1,138	1,227
Goodwill	12	3,956	3,956	-	-
Deferred tax asset	13	510	1,646	-	-
Total non-current assets		94,823	96,781	64,373	64,462
Total assets		153,208	120,613	77,307	69,697
LIABILITIES AND EQUITY					
Current liabilities:					
Trade and other payables	14	22,635	11,138	8,935	2,863
Income tax payable		760	1,116	-	-
Short-term bank loans	15	21,020	9,150	-	-
Current portion of long-term bank loans	15	4,930	2,866	59	59
Current portion of finance leases	16	3,399	3,183	2,025	1,160
Current portion of notes payable	17	2,087	5,111	-	-
Due to former holding company	18	5,536	5,547	5,536	4,255
Total current liabilities		60,367	38,111	16,555	8,337

		Group		Company	
		2005	2004	2005	2004
	Note	$'000	$'000	$'000	$'000
Non-current liabilities:					
Long-term bank loans	15	9,066	8,358	453	521
Finance leases	16	771	2,845	660	1,350
Notes payable	17	8	307	-	-
Total non-current liabilities		9,845	11,510	1,113	1,871
Capital and reserves:					
Share capital	19	28,500	28,500	28,500	28,500
Share premium		27,627	27,627	27,627	27,627
Currency translation deficit		(1,137)	(3,412)	-	-
Accumulated profits		26,469	17,596	3,512	3,362
Statutory reserves	20	1,537	681	-	-
Total equity		82,996	70,992	59,639	59,489
Total liabilities and equity		153,208	120,613	77,307	69,697

See accompanying notes to financial statements.

consolidated profit and loss statement

year ended December 31, 2005

		Group	
	Note	2005 $'000	2004 $'000
Revenue	21	74,740	41,820
Cost of service/sales		**(45,250)**	**(23,195)**
Gross profit		29,490	18,625
Other operating income	22	622	411
Distribution costs		(1,682)	-
Administrative expenses		(11,487)	(6,159)
Other expenses		(7)	(824)
Finance costs	23	(1,792)	(1,439)
Profit before income tax		15,144	10,614
Income tax expense	24	(2,565)	(2,358)
Profit for the year	25	12,579	8,256
Basic/ diluted earnings per share (cents)	26	2.21	1.72

See accompanying notes to financial statements.

statement of changes in equity

year ended December 31, 2005

	Share capital	Share premium	Currency translation deficit	Accumulated profits	Statutory reserves	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Balance at January 1, 2004	22,000	10,284	(1,527)	13,397	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)
Profit for the year	-	-	-	8,256	-	8,256
Dividend paid (Note 29)	-	-	-	(3,380)	-	(3,380)
Transfer	-	-	-	(677)	677	-
Balance at December 31, 2004	28,500	27,627	(3,412)	17,596	681	70,992
Currency translation difference	-	-	2,275	-	-	2,275
Profit for the year	-	-	-	12,579	-	12,579
Dividend paid (Note 29)	-	-	-	(2,850)	-	(2,850)
Transfer	-	-	-	(856)	856	-
Balance at December 31, 2005	28,500	27,627	(1,137)	26,469	1,537	82,996

	Share capital $'000	Share premium $'000	Currency translation deficit $'000	Accumulated profits $'000	Statutory reserves $'000	Total $'000
Company						
Balance at January 1, 2004	22,000	10,284	-	3,399	-	35,683
Issue of shares	6,500	19,500	-	-	-	26,000
Share issue expenses	-	(2,157)	-	-	-	(2,157)
Profit for the year	-	-	-	3,343	-	3,343
Dividends paid (Note 29)	-	-	-	(3,380)	-	(3,380)
Balance at December 31, 2004	28,500	27,627	-	3,362	-	59,489
Profit for the year	-	-	-	3,000	-	3,000
Dividends paid (Note 29)	-	-	-	(2,850)	-	(2,850)
Balance at December 31, 2005	28,500	27,627	-	3,512	-	59,639

See accompanying notes to financial statements.

consolidated cash flow statement

year ended December 31, 2005

	2005 $'000	2004 $'000
Cash flows from operating activities:		
Profit before income tax	15,144	10,614
Adjustments for:		
Depreciation expense	10,877	8,320
Amortisation of goodwill	-	225
Increase in allowance for doubtful debts	1,094	-
Interest income	(49)	(33)
Interest expense	1,792	1,439
Plant and equipment written off	268	-
Gain on disposal of plant and equipment	(2)	(321)
Operating profit before working capital changes	29,124	20,244
Trade receivables	(25,493)	4,157
Other receivables and prepayments	(610)	27
Inventories	(3,161)	(250)
Trade payables	10,662	107
Other payables	3,718	(3,112)
Cash generated from operations	14,240	21,173
Interest received	49	33
Interest paid	(1,792)	(1,439)
Income tax paid	(1,785)	(1,545)
Net cash from operating activities	10,712	18,222
Cash flows from investing activities:		
Acquisition of subsidiary, net of cash acquired (Note A)	-	(85)
Proceeds on disposal of plant and equipment	2,141	8,429
Purchase of property, plant and equipment (Note B)	(7,181)	(39,254)
Net cash used in investing activities	(5,040)	(30,910)
Cash flows from financing activities:		
(Increase) Decrease in cash subjected to restriction	(142)	326
Proceeds from issuing shares for cash, net of issue expenses	-	23,843
(Decrease) Increase in notes payable	(3,323)	476
Increase (Decrease) in bank loans	14,642	(201)
Dividends paid	(2,850)	(3,380)
Repayment of finance lease obligations	(7,562)	(6,582)
Due to former holding company	-	(45)
Net cash from financing activities	765	14,437
Net effect of exchange rate changes in consolidating subsidiaries	(196)	(130)
Net increase in cash	6,241	1,619
Cash at beginning of year	8,952	7,333
Cash at end of year (Note C)	15,193	8,952

Note to the consolidated cash flow statement:

A. Acquisition of subsidiaries:

	2005 $'000	2004 $'000
Cash	-	522
Goodwill on acquisition	-	85
Purchase consideration	-	607
Less: Cash of subsidiaries acquired	-	(522)
Net cash outflow on acquisition of subsidiaries	-	85

B. Plant and equipment:

During the financial year, the Group acquired plant and equipment with aggregate cost of $10,002,000 (2004 : $44,813,000) of which $5,704,000 (2004 : $5,559,000) was acquired by means of finance lease and of which $2,234,000 (2004 : $5,117,000) remained unpaid as at year end. Cash payment of $7,181,000 (2004 : $39,254,000) were made to purchase plant and equipment.

C. Cash:

Cash at the end of the financial year is stated after excluding bank deposits pledged amounting to $142,000 (2004 : $ Nil).

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 200107762R) is incorporated in Singapore with its principal place of business and registered office at 80 Marine Parade Road, #11-02 Parkway Parade, Singapore 449269. The Company is listed on the mainBoard of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars, which is the functional currency of the Company.

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

The principal activities of the subsidiaries are disclosed in the Note 10 of the financial statements.

The consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the year ended December 31, 2005 were authorised for issue by the Board of Directors on February 20, 2006.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after January 1, 2005. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements except as disclosed below and in the notes to financial statements.

FRS 103 - Business Combinations

Goodwill

FRS 103 has been adopted for financial years beginning January 1, 2005. The option of limited retrospective application of the accounting standard has not been taken up, thus avoiding the need to restate past business combinations. The Group had no acquisitions during the current financial year.

After initial recognition, FRS 103 requires goodwill acquired in a business combination to be carried at cost less any accumulated impairment losses. Under FRS 36 Impairment of Assets (as revised in 2005), impairment reviews are required annually, or more frequently if there are indications that goodwill might be impaired. FRS 103 prohibits the amortisation of goodwill.

Previously, under FRS 22, the Group carried goodwill in its balance sheet at cost less accumulated amortisation and accumulated impairment losses and amortised it on a straight line basis over its useful life of 20 years.

In accordance with the transitional provisions of FRS 103, the Group has applied the revised accounting policy for goodwill prospectively from the beginning of its first annual period beginning on or after July 1, 2004, to goodwill acquired in business combinations. Therefore, from January 1, 2005, the Group has discontinued amortising such goodwill and has tested the goodwill for impairment in accordance with FRS 36. At January 1, 2005, the accumulated amortisation as at December 31, 2005 of $557,000 has been eliminated, with a corresponding decrease in the gross carrying amount of goodwill leaving the net carrying amount of goodwill unchanged. The adoption of FRS 103 resulted in increase of consolidated profit before income tax of $225,000. The charge in 2004 was $225,000.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 or prior periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

At the date of authorisation of these financial statements, the following FRSs and INT FRSs were issued but not effective:

FRS 40	-	Investment Property
FRS 106	-	Exploration for and Evaluation of Mineral Resources
FRS 107	-	Financial Instruments: Disclosures
INT FRS 104	-	Determining whether an Arrangement contains a Lease
INT FRS 105	-	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
INT FRS 106	-	Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
INT FRS 107	-	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies

Amendments to FRS 1 Presentation of Financial Statements on Capital Disclosures.

Amendments to FRS 19 Employee Benefits on actuarial gain and losses, group plans and disclosures.

Amendments to FRS 21 The Effects of Changes in Foreign Exchange Rates on net investment in a foreign operation.

Amendments to FRS 39 Financial Instruments: Recognition and Measurement on hedge accounting provisions, fair value option and financial guarantee contracts.

Amendments to FRS 101 First-time Adoption of Financial Reporting Standards on comparative disclosures for FRS 106 Exploration for and Evaluation of Mineral Resources.

Amendments to FRS 104 Insurance Contracts on financial guarantee contracts.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Directors anticipate that the adoption of the above FRSs and INT FRSs in future periods will have no material impact on the consolidated financial statements of the Group.

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

The results of subsidiaries acquired or disposed 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 their accounting policies into line with those used by other members of the Group.

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

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) **BUSINESS COMBINATIONS** - The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal Groups) that are classified as held for sale in accordance with FRS 105 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

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

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

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

i) Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

ii) Cash and cash equivalents

Cash and bank balances comprise cash on hand and demand deposits and bank overdrafts.

iii) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

iv) **Bank borrowings**

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

v) **Trade and other payables**

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

vi) **Equity instruments**

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

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

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

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

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

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

Freehold land is carried at cost less any impairment loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

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

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 freehold land and construction-in-progress.

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

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

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

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

k) **REVENUE RECOGNITION** - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sale of goods are recognised when goods are delivered and title has passed.

Revenue from processing services is recognised when services are rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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

l) **BORROWING COSTS** - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the profit and loss statement in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

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

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

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

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

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

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

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

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

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

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

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

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's subsidiaries. The reserve may be used to make up for losses incurred or to increase capital.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in Note 2, management is of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Key sources of estimation uncertainty

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

a) **Impairment of property, plant and equipment**

The Group assesses annually whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates. The carrying amount of property, plant and equipment at the balance sheet date is $90,357,000.

b) **Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was $3,956,000.

4 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The main financial risks faced by the Group are credit risk, interest rate risk, foreign exchange risk and liquidity risk. The Group's policies for managing each of these risks are summarised below.

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.

4 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (C0NT'D)

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.

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, 2005, the Group has 5 customers which accounted for 42.65% (2004 : 60.06%) of the Group's outstanding trade receivables.

d) **Foreign currency risk**

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation 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.

5 RELATED PARTY TRANSACTIONS

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

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

The compensation of Directors and key Management personnel is disclosed in Note 25.

6 CASH AND BANK BALANCES

Cash at bank included $142,000 (2004 : $Nil) pledged to banks to secure credit facilities.

Cash and bank balances that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Singapore dollars	-	227	-	-
United States dollars	1,822	123	7	122

7 TRADE RECEIVABLES

	Group	
	2005	2004
	$'000	$'000
Outside parties	37,993	12,500
Less allowance for doubtful debts	(1,194)	(100)
	36,799	12,400

Certain receivables from outside parties amounting to $6,138,000 (2004 : $2,054,000) are pledged to secure banking facilities (Note 15).

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

Trade receivables that are not denominated in the functional currencies of the respective entities are as follow:

	Group	
	2005	2004
	$'000	$'000
United States dollars	7,282	481
Euro	493	-

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Deposits	465	293	111	3
Prepayments	446	545	20	21
Others	1,096	559	-	1
Subsidiaries (Note 10)	-	-	12,150	4,389
	2,007	1,397	12,281	4,414

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

Other receivables and prepayments that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Taiwan dollars	-	-	1,027	1,485
Chinese renminbi	-	-	11,123	2,904

9 INVENTORIES

	Group	
	2005	2004
	$'000	$'000
At cost:		
Finished goods	654	5
Work in process	1,078	265
Raw materials and consumable supplies	2,512	813
	4,244	1,083

10 INVESTMENT IN SUBSIDIARIES

	Company	
	2005	2004
	$'000	$'000
Unquoted equity shares/capital, at cost	63,235	63,235

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Equity interest held		Cost of investment		Principal activities/ Country of incorporation and operation
	2005	2004	2005	2004	
	%	%	$'000	$'000	
Zeng Kang Enterprise Co., Ltd [a]	100	100	10,424	10,424	Provision of laser drilling services to PCB manufacturers/Taiwan
Shanghai Zeng Kang Electronic Co., Ltd [a]	100	100	13,708	13,708	Provision of drilling and routing services to PCB manufacturers/ People's Republic of China
Shanghai Yaolong Electronic Technology Co., Ltd [a]	100	100	10,581	10,581	Provision of drilling and routing services to PCB manufacturers/ People's Republic of China
Shanghai Zhuo Kai Electronic Technology Co., Ltd [a]	100	100	20,853	20,853	Manufacturing of PCB boards and provision of related processing services on outsourced PCBs to PCB manufacturers/ People's Republic of China
Shanghai Eu Ya Electronic Technology Co., Ltd [a]	100	100	7,669	7,669	Provision of processing laminating services on PCB boards/ People's Republic of China
Leeya International Pte Ltd [b]	100	-	[c]	-	Dormant/ Singapore
			63,235	63,235	

Auditors

[a] Audited by Deloitte Touche Tohmatsu, Taiwan
[b] Audited by Deloitte & Touche, Singapore.
[c] Cost of investment is $2. This subsidiary was incorporated on January 3, 2005.

11 PROPERTY, PLANT AND EQUIPMENT

	Freehold 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 January 1, 2004	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 January 1, 2005	3,221	5,766	1,157	88,221	671	8,253	107,289
Additions	-	1,167	405	931	39	7,460	10,002
Transfer	-	1,564	-	8,430	-	(9,994)	-
Disposals	-	-	(13)	(2,495)	(45)	(81)	(2,634)
Exchange differences	(25)	135	33	2,318	(2)	356	2,815
Written off	-	-	-	(268)	-	-	(268)
At December 31, 2005	3,196	8,632	1,582	97,737	663	5,994	117,204
Accumulated depreciation:							
At January 1, 2004	-	989	294	10,627	203	-	12,113
Depreciation	-	470	180	7,618	52	-	8,320
Disposals	-	-	(19)	(4,054)	-	-	(4,073)
Exchange differences	-	(25)	(6)	(223)	4	-	(250)
At January 1, 2005	-	1,434	449	13,968	259	-	16,110
Depreciation for the year	-	669	204	9,913	91	-	10,877
Disposal	-	-	(10)	(453)	(32)	-	(495)
Exchange differences	-	37	11	309	(2)	-	355
At December 31, 2005	-	2,140	654	23,737	316	-	26,847
At December 31, 2004	3,221	4,332	708	74,253	412	8,253	91,179
At December 31, 2005	3,196	6,492	928	73,400	347	5,994	90,357

Property, plant and equipment with net book value of $61,628,000 (2004 : $29,378,000) are pledged to secure bank loans (Note 15).

At the end of the year, plant and equipment with net book value of $6,269,000 (2004 : $6,105,000) and $246,000 (2004 : $309,000) of the Group and Company respectively are purchased under finance leases.

11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold buildings and improvement	Fixtures and equipment	Motor vehicles	Total
	$'000	$'000	$'000	$'000
Company				
Cost:				
At January 1, 2004	-	-	-	-
Additions	824	103	314	1,241
At January 1, 2005	824	103	314	1,241
Additions	-	9	-	9
At December 31, 2005	824	112	314	1,250
Accumulated depreciation:				
At January 1, 2004	-	-	-	-
Depreciation	5	4	5	14
At January 1, 2005	5	4	5	14
Depreciation for the year	13	22	63	98
At December 31, 2005	18	26	68	112
Carrying amount:				
At December 31, 2004	819	99	309	1,227
At December 31, 2005	806	86	246	1,138

12 GOODWILL

	Group	
	2005	2004
	$'000	$'000
Cost:		
At beginning of year	4,513	4,428
Acquisition of subsidiary	-	85
Elimination of amortisation accumulated prior to the adoption of FRS 103 (Note 2)	(557)	-
At end of year	3,956	4,513
Accumulated amortisation:		
At beginning of year	557	332
Amortisation for the year	-	225
Elimination of amortisation accumulated prior to the adoption of FRS 103 (Note 2)	(557)	-
At end of year	-	557
Carrying amount:		
At end of year	3,956	3,956

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

	Group	
	2005	2004
	$'000	$'000
Drilling and routing services (comprise several CGUs)	3,874	3,874
Printed circuit board production (single CGUs)	82	82
	3,956	3,956

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

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

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

The average rate used to discount the cash flow is 5.1%.

13 DEFERRED TAX ASSET

	Group	
	2005	2004
	$'000	$'000
Deferred tax asset	510	1,646

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

	Investment tax credits	Others	Total
	$'000	$'000	$'000
2005			
At January 1, 2005	1,435	211	1,646
Charge to income for the year	(938)	(198)	(1,136)
At December 31, 2005	497	13	510
2004			
At January 1, 2004	1,842	4	1,846
(Charge) Credit to income for the year	(407)	207	(200)
At December 31, 2004	1,435	211	1,646

14 TRADE AND OTHER PAYABLES

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Trade payables	14,609	3,947	-	-
Payables for acquisition of plant and equipment	2,234	5,117	-	-
Accruals	3,752	1,445	747	334
Other payables	2,040	629	36	85
	22,635	11,138	783	419
Subsidiaries (Note 10)	-	-	8,152	2,444
	22,635	11,138	8,935	2,863

The amount due to subsidiaries are unsecured, interest free and repayable on demand.

The Group and Company's trade and other payables that are not denominated in the functional currencies of the respective entities are as follow:

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
United States dollars	2,942	-	-	-
Taiwan dollars	-		8,152	2,444

15 BANK LOANS

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Short-term bank loans	21,020	9,150	-	-
Long-term bank loans	13,996	11,224	512	580
Less: Current portion	(4,930)	(2,866)	(59)	(59)
Non-current portion	9,066	8,358	453	521

(a) Short term bank loans are secured on the property, plant and equipment and trade receivables of the subsidiary. The interest rates are 3.50% to 6.14% (2004 : 3.20% to 6.50%) per annum. Short term bank loans of $10,624,000 (2004: $4,532,000) are arranged at fixed interest rates and expose the Group to fair value interest rate risk. Other short-term borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

(b) In addition, the bank loans of the subsidiaries amounting to $13,480,000 (2004 : $15,263,000) are guaranteed by two Directors of the Company and another Director of a subsidiary.

(c) The long-term bank loan of the Company is secured on the property of the Company.

	Group	
	2005	2004
	$'000	$'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 fixed rate of 3.50% per annum for the first two years and subsequently at floating rates. The loan is secured by the Company's property. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on September 2004 in 120 monthly instalments.	512	580
(b) Long-term borrowing maturing on July 2015 and bearing floating interest at 3.37% (2004 : 3.025%) per annum. The loan is secured by the subsidiary's property, plant and equipment. Interest and principal are payable on a quarterly basis according to the repayment schedule. Repayments commenced on October 2003 in 48 quarterly instalments	1,973	2,193

15 BANK LOANS CONT'D

		Group 2005 $'000	Group 2004 $'000
(c)	Long term borrowing maturing on October 2008 and bearing floating interest at 5.70% secured by a subsidiary's plant and equipment. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commenced on October 2003 in 60 monthly instalments.	638	847
(d)	Long term borrowing maturing on April 2008 and bearing floating interest at 4.30% (2004: 3.84%) per annum. The loan is secured by a subsidiary's plant and equipment. Interest and principal are payable on a quarterly basis according to the repayment schedule. Repayments commenced on July 2003 in 20 quarterly instalments.	599	845
(e)	Long term borrowing maturing on December 2006 and bearing floating interest at 5.50% (2004 : 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 commenced on January 2004 in 36 monthly instalments.	384	714
(f)	Long term borrowing maturing on November 2009 and bearing floating interest at 3.95% (2004 : 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 commenced on December 2004 in 60 monthly instalments.	1,273	1,582
(g)	Long term borrowing maturing on December 2006 and bearing floating interest at 5.37% (2004 : 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 commenced on January 2004 in 36 monthly instalments.	384	714
(h)	Long term borrowing maturing on June 2007 and bearing floating interest at 5.48% (2004 : 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 commenced on July 2004 in 36 monthly instalments.	1,063	1,785

15 BANK LOANS CONT'D

	Group	
	2005 $'000	2004 $'000
(i) Long term borrowing maturing on July 2009 and bearing floating interest at 5.19% (2004 : 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 commenced on August 2004 in 60 monthly instalments.	1,523	1,964
(j) Long term borrowing maturing on February 2010 and bearing floating 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 commenced on February 2005 in 60 monthly instalments.	1,687	-
(k) Long term borrowing maturing on March 2007 and bearing fixed interest at 6.18% 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 commenced on April 2005 in 24 monthly instalments.	646	-
(l) Long term borrowing maturing on September 2008 and bearing floating interest at 5.99% 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 commenced on October 2005 in 36 monthly instalments.	1,391	-
(m) Long term borrowing maturing on December 2008 and bearing floating interest at 3.95% 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 2006 in 36 monthly instalments.	1,923	-
Total	13,996	11,224

The fair values of bank loans approximate their carrying amounts.

16 FINANCE LEASES

	Group			
	Minimum lease payments		Fair value of minimum lease payments	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Amounts payable under finance leases				
Within one year	3,560	3,526	3,399	3,183
In the second to fifth year inclusive	763	2,900	728	2,756
After five years	46	93	43	89
	4,369	6,519	4,170	6,028
Less: Future finance charges	(199)	(491)	NA	NA
Present value of lease obligations	4,170	6,028	4,170	6,028

	Company			
	Minimum lease payments		Fair value of minimum lease payments	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Amounts payable under finance leases				
Within one year	2,128	1,284	2,025	1,160
In the second to fifth year inclusive	650	1,324	617	1,261
After five years	46	93	43	89
	2,824	2,701	2,685	2,510
Less: Future finance charges	(139)	(191)	NA	NA
Present value of lease obligations	2,685	2,510	2,685	2,510

a) The average lease term is 3 years. The average effective borrowing rate was 4.15% to 9.14% (2004 : 4.26% to 8.75%) and 4.15% to 6.20% (2004 : 4.26% to 6.75%) per annum for the Group and Company respectively. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rates risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

b) The finance leases of the subsidiaries amounting to $1,486,000 (2004 : $3,518,000) are guaranteed by two Directors of the Company and another Director of a subsidiary.

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

17 NOTES PAYABLE

	Group	
	2005	2004
	$'000	$'000
Notes payable	2,095	5,418
Less: Current portion	(2,087)	(5,117)
Non-current portion	8	307

These notes mainly represent instalments payable to two suppliers for plant and equipment purchased. These notes are unsecured and non-interest bearing.

18 DUE TO FORMER HOLDING COMPANY

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

19 SHARE CAPITAL

	Company and Group			
	2005	2004	2005	2004
	'000	'000	$'000	$'000
	Number of ordinary shares of $0.05 each			
Authorised:				
Ordinary shares	2,000,000	2,000,000	100,000	100,000
Issued and fully paid up:				
At beginning of year	570,000	-	28,500	22,000
Arising during the year:				
Sub-divided into ordinary shares of $0.05 each on the basis of 20 shares for every $1.00 share	-	440,000	-	-
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	570,000	28,500	28,500

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

20 STATUTORY RESERVES

	Group	
	2005	2004
	$'000	$'000
Legal and special reserves	1,257	627
Reserve fund	280	54
	1,537	681

21 REVENUE

	Group	
	2005	2004
	$'000	$'000
Drilling and routing services	35,825	33,552
Sale of printed circuit boards and related processing services	38,915	8,268
Total	74,740	41,820

22 OTHER OPERATING INCOME

	Group	
	2005	2004
	$'000	$'000
Foreign currency exchange adjustment gain	544	-
Gain on disposal of plant and machinery	2	321
Interest income	49	33
Other income	27	57
Total	622	411

23 FINANCE COSTS

	Group	
	2005	2004
	$'000	$'000
Interest expense on:		
Bank loans	1,379	1,041
Finance leases	364	367
Notes payable	49	31
	1,792	1,439

24 INCOME TAX EXPENSE

	Group	
	2005	2004
	$'000	$'000
Current - foreign	1,429	2,158
Deferred	1,136	200
Net	2,565	2,358

The total charge for the year can be reconciled to the accounting profit by applying the Singapore income tax rate of 20% (2004 : 20%) to profit before income tax as a result of the following differences:

	Group	
	2005	2004
	$'000	$'000
Tax at statutory rate of 20%	3,029	2,123
Tax effect on investment allowance arising	(65)	(1,150)
Tax on undistributed profit	475	376
Non-deductible expenses	353	402
Withholding tax on dividend income from a subsidiary	181	574
Tax exempt income	(1,220)	(116)
Effect of different in tax rates of subsidiaries operating in other jurisdictions	(135)	148
Others	(53)	1
Total income tax expense	2,565	2,358

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.

25 PROFIT FOR THE YEAR

	Group	
	2005	2004
	$'000	$'000
Directors' remuneration	1,408	743
Directors' fees	198	28
Staff costs (including Directors' remuneration)	9,137	7,250
Audit fees:		
Auditors of the Company	56	50
Other auditors	90	78
Non-audit fees:		
Auditors of the Company	2	12
Other auditors	136	-
Net foreign currency exchange (gain) loss	(544)	755
Depreciation of property, plant and equipment	10,877	8,320
Cost of inventories recognised as expense	22,084	5,766
Allowance for doubtful debts	1,094	-
Amortisation of goodwill [a]	-	225
Plant and equipment written off [a]	268	-

[a] This is included under administrative expense

Compensation of Directors and key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	Group	
	2005	2004
	$'000	$'000
Short-term benefits	2,481	1,320
Post-employment benefits	17	-
	2,498	1,320

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

26 EARNINGS PER SHARE

	Group 2005 $'000	Group 2004 $'000
Profit after income tax ($'000)	12,579	8,256
Number of ordinary shares used to compute earnings per share [shares ('000)]		
- Number of shares	570,000	-
- Weighted average shares	-	480,847
Earnings per share (cents)	2.21	1.72

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

27 CONTINGENT LIABILITIES

	Group 2005 $'000	Group 2004 $'000
Guarantees (unsecured)	5	5

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

28 OPERATING LEASE ARRANGEMENTS

	Group 2005 $'000	Group 2004 $'000
Minimum lease payments under operating leases recognised as an expense in the year	1,253	155

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

	Group 2005 $'000	Group 2004 $'000
Within one year	895	789
In the second to fifth years inclusive	2,845	3,156
After five years	1,998	-
	5,738	3,945

Operating lease payments represent rental payable by the Group for certain of its office premises. Leases are negotiated for an average term of seven years.

29 DIVIDENDS

In 2004, 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 December 31, 2003.

In 2005, the Company paid a final tax exempt dividend of 0.5 cents per ordinary share totalling $2,850,000 in respect of the financial year ended December 31, 2004.

Subsequent to December 31, 2005, 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.

30 SEGMENT INFORMATION

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

(a) Analysis By Business Segment

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

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

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

31 SEGMENT INFORMATION CONT'D

(a) Analysis By Business Segment Cont'd

	Drilling and routing services		PCB operations		Total	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Revenue	35,825	33,552	38,915	8,268	74,740	41,820
Result						
Segment result	17,792	17,413	11,698	1,212	29,490	18,625
Other operating income					622	411
Unallocated corporate expenses					(13,176)	(6,983)
Profit from operations					16,936	12,053
Finance costs					(1,792)	(1,439)
Profit before income tax					15,144	10,614
Income tax expense					(2,565)	(2,358)
Net profit attributable to the Group					12,579	8,256
Other Information						
Segment assets	85,899	81,807	61,429	32,777	147,328	114,584
Unallocated corporate assets					5,880	6,029
Consolidated total assets					153,208	120,613
Segment liabilities	41,577	38,886	19,119	2,870	60,696	41,756
Unallocated corporate liabilities					9,516	7,865
Consolidated total liabilities					70,212	49,621
Capital expenditure	3,709	29,583	6,284	13,989	9,993	43,572
Depreciation	8,177	6,790	2,602	1,516	10,779	8,306
Unallocated corporate expenditure:						
Capital expenditure					9	1,241
Depreciation					98	14

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	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
People's Republic of China	58,184	23,854	99,805	73,804	7,137	29,816
Taiwan	16,556	17,966	47,523	40,780	2,856	13,756
Singapore	-	-	5,880	6,029	9	1,241
Total	74,740	41,820	153,208	120,613	10,002	44,813

statement of directors

In the opinion of the Directors, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 39 to 75 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2005, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Wen Yao-Long
Director

Wen Yao-Chou
Director

February 20, 2006

statistics of shareholders

as at March 16 , 2006

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

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	4	0.27	1,400	0.00
1,000 - 10,000	606	41.62	2,976,200	0.52
10,001 - 1,000,000	798	54.81	73,878,600	12.96
1,000,001 AND ABOVE	48	3.30	493,143,800	86.52
TOTAL	1,456	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	CHEN MING-HSING	29,911,000	5.25
4	WEN YAO-LONG	23,724,747	4.16
5	UOB KAY HIAN PTE LTD	17,569,670	3.08
6	MERRILL LYNCH (SINGAPORE) PTE LTD	14,139,800	2.48
7	TANG YU-XUAN	13,110,000	2.30
8	CITIBANK NOMINEES SINGAPORE PTE LTD	10,235,000	1.80
9	KO TSAI HSIU CHUN LISA	9,306,340	1.63
10	UNITED OVERSEAS BANK NOMINEES PTE LTD	8,995,000	1.58
11	CHEN CHENG-HSIUNG	8,136,800	1.43
12	LEE YING-CHI	7,140,000	1.25
13	TAN HEE NAM	5,650,000	0.99
14	HSUEH PAI CHUN	5,627,200	0.99
15	CHEN CHU-TSU	4,867,400	0.85
16	WEN YAO-CHOU	4,794,643	0.84
17	KAU JUI-HUNG	4,763,800	0.84
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	442,477,400	77.62

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)	23,724,747	108,362,000
Chen Ming-Hsing	29,911,000	

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 March 16, 2006, approximately 43.78% 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 Fourth 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 Thursday, April 27, 2006 at 9.30 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the financial year ended December 31, 2005 together with the Auditors' Report thereon. **[Resolution 1]**

2. To declare a Final Dividend of 0.5 cents net per ordinary share for the financial year ended December 31, 2005. **[Resolution 2]**

3. To approve the Directors' Fees of S$198,333/- for the year ended December 31, 2005 (2004: S$27,500/-). **[Resolution 3]**

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

   (a) Mr Cheng Ming-Hsing {retiring pursuant to Article 89} **[Resolution 4(a)]**

   (b) Mr Wen Yao-Chou {retiring pursuant to Article 89} **[Resolution 4(b)]**

   (c) Mr Seow Han Chiang, Winston {retiring pursuant to Article 88} **[Resolution 4(c)]**

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.

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 number of issued shares in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to existing shareholders shall not exceed 20 per centum of the number of issued shares in the capital of the Company at the time of the passing of this Resolution and that such authority shall continue in force until the date that the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, unless revoked or varied at a general meeting of the Company".

[Resolution 6]

[See Explanatory Note (i)]

BY ORDER OF THE Board

Chow Yew Kee
Company Secretary
Singapore, April 10, 2006

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:

On February 20, 2006, the Board of Directors, in consultation with the Nominating Committee, recommended to members the re-election of Messrs Cheng Ming-Hsing, Huang Shih-An and Seow Han Chiang, Winston. Subsequent thereto, the Board of Directors received a letter from Mr Huang Shih-An, dated March 30, 2006, notifying his resignation which is to take effect from March 31, 2006. The Director who is now due for re-election in place of Mr Huang Shih-An is Mr Wen Yao-Chou (as mutually agreed amongst Messrs Wen Yao-Chou, Wen Yao-Long and Ong Sim Ho who were last re-elected on April 25, 2005). The Board of Directors, in consultation with the Nominating Committee, now further recommends to the members the re-election of Mr Wen Yao-Chou."

Note to item no. 4(c)

Mr Seow Han Chiang, Winston is an Independent Director and Chairman of the Remuneration Committee. He is also a member of the Nominating and Audit Committees. 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 (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) in the Company in accordance with the percentages set out above. This authority will, unless revoked or varied at a general meeting, expire at the date the next Annual General Meeting of the Company is held or is required by law to be held, whichever is earlier.

The percentage of issued share capital is based on the number of issued shares in the capital of the Company at the time of the passing of this Resolution after adjusting for (a) new shares arising from the conversion or exercise of convertible securities (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution and (c) any subsequent 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 July 4, 2006 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 July 3, 2006 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 July 3, 2006 will be entitled to the proposed final dividend.

Payment of the proposed final dividend, if approved by the members at the Annual General Meeting to be held on April 27, 2006 will be made on July 14, 2006.

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 their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ______________________________

of ______________________________

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

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

and/or (delete as appropriate)

as my/our proxy/proxies to vote for me/us on my/our behalf at the Fourth 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 Thursday, April 27, 2006 at 9.30 a.m. and at any adjournment thereof.

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

No.	Resolution	For	Against
1.	To receive and adopt the Directors' Report and Audited Accounts for the financial year ended December 31, 2005 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 Chen Ming-Hsing as a Director.		
	(b) To re-elect Mr Wen Yao-Chou as a Director.		
	(c) To re-elect Mr Seow Han Chiang, Winston 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.		

Signed this ______________ day of __________ 2006

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

____

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

Notes:

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

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

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

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

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

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

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

EUCON HOLDING LIMITED
80 Marine Parade Road #11-02
Parkway Parade Singapore 449269

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Fax : +65 6345 6079
Website : www.euconholding.com
Company Registration No.: 200107762R