

Eucon

EUCON HOLDING LIMITED

Annual Report 2006



Our Vision

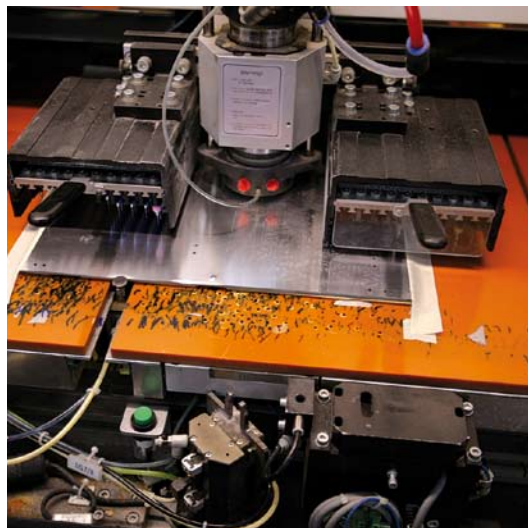
To be recognised as the market leader in offering outsourced high quality turnkey PCB related services to the PCB manufacturing industry

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 is an integrated PCB service provider and one of the largest independent PCB drilling service providers in Taiwan and China.

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

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

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

Chairman's Statement



In FY2006, group revenue improved 50% from \$74.7 million in FY2005 to \$111.8 million in FY2006. The increase in revenue was mainly due to increased sales in all business segments, with PCB operations leading the revenue growth.

For FY2006, the group delivered steady growth in top and bottom line, when compared to FY2005.

In FY2006, group revenue improved 50% from \$74.7 million in FY2005 to \$111.8 million in FY2006. The increase in revenue was mainly due to increased sales in all business segments, with PCB operations leading the revenue growth.

Gross profit increased from \$29.4 million in FY2005 to \$35.0 million in FY2006. Gross profit margin reduced from 40% in FY2005 to 31% in FY2006, as a result of the substantial growth in revenue from the PCB operations segment, which commands lower margins compared to laser drilling services.

Group net profit rose 22% from \$12.6 million in FY2005 to \$15.3 million in FY2006.

Earnings per share rose to 2.69 cents compared to 2.21 cents in FY2005. Net Asset Value per ordinary share increased to 15.28 cents as at 31 December 2006, from 13.87 cents as at 31 December 2005.

Segmental Contribution

Geographically, the China market accounted for 83% of group revenue with PCB operations as main contributor. Revenue contribution from China market increased from \$58.2 million in FY2005 to \$93.2 million in FY2006.

Our PCB operations, the best-performing business segment, generated \$71.7 million in FY2006 compared to \$38.9 million in FY2005. The increase in sales from PCB operations reflects the steady increase in customer demand and the growing number of electronics manufacturing companies in China. In FY2006, PCB operations accounted for 64% of the group revenue.

Chairman's Statement

The combined revenue contribution from our drilling and routing segments is \$40.1 million for FY2006 compared to \$35.8 million for FY2005.

Laser drilling, being a service-oriented business segment, is more volatile in terms of demand. In 1Q06, there was a high demand for laser drilling due to the spill over demand from 2H05. The slowdown in demand for high-end electronic products such as mobile phones, game consoles and notebooks in 2H06 contributed to the slowdown in demand for our laser drilling services. Overall, laser drilling in Taiwan reported a \$2.0 million increase in revenue, supported by the acquisition of additional laser machines.

On the Horizon...

China has become the fastest-growing low-cost PCB manufacturing hub in the world. With the PCB industry in China still looking positive, the group plans to focus on the China market, and to explore more business opportunities so as to generate steady and sustainable revenue growth.

China-made PCBs have gained acceptance in the European market as they meet many European technology and quality standards at low cost. As such, we are confident of China's PCB market growth potential. With our experience, track record and reputation in this sector, we will benefit from the growing market demand for China-made PCB.

In 2007, global demand for electronic products is expected to increase due to the anticipated launches of several new electronic products and the constant upgrading of existing models, which should in turn benefit the group.

The group expects the demand for laser drilling services to increase in China in the future. Currently, we have eight laser drilling machines in China to meet existing customer needs. We are prepared and ready to immediately deploy laser drilling machines to China in the event of a sustained increased in demand for laser drilling services in China.

Our business strategy is to concurrently focus on both our laser drilling business in Taiwan and PCB operations in the growing China market. We will continue to maintain an efficient cost structure, through optimal operational efficiency, and improve our competitiveness and profitability.

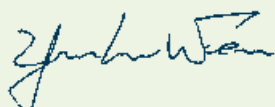
Dividend

For the year under review, the directors have proposed a tax-exempt (1-tier) final dividend of 0.5 cents per ordinary share.

Acknowledgements

On behalf of our board of directors, I would like to thank our customers for their unwavering support and patronage. My deepest appreciation to our staff for their commitment and contribution to the company's performance.

Special thanks too to my fellow directors for their advice and co-operation. And finally, my sincere appreciation to you, our shareholders, for your continued faith in the Eucon group.



Wen Yao-Long

Executive Chairman

Subsidiaries



Lgang



Shanghai Zeng Kang



Shanghai Yaolong



Shanghai Zhuo Kai



Shanghai Eu Ya



Shanghai Lian Han Xin

Subsidiaries

TAIWAN

Lgang Optronics Technology Co., Ltd

(Formerly known as 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

Shanghai Lian Han Xin Electronic Technology Co., Ltd

Offers mechanical drilling services

SINGAPORE

Leeya International Pte Ltd Dormant

Board of Directors



WEN YAO-LONG



WEN YAO-CHOU



CHEN MING-HSING

WEN YAO-LONG *Founder, Executive Chairman and Chief Executive Officer*

Mr Wen has been instrumental in charting 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.

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.

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 currently the Chairman of Allstar Tech. (Zhongshan) Co., Ltd, an electronic company incorporated in China since April 2006. 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.

Board of Directors



ONG SIM HO



**SEOW HAN CHIANG,
WINSTON**



ER KWONG WAH

ONG SIM HO *Lead Independent Director*

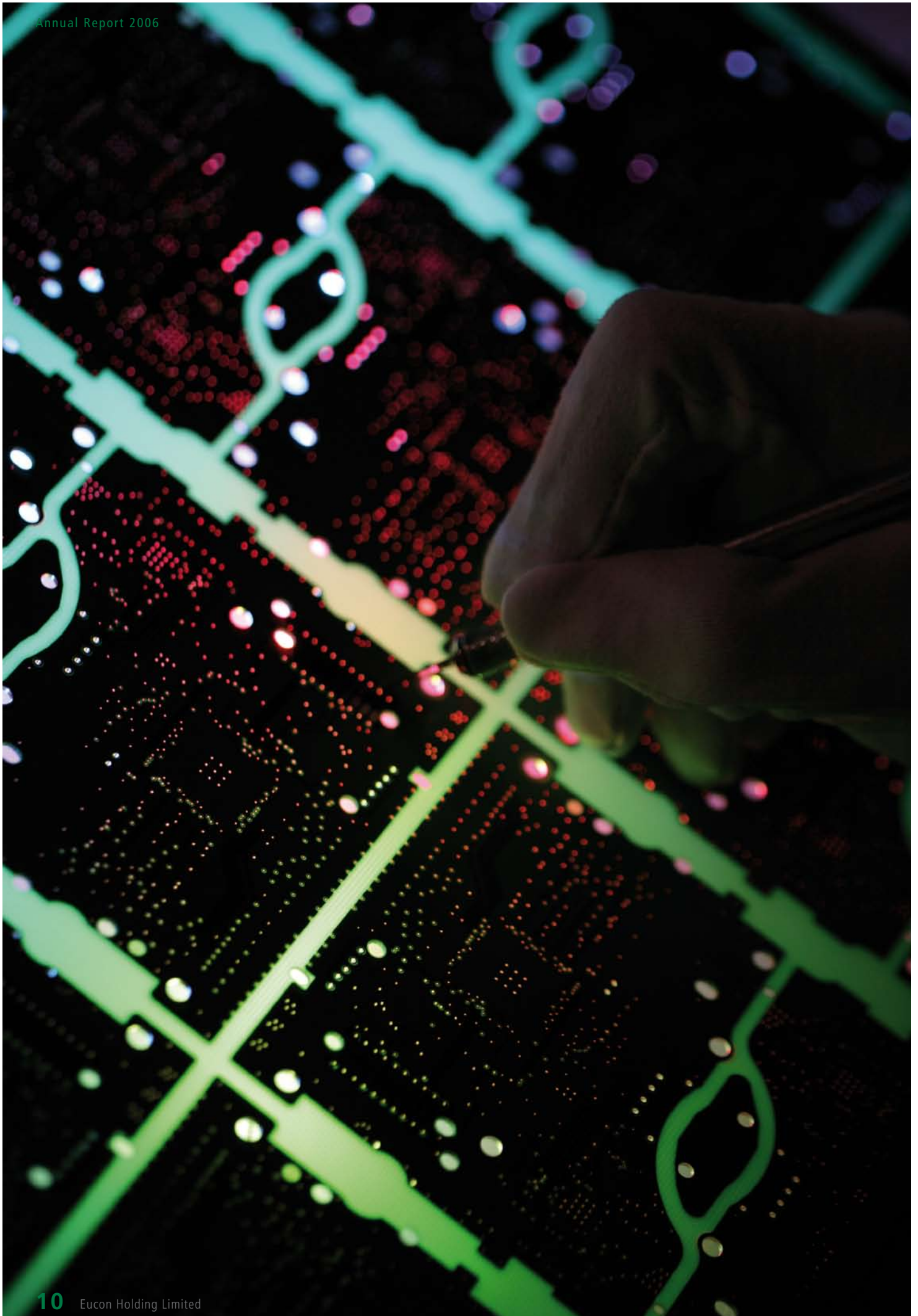
Mr Ong is a practicing lawyer specializing in tax laws. He is presently the Senior Partner of the law firm, Messrs Ong Sim Ho. Mr Ong holds both a bachelor in Accountancy and a Bachelor of Laws (Honours) Degree. He holds directorships in various companies including Prudential Assurance (Singapore) Pte Ltd, Emirates National Oil Company (Singapore) Pte Ltd, Innovalues Precision Limited, Metal Components Engineering Limited, Sunningdale Tech Ltd, 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, a member of the Singapore Institute of Directors and the Honorary Member and Director of The Singapore College of Traditional Medicine.

SEOW HAN CHIANG, WINSTON *Independent Director*

Mr Seow is currently the corporate partner of KS Chia Gurdeep & Param, a Singapore law firm. He was called to the Singapore Bar in 1995 and has been practicing 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.

ER KWONG WAH *Independent Director*

Mr Er is currently an Executive Director of EASB Institute of Management. He is also an Independent Director for several public-listed companies. A former Permanent Secretary in the Singapore Civil Service, he had served in various ministries before his retirement. He is currently the Chairman of the Toa Payoh Central Citizens Consultative Committee and a member of the Bishan-Toa Payoh Town Council. A Colombo Plan and Bank of Tokyo Scholar, he obtained a first class honors degree in Electrical Engineering at the University of Toronto, Canada, in 1970 and an MBA from the Manchester Business School, University of Manchester in 1978.



Management Team

LOO MING-CHIANG

Vice General Manager of Lgang

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

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 high school graduate.

LEE TUNG-CHEN

Vice General Manager of Shanghai Zhuo Kai and Shanghai Eu Ya

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

CHAN HUI-CHUNG

Vice General Manager of Shanghai Zhuo Kai

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

CHIEN WAN-HSIN

Group Financial Controller

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

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.

Operations Review

The group's improved operational performance in FY2006 reflects the success of our continuous marketing efforts as well as our implementation of strategic business initiatives taken during the year.

PCB Operations

Our China PCB operations have become full-fledged and have grown significantly over the past year. Currently, we are able to handle PCBs up to ten-layer counts, with majority of orders being between four- to six-layer counts.

The group's revenue for the PCB operations business segment jumped 64% from \$38.9 million in FY2005 to \$71.7 million in FY2006. The performance of this business segment has been encouraging. The improved performance of our PCB operations is due to continued increase in demand from our customers and an expanded customer base.

During the year, we had gradually expanded the production capacity for PCB operations to 800,000 sq ft per month with the addition of new machines in Shanghai to meet the increasing needs of our customers. As such, our monthly output doubled from 300,000 sq ft in FY2005 to 600,000 sq ft in FY2006.

Although the margin from the PCB operations business segment is lower than our margin from drilling and routing services, it is more stable and is likely to continue to enjoy healthy demand.

Drilling and Routing Services

The revenue recorded for the drilling and routing services segment increased \$4.2 million from \$35.8 million in FY2005 to \$40.0 million in FY2006. The revenue growth is contributed by the addition of new laser machines during the year in Taiwan as well as increased in-house demand for mechanical drilling and routing services, as a consequence of our expanded PCB operations in China.

In 1H06, 16 sets of laser drilling machines were added with the anticipation of stronger demand for laser drilling services in FY2006. However, the demand for laser drilling services in Taiwan slowed down in 2H06. This was due to a lower than expected demand for high-end consumer electronic products. We have therefore postponed our plan to purchase up to 50 new sets of laser drilling machines for Taiwan. Despite this, revenue from our laser drilling services increased by \$2.0 million from \$16.6 million in FY2005 to \$18.5 million in FY2006.

During the year, we installed 8 laser drilling machines at our Shanghai plant to cater to the needs of our customers in China. Currently, our China's laser drilling capacity is enough to meet the orders from our customers.

Operations Review

The other two contributors to our drilling and routing services business segment are mechanical drilling and routing services which are offered at our Shanghai plants. Besides serving external customers, these two services also provide in-house support to our PCB operations. The improvement in our PCB operations in China has therefore led to better performance from our mechanical drilling and routing services.

In December 2006, the group has set up a new plant, Shanghai Lian Han Xin, which focuses on mechanical drilling. This new plant commenced operation in January 2007. At the end of March 2007, this new plant has been equipped with 24 new mechanical drilling machines and is expected to contribute to the group's revenue growth in 2007. With this new plant, the group can manage a larger number of orders both from customers and our PCB operations.

Outlook

The slowdown for laser drilling services in Taiwan is expected to continue into 1H07. However, global demand for electronic products is expected to grow in 2007 due to the launch of new electronic products, and upgrading of existing ones. This should have a positive effect on the overall demand for laser drilling services in Taiwan in the 2H07.

To mitigate the slow down in laser drilling operations, the group has been devoting more of its resources to its business operations in China, since 2H06.

China's economy is expected to continue to be strong, and it is likely to remain as the leading electronics-manufacturing hub in 2007 and beyond. A growing number of electronic manufacturing companies are shifting to China because of its lower production costs and its increasing ability to meet international quality standards. We anticipate a stable and sustained growth in this sector for the next few years. However, we will continue to be cautious with our expansion plans.

Given China's position as the global manufacturing hub, we are also closely monitoring the market demand for laser drilling services in China. The growing affluence in China is likely to lead to increased demand for higher-end electronic products, which would generate higher demand for laser drilling services in China in the near future. Depending on the demand for laser drilling services in Taiwan and China, we are prepared to react quickly to changes in such demand. Where necessary, we will transfer some of our laser machines in Taiwan to our China plants.

Overall, we believe that these developments should translate into a positive outlook for the group in 2007.



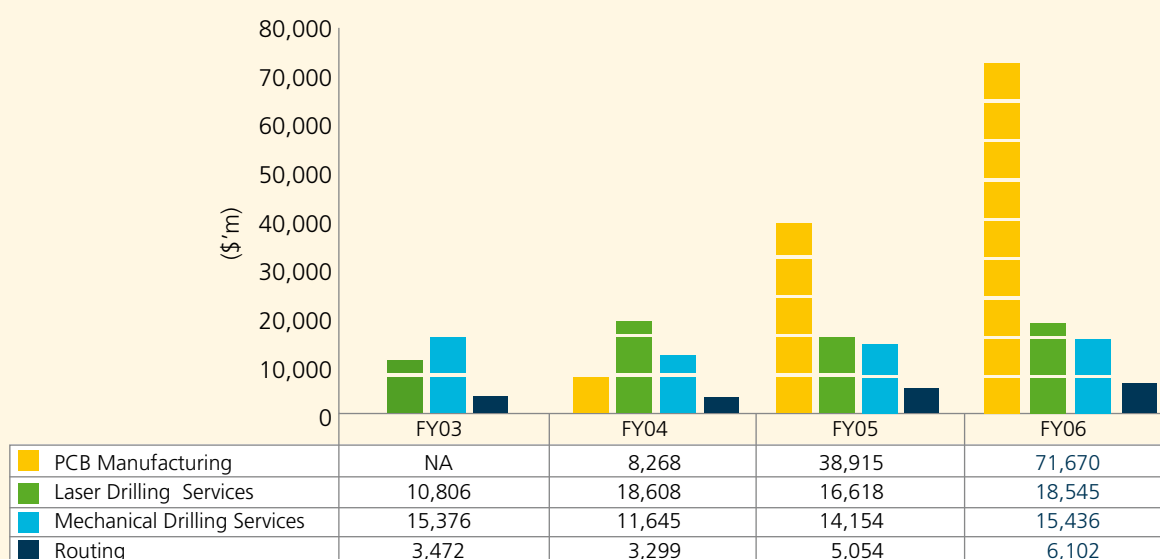


Financial Highlights

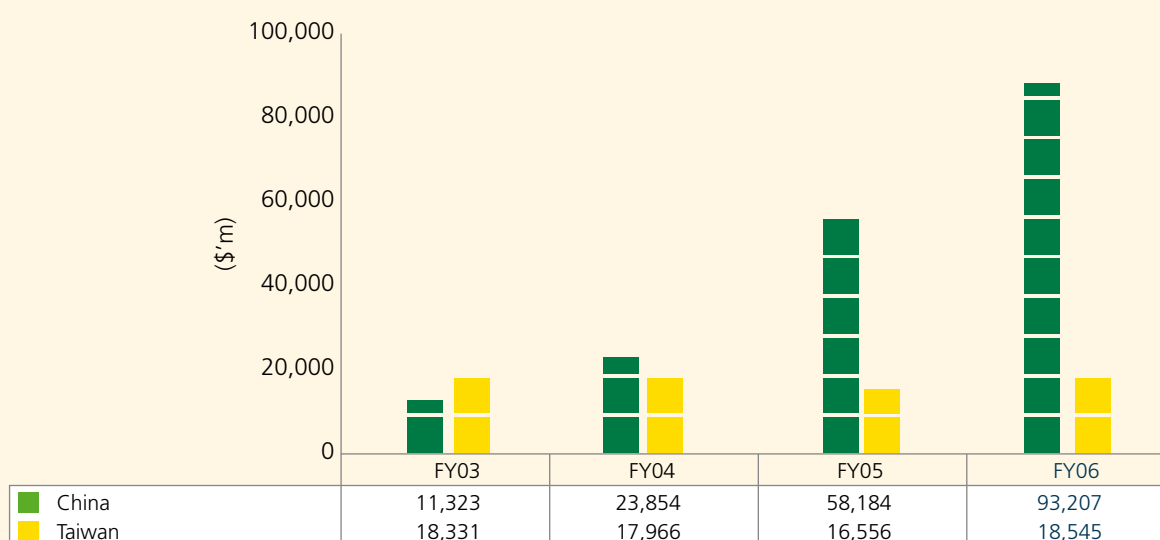
Group Profit & Loss (\$'m)				
(for the year ended December 31)	2003	2004	2005	2006
Revenue	29.7	41.8	74.7	111.8
Gross profit	14.5	18.6	29.5	35.0
Operating profit	11.1	12.1	16.9	18.8
Profit before tax	10.1	10.6	15.1	16.4
Profit attributed to shareholders	10.0	8.3	12.6	15.3
Group Balance Sheet (\$'m)				
(as at December 31)	2003	2004	2005	2006
Property, plant and equipment	64.5	91.1	90.4	117.3
Cash and bank	7.7	9.0	15.3	20.0
Other assets	24.8	20.5	47.5	55.5
Total assets	97.0	120.6	153.2	192.8
Shareholders' equity	44.2	71.0	83.0	91.0
Total borrowings	32.6	31.8	41.3	55.3
Other liabilities	20.2	17.8	28.9	46.5
Total liabilities and equity	97.0	120.6	153.2	192.8
Financial Ratios				
Return on average shareholders' equity (%)	27.3	14.4	16.3	17.6
Return on average assets (%)	13.0	7.6	9.2	8.8
Net gearing ratio	0.6	0.3	0.3	0.4
Working capital ratio	0.8	0.6	1.0	0.8
Per Share Data (cents)				
	2003	2004	2005	2006
Earnings after tax	2.96	1.72	2.21	2.69
Net assets	9.11	11.76	13.87	15.28

Financial Highlights

Revenue Mix by Business



Revenue Mix by Geographical



Corporate Information

Board Of Directors

Executive Directors

Wen Yao-Long (Chairman & CEO)

Wen Yao-Chou

Non-Executive Directors

Chen Ming-Hsing

Independent Directors

Ong Sim Ho (Lead Independent Director)

Seow Han Chiang, Winston

Er Kwong Wah

Audit Committee

Ong Sim Ho (Chairman)

Seow Han Chiang, Winston

Er Kwong Wah

Nominating Committee

Er Kwong Wah (Chairman)

Seow Han Chiang, Winston

Chen Ming-Hsing

Remuneration Committee

Seow Han Chiang, Winston (Chairman)

Ong Sim Ho

Er Kwong Wah

Company 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

3 Church Street

08-01 Samsung Hub

Singapore 049483

Auditors

Deloitte & Touche

Certified Public Accountants

6 Shenton Way #32-00

DBS Building Tower Two

Singapore 068809

Partner-in-charge: Aric Loh Siang Khee

Date of Appointment: 15 October 2002

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Corporate Governance Report

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

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

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

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

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

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

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

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

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

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

Corporate Governance Report

Directors' Attendance at Board and Board Committee meetings
Period covering January to December 2006

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. Held	Attended	No. Held	Attended	No. Held	Attended	No. Held	Attended
Wen Yao-Long	5	5	-	-	-	-	-	-
Wen Yao-Chou	5	5	-	-	-	-	-	-
Chen Ming-Hsing	5	3	-	-	-	-	-	-
Ong Sim Ho	5	4	4	4	1	1	1	1
Seow Han Chiang, Winston	5	4	4	3	1	1	1	1
Er Kwong Wah (Appointed on 9 September 2006)	5	1	4	1	N.A.	N.A.	N.A.	N.A.
Huang Shih-An (Resigned 31 March 2006)	5	2	4	1	1	1	1	1

Principle 2: Board Composition and Guidance

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

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

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

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

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

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

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

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

Principle 6: Access to Information

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

Corporate Governance Report

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

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

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

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

Principle 4: Board Membership

Principle 5: Board Performance

Nominating Committee ("NC")

Currently, the members of the NC are Er Kwong Wah (Committee Chairman), Seow Han Chiang, Winston and Chen Ming-Hsing. The composition of the NC was changed consequent to changes to the board membership and to distribute responsibilities amongst the independent non-executive directors and non-executive director. Mr Er Kwong Wah was appointed as Chairman of the NC in place of Mr Ong Sim Ho. All the members are non-executive directors, of whom a majority of the members, including the Chairman, are independent non-executive directors. Mr Er Kwong Wah is not, nor directly associated with, a substantial shareholder.

The Terms of Reference of the NC include:-

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

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

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

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

Corporate Governance Report

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

Name of Director	Current appointment	Date of initial appointment	Date of last re-election	Due for re-election at next AGM
Wen Yao-Long	Executive	2 January 2003	25 April 2005	NA
Wen Yao-Chou	Executive	2 January 2003	27 April 2006	Retirement by rotation (Article 89)
Chen Ming-Hsing	Non-Executive	2 January 2003	27 April 2006	NA
Ong Sim Ho	Non-Executive / Independent	19 July 2004	25 April 2005	Retirement by rotation (Article 89)
Seow Han Chiang	Non-Executive / Independent	7 July 2005	27 April 2006	NA
Er Kwong Wah	Non-Executive / Independent	8 September 2006	-	Retirement pursuant to Article 88

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

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

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

Remuneration Committee ("RC")

Currently, the members of the RC are Seow Han Chiang, Winston (Committee Chairman), Ong Sim Ho and Er Kwong Wah, all of whom are independent non-executive directors. The composition of the RC had changed consequent to changes to the board.

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

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

- recommending to the board a framework of remuneration for the board and the CEO with a goal to retain and motivate them through competitive compensation and progressive policies, and determining specific remuneration packages and terms of employment for each of the directors and the CEO, taking into consideration all aspects of remuneration (including but not limited to director's fees, salaries, allowances, bonuses, options, and benefits in kind) and remuneration packages within the industry and comparable companies,
- ensuring that remuneration package for employees related to directors, CEO or substantial shareholders of the company is in line with the group's staff remuneration guidelines and commensurate with their respective job scopes, levels of responsibilities and levels of performance,
- reviewing the remuneration of senior management, and

Corporate Governance Report

- recommending executives' and employees' share option scheme or any other long term incentive schemes which may be set up from time to time.

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

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

The executive directors do not receive directors' fees. The remuneration for the executive directors and the key senior executives comprises a basic salary component and a variable incentive bonus if the consolidated profit before tax of the group exceeds S\$10 million. The 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.

A breakdown, showing the level and mix of each individual director's remuneration payable for the financial year ended 31 December 2006 is as follows:-

Remuneration	Directors' Fees (%)	Salary (%)	Variable Incentive Bonus (%)	Total (%)
<i>S\$500,000 - S\$750,000</i>				
Wen Yao-Long	-	58	42	100
Wen Yao-Chou	-	56	44	100
<i>Below S\$250,000</i>				
Ong Sim Ho	100	-	-	100
Seow Han Chiang, Winston	100	-	-	100
Chen Ming-Hsing	100	-	-	100
Er Kwong Wah (appointed on 8 September 2006)	100*	-	-	100
Huang Shih-An (resigned on 31 March 2006)	100*	-	-	100

* Directors' Fees are pro-rated.

The remuneration of the top five executives of the group for the financial year ended 31 December 2006 is shown in the following bands:-

	Salary	Bonus	Post employment benefits	Total
<i>Below \$250,000</i>				
• Chan Hui-Chung*	89	11	-	100
• Lee Tung-Chen	85	14	1	100
• Loo Ming-Chiang	88	8	4	100
• Lin Kuo-Feng	85	14	1	100
<i>S\$250,000 – S\$499,999</i>				
• Chien Wan-Hsin	87	11	2	100

* Chan Hui-Chung is the wife of Wen Yao-Long who is the executive Chairman/Chief Executive Office and substantial shareholder of the company. Her remuneration includes a basic salary and variable bonus of approximately \$222,500 for the financial year ended 31 December 2006.

Corporate Governance 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

Principle 10: Accountability

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

Principle 11: Audit Committee ("AC")

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

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

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

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

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

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

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

Corporate Governance Report

Principle 12: Internal Controls

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

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

Principle 13: 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 auditor reports primarily to the chairman of the AC.

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

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

Principles 14 and 15: Communication with Shareholders

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

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

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

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

Corporate Governance Report

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

DEALING IN SECURITIES

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

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

INTERESTED PERSON TRANSACTIONS

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

The aggregate value of all interested person transactions entered into during the financial year ended 31 December 2006 are tabulated hereunder pursuant to Rule 907 of the SGX-ST Listing Manual: -

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Loan guarantees provided by Wen Yao-Long, Wen Yao-Chou and Chan Hui-Chung to various financial institutions to secure credit facilities for the group	Total facilities granted as at 31.12.2006: S\$56.4 million Amount outstanding as at 31.12.2006: S\$24.2 million	-
Loan from Sunny Worldwide Int'l (Amount outstanding as at 31.12.2006 is S\$5.9 million)	Interest for the year ended 31.12.2006: S\$0.2 million	-

OTHER INFORMATION

Material Contract

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

Report Of The Directors

The directors present their report together with the audited consolidated financial statements of the group and balance sheet and statement of changes in equity of the company for the financial year ended December 31, 2006.

1 DIRECTORS

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

Wen Yao-Long
 Wen Yao-Chou
 Chen Ming-Hsing
 Ong Sim Ho
 Winston Seow Han Chiang
 Er Kwong Wah (Appointed on September 8, 2006)

During the financial year, Mr Huang Shih-An resigned as a director of the company on March 31, 2006.

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of directors and companies in which interests are held	Shareholdings registered in the name of the directors			Shareholdings in which the directors are deemed to have interests		
	At beginning of year	At end of year	At January 21, 2007	At beginning of year	At end of year	At January 21, 2007
The company						
Ordinary shares of \$0.05 each						
Wen Yao-Long	11,096,147	24,224,747	24,224,747	108,362,000	108,362,000	108,362,000
Wen Yao-Chou	4,794,643	4,794,643	4,794,643	-	-	-
Chen Ming Hsing	28,740,000	33,723,000	33,723,000	-	-	-
Ong Sim Ho	100,000	1,220,000	1,220,000	-	-	-

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

Report Of The Directors

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

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

5 SHARE OPTIONS

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

Winston Seow Han Chiang	(Chairman and Independent Director)
Ong Sim Ho	(Independent Director)
Er Kwong Wah	(Independent 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.

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

- i) up to 50% only of the Shares in respect of which that Option is granted may be exercised after the first anniversary of the Date of Grant of that Option; and
- ii) the remaining 50% of the Shares in respect of which that Option is granted may be exercised after the second anniversary of the Date of Grant of that Option.

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

- i) up to 50% only of the Shares in respect of which that Option is granted may be exercised after the second anniversary of the Date of Grant of that Option; and
- ii) the remaining 50% of the Shares in respect of which that Option is granted may be exercised after the third anniversary of the Date of Grant of that Option.

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

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

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

Report Of The Directors

6 AUDIT COMMITTEE

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

Ong Sim Ho	(Chairman)
Winston Seow Han Chiang	
Er Kwong Wah	(Appointed on September 8, 2006)

During the financial year, Mr Huang Shih-An resigned as a member of the Audit Committee on March 31, 2006.

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 office 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.

Report Of The Directors

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Wen Yao-Long

Wen Yao-Chou

March 13, 2007

Independent Auditors' Report

To The Members Of Eucon Holding Limited

We have audited the accompanying financial statements of Eucon Holdings Limited (the company) and its subsidiaries (the group) which comprises the balance sheets of the group and the company as at December 31, 2006, the profit and loss statement, statement of changes in equity and cash flow statement of the group and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 66.

Directors' Responsibility

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

Auditors' Responsibility

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

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

Opinion

In our opinion:

- a) the consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at December 31, 2006 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

March 13, 2007

Balance Sheets

December 31, 2006

	Note	Group		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
ASSETS					
Current assets:					
Cash and bank balances	6	18,780	15,193	2,114	653
Pledged bank deposits	7	1,179	142	-	-
Trade receivables	8	37,527	36,799	-	-
Other receivables and prepayments	9	2,712	2,007	18,596	12,281
Inventories	10	10,200	4,244	-	-
Total current assets		70,398	58,385	20,710	12,934
Non-current assets:					
Investment in subsidiaries	11	-	-	73,126	63,235
Property, plant and equipment	12	117,302	90,357	1,039	1,138
Goodwill	13	3,956	3,956	-	-
Deferred tax asset	14	1,136	510	-	-
Total non-current assets		122,394	94,823	74,165	64,373
Total assets		192,792	153,208	94,875	77,307
LIABILITIES AND EQUITY					
Current liabilities:					
Trade and other payables	15	39,957	22,635	10,791	8,935
Income tax payable		689	760	-	-
Short-term bank loans	16	32,525	21,020	9,221	-
Current portion of long-term bank loans	16	4,292	4,930	59	59
Current portion of finance leases	17	3,468	3,399	1,115	2,025
Current portion of notes payable	18	2,769	2,087	-	-
Due to former holding company	19	5,785	5,536	5,785	5,536
Total current liabilities		89,485	60,367	26,971	16,555

See accompanying notes to financial statements.

Balance Sheets

December 31, 2006

	Note	Group		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<u>LIABILITIES AND EQUITY (continued)</u>					
Non-current liabilities:					
Long-term bank loans	16	5,782	9,066	394	453
Finance leases	17	4,985	771	1,368	660
Notes payable	18	1,510	8	-	-
Total non-current liabilities		12,277	9,845	1,762	1,113
Capital and reserves:					
Share capital	20	56,127	28,500	56,127	28,500
Share premium		-	27,627	-	27,627
Currency translation deficit		(5,586)	(1,137)	-	-
Accumulated profits		37,421	26,469	10,015	3,512
Statutory reserves	21	3,068	1,537	-	-
Total equity		91,030	82,996	66,142	59,639
Total liabilities and equity		192,792	153,208	94,875	77,307

See accompanying notes to financial statements.

Consolidated Profit And Loss Statement

Year ended December 31, 2006

	Note	Group 2006 \$'000	2005 \$'000
Revenue	22	111,752	74,740
Cost of service/sales		(76,792)	(45,250)
Gross profit		34,960	29,490
Other operating income	23	106	622
Distribution costs		(5,411)	(1,682)
Administrative expenses		(10,116)	(11,487)
Other expenses		(774)	(7)
Finance costs	24	(2,352)	(1,792)
Profit before income tax		16,413	15,144
Income tax expense	25	(1,080)	(2,565)
Profit for the year	26	15,333	12,579
Basic/diluted earnings per share (cents)	27	2.69	2.21

See accompanying notes to financial statements.

Statement Of Changes In Equity

Year ended December 31, 2006

	Share capital \$'000	Share premium \$'000	Currency translation deficit \$'000	Accumulated profits \$'000	Statutory reserves \$'000	Total \$'000
<u>Group</u>						
Balance at January 1, 2005	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 30)	-	-	-	(2,850)	-	(2,850)
Transfer	-	-	-	(856)	856	-
Balance at December 31, 2005	28,500	27,627	(1,137)	26,469	1,537	82,996
Currency translation difference	-	-	(4,449)	-	-	(4,449)
Profit for the year	-	-	-	15,333	-	15,333
Dividend paid (Note 30)	-	-	-	(2,850)	-	(2,850)
Transfer from share premium account	27,627	(27,627)	-	-	-	-
Transfer to statutory reserves	-	-	-	(1,531)	1,531	-
Balance at December 31, 2006	56,127	-	(5,586)	37,421	3,068	91,030
<u>Company</u>						
Balance at January 1, 2005	28,500	27,627	-	3,362	-	59,489
Profit for the year	-	-	-	3,000	-	3,000
Dividends paid (Note 30)	-	-	-	(2,850)	-	(2,850)
Balance at December 31, 2005	28,500	27,627	-	3,512	-	59,639
Profit for the year	-	-	-	9,353	-	9,353
Dividends paid (Note 30)	-	-	-	(2,850)	-	(2,850)
Transfer from share premium account	27,627	(27,627)	-	-	-	-
Balance at December 31, 2006	56,127	-	-	10,015	-	66,142

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

Year ended December 31, 2006

	2006 \$'000	2005 \$'000
Cash flows from operating activities:		
Profit before income tax	16,413	15,144
Adjustments for:		
Depreciation expense	13,271	10,877
Allowance for doubtful debts	76	1,094
Provision for stock obsolescence	227	-
Interest income	(75)	(49)
Interest expense	2,352	1,792
Plant and equipment written off	104	268
Gain on disposal of plant and equipment	(16)	(2)
Operating profit before working capital changes	32,352	29,124
Trade receivables	(863)	(25,493)
Other receivables and prepayments	(705)	(610)
Inventories	(6,183)	(3,161)
Trade payables	9,252	10,662
Other payables	200	3,718
Cash generated from operations	34,053	14,240
Interest received	75	49
Interest paid	(2,352)	(1,792)
Income tax paid	(1,777)	(1,785)
Net cash from operating activities	29,999	10,712
Cash flows from investing activities:		
Proceeds on disposal of plant and equipment	42	2,141
Purchase of property, plant and equipment (Note A)	(27,257)	(10,504)
Net cash used in investing activities	(27,215)	(8,363)
Cash flows from financing activities:		
Increase in cash subjected to restriction	(1,037)	(142)
Increase in bank loans	7,583	14,642
Dividends paid	(2,850)	(2,850)
Repayment of finance lease obligations	(4,178)	(7,562)
Due to former holding company	249	-
Net cash (used in) from financing activities	(233)	4,088

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

Year ended December 31, 2006

	2006 \$'000	2005 \$'000
Net effect of exchange rate changes in consolidating subsidiaries	1,036	(196)
Net increase in cash	3,587	6,241
Cash at beginning of year	15,193	8,952
Cash at end of year	18,780	15,193

Note to the consolidated cash flow statement:

A. Plant and equipment:

During the financial year, the group acquired plant and equipment with aggregate cost of \$45,772,000 (2005 : \$10,002,000) of which \$8,461,000 (2005 : \$5,704,000) was acquired by means of finance lease, \$4,279,000 (2005 : \$2,095,000) by means of notes payable, and of which \$10,104,000 (2005 : \$2,234,000) remained unpaid as at year end. Cash payment of \$27,257,000 (2005 : \$10,504,000) were made in respect of plant and equipment purchased.

See accompanying notes to financial statements.

Notes To Financial Statements

December 31, 2006

1 GENERAL

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

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

The principal activities of the subsidiaries are disclosed in the Note 11 of the financial statements.

The group and company has net current liabilities of \$19,087,000 (2005: \$1,982,000) and \$6,261,000 (2005: \$3,621,000) respectively. The financial statements are prepared on a going concern basis as the directors believe that the revolving credit facilities will continue to be available to the company from its lenders and the company will be able to generate cash flows from future operations to meet its liabilities as and when they fall due.

The financial statements of the company and of the group for the year ended December 31, 2006 were authorised for issue by the Board of Directors on March 13, 2007.

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, 2006. 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.

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 107	-	Financial Instruments: Disclosures
FRS 108	-	Operating Segments
INT FRS 107	-	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies
INT FRS 108	-	Scope of FRS 102 : Share-based Payment
INT FRS 109	-	Reassessment of Embedded Derivatives
INT FRS 110	-	Interim Financial Reporting and Impairment
INT FRS 111	-	FRS 102 Group and Treasury Share Transactions
INT FRS 112	-	Service Concession Arrangements

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

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

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

Notes To Financial Statements

December 31, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The results of subsidiaries acquired or disposed 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.

- 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.

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 and company's balance sheets when the company and the group become a party to the contractual provisions of the instrument.

Financial assets

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

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

Notes To Financial Statements

December 31, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Effective interest method

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

Loans and receivables

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

Impairment of financial assets

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

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

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

Financial liabilities and equity instruments

Classification as debt or 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.

Notes To Financial Statements

December 31, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Equity instruments

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

Financial liabilities

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

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

- 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. Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

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

Notes To Financial Statements

December 31, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Freehold land is carried at cost less any impairment loss.

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

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

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

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

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

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

Notes To Financial Statements

December 31, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

- 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.

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

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

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

Sale of goods

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

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

Notes To Financial Statements

December 31, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Rendering of services

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

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

Dividend income

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

Interest income

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

- l) 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.
- m) 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.
- n) 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 company and 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.

Notes To Financial Statements

December 31, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit 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.

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

- o) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the balance sheet 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.

Notes To Financial Statements

December 31, 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

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

- q) CASH AND BANK BALANCES - Cash and bank balances comprise cash on hand, demand deposits and bank overdrafts and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

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

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

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements apart from those involving estimates, where 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 \$117,302,000.

Notes To Financial Statements

December 31, 2006

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

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.

c) Allowance for doubtful debts

The policy for allowance of doubtful debts of the group is based on the evaluation of collectibility and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current credit creditworthiness and past collection history of each customer. The carrying amount of trade receivables at the balance sheet date is \$37,527,000.

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.

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, 2006, the group has 5 customers which accounted for 30.31% (2005 : 42.65%) of the group's outstanding trade receivables.

Notes To Financial Statements

December 31, 2006

4 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)

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 repayable on demand unless stated otherwise.

The compensation of directors and key management personnel is disclosed in Note 26.

6 CASH AND BANK BALANCES

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Cash and bank balances	18,780	15,193	2,114	653

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

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Japanese yen	6	-	6	-
United States dollars	6,856	1,822	1,429	7

7 PLEDGED BANK DEPOSITS

As at December 31, 2006, the Group has bank deposits amounting to \$1,179,000 (2005: \$142,000) that were pledged to certain banks as security for banking facilities. The deposits carry fixed interest rate at 0.72% to 2.25% per annum with an original maturity of three months or less.

Notes To Financial Statements

December 31, 2006

8 TRADE RECEIVABLES

	Group	
	2006 \$'000	2005 \$'000
Outside parties	38,738	37,993
Less allowance for doubtful debts	(1,211)	(1,194)
	37,527	36,799

Certain receivables from outside parties amounting to \$8,996,309 (2005 : \$6,138,000) are pledged to secure banking facilities (Note 16).

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 follows:

	Group	
	2006 \$'000	2005 \$'000
United States dollars	10,028	7,282
Euro	-	493

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Deposits	349	354	-	-
Deposits for acquisition of plant and equipment	937	111	937	111
Prepayments	414	446	24	20
Others	1,012	1,096	-	-
Subsidiaries (Note 11)	-	-	17,635	12,150
	2,712	2,007	18,596	12,281

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 follows:

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Taiwan dollars	-	-	-	1,027
Chinese Renminbi	-	-	17,628	11,123

Notes To Financial Statements

December 31, 2006

10 INVENTORIES

	Group	
	2006 \$'000	2005 \$'000
Finished goods	1,515	654
Work in process	2,929	1,078
Raw materials and consumable supplies	5,756	2,512
	10,200	4,244

The cost of inventories recognised as an expense includes \$227,000 (2005:Nil) in respect of writedowns of inventory to net realisable value.

11 INVESTMENT IN SUBSIDIARIES

	Company	
	2006 \$'000	2005 \$'000
Unquoted equity shares/capital, at cost	73,126	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
	2006	2005	2006	2005	
	%	%	\$'000	\$'000	
LGANG Optronics Technology Co, Ltd (Taiwan) ^(a) (Previously known as Zeng Kang Enterprise Co., Ltd)	100	100	10,424	10,424	Provision of laser drilling services to PCB manufacturers/ Taiwan
Shanghai Zeng Kang Electronic Co., Ltd ^(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	22,668	20,853	Manufacturing of PCB boards and provision of related processing services on outsourced PCBs to PCB manufacturers/People's Republic of China

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11 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Equity interest held		Cost of investment		Principal activities/ Country of incorporation and operation
	2006	2005	2006	2005	
	%	%	\$'000	\$'000	
Shanghai Eu Ya Electronic Technology Co., Ltd ^(a)	100	100	12,692	7,669	Provision of processing laminating services on PCB boards/People's Republic of China
Shanghai Lian Han Xin Electronic Technology Co. ^{(a)(b)}	100	-	3,053	-	Provision of drilling and routing services to PCB manufacturers/ People's Republic of China
Leeya International Pte Ltd ^(c)	100	100	^(d)	^(d)	Dormant/ Singapore
			73,126	63,235	

Auditors^(a) Audited by Deloitte Touche Tohmatsu, Taiwan^(b) This subsidiary was incorporated on September 11, 2006.^(c) Audited by Deloitte & Touche, Singapore.^(d) Cost of investment of this subsidiary is \$2.

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Buildings and improvement \$'000	Fixtures and equipment \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Construction -in-progress \$'000	Total \$'000
Group							
Cost:							
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)
Written off	-	-	-	(268)	-	-	(268)
Exchange differences	(25)	135	33	2,318	(2)	356	2,815
At January 1, 2006	3,196	8,632	1,582	97,137	663	5,994	117,204
Additions	-	1,395	686	7,816	-	35,875	45,772
Transfer	-	2,417	(1)	19,622	-	(22,038)	-
Disposals	-	-	-	-	(174)	-	(174)
Written off	-	-	(49)	(127)	-	-	(176)
Exchange differences	(222)	(480)	(86)	(5,956)	(19)	(440)	(7,203)
At December 31, 2006	2,974	11,964	2,132	118,492	470	19,391	155,423

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December 31, 2006

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land \$'000	Buildings and improvement \$'000	Fixtures and equipment \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Construction -in-progress \$'000	Total \$'000
Group							
Accumulated depreciation:							
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 January 1, 2006	-	2,140	654	23,737	316	-	26,847
Depreciation	-	932	281	11,983	75	-	13,271
Disposals	-	-	(4)	-	(144)	-	(148)
Write off	-	-	(30)	(42)	-	-	(72)
Exchange differences	-	(131)	(35)	(1,598)	(13)	-	(1,777)
At December 31, 2006	-	2,941	866	34,080	234	-	38,121
Carrying amount:							
At December 31, 2005	3,196	6,492	928	73,400	347	5,994	90,357
At December 31, 2006	2,974	9,023	1,266	84,412	236	19,391	117,302

Property, plant and equipment with carrying amount of \$61,772,000 (2005 : \$61,628,000) are pledged to secure bank loans (Note 16).

At the end of the year, plant and equipment with carrying amount of \$13,854,000 (2005 : \$6,269,000) and \$183,000 (2005 : \$246,000) of the group and company respectively are purchased under finance leases.

	Leasehold buildings and improvement \$'000	Fixtures and equipment \$'000	Motor vehicles \$'000	Total \$'000
Company				
Cost:				
At January 1, 2005	824	103	314	1,241
Additions	-	9	-	9
At January 1, 2006	824	112	314	1,250
Additions	-	-	-	-
At December 31, 2006	824	112	314	1,250

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December 31, 2006

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold buildings and improvement \$'000	Fixtures and equipment \$'000	Motor vehicles \$'000	Total \$'000
Company				
Accumulated depreciation:				
At January 1, 2005	5	4	5	14
Depreciation for the year	13	22	63	98
At January 1, 2006	18	26	68	112
Depreciation for the year	13	23	63	99
At December 31, 2006	31	49	131	211
Carrying amount:				
At December 31, 2005	806	86	246	1,138
At December 31, 2006	793	63	183	1,039

13 GOODWILL

	Group	
	2006 \$'000	2005 \$'000
Cost:		
At beginning of year	3,956	4,513
Elimination of amortisation accumulated prior to the adoption of FRS 103 (Note 2)	-	(557)
At end of year	3,956	3,956
Accumulated amortisation:		
At beginning of year	-	557
Elimination of amortisation accumulated prior to the adoption of FRS 103 (Note 2)	-	(557)
At end of year	-	-
Carrying amount:		
At beginning and end of year	3,956	3,956

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

	Group	
	2006 \$'000	2005 \$'000
Drilling and routing services (comprise several CGUs)	3,874	3,874
Printed circuit board production (single CGUs)	82	82
	3,956	3,956

Notes To Financial Statements

December 31, 2006

13 GOODWILL (CONT'D)

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

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

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

The average rate used to discount the cash flow is 6.5% (2005 : 5.1%).

14 DEFERRED TAX ASSET

	Group	
	2006 \$'000	2005 \$'000
Deferred tax asset	1,136	510

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

	Investment tax credits \$'000	Others \$'000	Total \$'000
2006			
At January 1, 2006	497	13	510
Credit to income for the year	586	40	626
At December 31, 2006	1,083	53	1,136
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

Notes To Financial Statements

December 31, 2006

15 TRADE AND OTHER PAYABLES

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Trade payables	23,861	14,609	-	-
Payables for acquisition of plant and equipment	10,104	2,234	9,709	-
Accruals	3,450	3,752	982	747
Other payables	2,542	2,040	100	36
	39,957	22,635	10,791	783
Subsidiaries (Note 11)	-	-	-	8,152
	39,957	22,635	10,791	8,935

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

Trade and other payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
United States dollars	14,672	2,942	9,709	-
Japanese Yen	3,070	-	-	-
Taiwan dollars	-	-	-	8,152

16 BANK LOANS (SECURED)

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Short-term bank loans	32,525	21,020	9,221	-
Long-term bank loans	10,074	13,996	453	512
Less: Current portion	(4,292)	(4,930)	(59)	(59)
Non-current portion	5,782	9,066	394	453

(a) The short-term bank loan of the company is guaranteed by two directors of the company and by a subsidiary. Short-term bank loans of subsidiaries are secured on the property, plant and equipment and trade receivables of the respective subsidiaries. The short-term bank loans of the subsidiaries amounting to \$6,401,000 (2005 : \$10,396,000) are guaranteed by two directors of the company and another director of a subsidiary.

(b) The interest rates of short term bank loans range from 3.69% to 6.44% (2005 : 3.50% to 6.14%) per annum. Short-term bank loans of \$16,903,000 (2005 : \$10,624,000) 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.

Notes To Financial Statements

December 31, 2006

16 BANK LOANS (CONT'D)

- (c) The long-term bank loan of the company is secured on the property of the company. The long-term bank loans of the subsidiaries amounting to \$9,621,000 (2005 : \$13,484,000) are guaranteed by two directors of the company and another director of a subsidiary.

	Group	
	2006	2005
	\$'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 2005 in 120 monthly instalments.	453	512
(b) Long-term borrowing maturing on July 2015 and bearing floating interest at 3.64% (2005 : 3.37%) 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	1,649	1,973
(c) Long term borrowing maturing on October 2008 and bearing floating interest at 6.01% (2005 : 5.70%) 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 2003 in 60 monthly instalments.	396	638
(d) Long term borrowing maturing on April 2008 and bearing floating interest at 5.44% (2005 : 4.30%) 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.	335	599
(e) Long term borrowing maturing on January 2007 and bearing floating interest at 5.98% (2005 : 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 2005 in 36 monthly instalments.	27	384
(f) Long term borrowing maturing on November 2009 and bearing floating interest at 4.26% (2005 : 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 commenced on December 2005 in 60 monthly instalments.	901	1,273
(g) Long term borrowing maturing on January 2007 and bearing floating interest at 5.98% (2005 : 5.37%) 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 2005 in 36 monthly instalments.	27	384
(h) Long term borrowing maturing on June 2007 and bearing floating interest at 5.98% (2005 : 5.48%) 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 2005 in 36 monthly instalments.	330	1,063

Notes To Financial Statements

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16 BANK LOANS (CONT'D)

	Group	
	2006 \$'000	2005 \$'000
(i) Long term borrowing maturing on July 2009 and bearing floating interest at 5.52% (2005 : 5.19%) 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 2005 in 60 monthly instalments.	1,022	1,523
(j) Long term borrowing maturing on February 2010 and bearing floating interest at 5.52% (2005 : 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 2006 in 60 monthly instalments.	1,193	1,687
(k) Long term borrowing maturing on March 2007 and bearing fixed interest at 6.18% (2005 : 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 2006 in 24 monthly instalments.	122	646
(l) Long term borrowing maturing on September 2008 and bearing floating interest at 5.99% (2005 : 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 2006 in 36 monthly instalments.	824	1,391
(m) Long term borrowing maturing on December 2008 and bearing floating interest at 4.11% (2005 : 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.	1,193	1,923
(n) Long term borrowing maturing on April 2008 and bearing floating interest at 3.5% per annum. The loan is secured by a subsidiary's plant and equipment. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on August 2006 in 21 monthly instalments.	1,076	-
(o) Long term borrowing maturing on July 2009 and bearing floating interest at 3.14% per annum. The loan is secured by a subsidiary's plant and equipment. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on August 2006 in 36 monthly instalments.	526	-
Total	10,074	13,996

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

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17 FINANCE LEASES

Group

	Minimum lease payments		Fair value of minimum lease payments	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Amounts payable under finance leases				
Within one year	3,902	3,560	3,468	3,399
In the second to fifth year inclusive	5,401	763	4,985	728
After five years	-	46	-	43
	9,303	4,369	8,453	4,170
Less: Future finance charges	(850)	(199)	NA	NA
Present value of lease obligations	8,453	4,170	8,453	4,170

Company

	Minimum lease payments		Fair value of minimum lease payments	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Amounts payable under finance leases				
Within one year	1,173	2,128	1,115	2,025
In the second to fifth year inclusive	1,457	650	1,368	617
After five years	-	46	-	43
	2,630	2,824	2,483	2,685
Less: Future finance charges	(147)	(139)	NA	NA
Present value of lease obligations	2,483	2,685	2,483	2,685

- a) The average lease term is 3 years. The average effective borrowing rate was 2.20% to 9.14% (2005 : 4.15% to 9.14%) and 2.20% to 8.95% (2005 : 4.15% to 6.20%) 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 rate risk. All leases are on a fixed repayment basis, secured by machineries and no arrangements have been entered into for contingent rental payments.
- b) The finance leases of the subsidiaries amounting to \$147,000 (2005 : \$1,486,000) 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.

Notes To Financial Statements

December 31, 2006

18 NOTES PAYABLE

	Group	
	2006 \$'000	2005 \$'000
Notes payable	4,279	2,095
Less: Current portion	(2,769)	(2,087)
Non-current portion	1,510	8

These notes mainly represent instalments payable to suppliers for plant and equipment purchased and have maturity dates ranging from January 2007 to December 2008 (2005: January 2006 to December 2007). Those notes are unsecured and non-interest bearing, except for S\$3,021,000 (2005: Nil) which are secured by certain machineries of a subsidiary.

The fair value of the notes payables approximates their carrying amounts.

19 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.

20 SHARE CAPITAL

	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
	Number of ordinary shares			
Company and Group				
Issued and fully paid up:				
At beginning of year	570,000	570,000	28,500	28,500
Transfer from share premium	-	-	27,627	-
At end of year	570,000	570,000	56,127	28,500

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

As a result of the Companies (Amendment) Act 2005 which came into effect on January 30, 2006, the concept of authorized share capital and par value has been abolished. Any amount standing to the credit of the share premium account has been transferred to the company's share capital account on the effective date.

21 STATUTORY RESERVES

	Group	
	2006 \$'000	2005 \$'000
Legal and special reserves	1,580	1,257
Reserve fund	1,488	280
	3,068	1,537

Notes To Financial Statements

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22 REVENUE

	Group	
	2006	2005
	\$'000	\$'000
Drilling and routing services	40,082	35,825
Sale of printed circuit boards and related processing services	71,670	38,915
	111,752	74,740

23 OTHER OPERATING INCOME

	Group	
	2006	2005
	\$'000	\$'000
Foreign currency exchange adjustment gain	-	544
Gain on disposal of plant and machinery	16	2
Interest income	75	49
Other income	15	27
	106	622

24 FINANCE COSTS

	Group	
	2006	2005
	\$'000	\$'000
Interest expense on:		
Bank loans	1,765	1,379
Finance leases	338	364
Notes payable	-	49
Balance due to former holding company	249	-
	2,352	1,792

25 INCOME TAX EXPENSE

	Group	
	2006	2005
	\$'000	\$'000
Current - foreign	1,706	1,429
Deferred	(626)	1,136
Net	1,080	2,565

Domestic income tax is calculated at 20% (2005: 20%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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December 31, 2006

25 INCOME TAX EXPENSE (CONT'D)

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

	Group	
	2006	2005
	\$'000	\$'000
Profit before tax	16,413	15,144
Tax at statutory rate of 20%	3,283	3,029
Tax effect on investment allowance arising	(1,081)	(65)
Tax on undistributed profit	-	475
Non-deductible expenses	753	353
Withholding tax on dividend income from a subsidiary	423	181
Tax exempt income	(1,986)	(1,220)
Effect of different in tax rates of subsidiaries operating in other jurisdictions	(301)	(135)
Others	(10)	(53)
Total income tax expense	1,080	2,565

- a) Pursuant to the Chinese income tax regulations, the subsidiaries in the People's Republic of China ("PRC") are also entitled to exemptions from the PRC income tax for the first two years commencing from their first profit making year followed by 50% reduction in their income tax for the next three years. A profit-making year is defined as the first year for which an enterprise would need to pay income tax after absorption of any loss carried forward.
- b) The corporate tax rate of the Taiwanese subsidiary is 25%. However, the subsidiary has been awarded investment allowance on certain plant and equipment acquired during the financial year.

26 PROFIT FOR THE YEAR

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

	Group	
	2006	2005
	\$'000	\$'000
Depreciation of property, plant and equipment	13,271	10,877
Directors' remuneration	1,439	1,408
Directors' fees	153	198
Staff costs (including directors' remuneration)	13,577	9,137
Audit fees:		
Auditors of the company	62	56
Other auditors	127	90
Non-audit fees:		
Auditors of the company	2	2
Other auditors	8	136

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26 PROFIT FOR THE YEAR (CONT'D)

	Group	
	2006	2005
	\$'000	\$'000
Net foreign currency exchange loss (gain)	328	(544)
Cost of inventories recognised as expense	53,938	22,084
Allowance for doubtful debts	76	1,094
Allowance for stock obsolescence	227	-
Plant and equipment written off	104	268

Compensation of directors and key management personnel

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

	Group	
	2006	2005
	\$'000	\$'000
Short-term benefits	2,637	2,481
Post-employment benefits	12	17
	2,649	2,498

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

27 EARNINGS PER SHARE

	Group	
	2006	2005
Profit after income tax (\$'000)	15,333	12,579
Number of ordinary shares used to compute earnings per share		
- Number of shares ('000)	570,000	570,000
Earnings per share (cents)	2.69	2.21

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

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28 COMMITMENTS AND CONTINGENT LIABILITIES

	Group	
	2006	2005
	\$'000	\$'000
Commitments for land use rights	4,376	-
Commitments for machinery and equipment	1,098	-
Commitments for product warranties	5	5
Corporate guarantee given to third party	393	-

29 OPERATING LEASE ARRANGEMENTS

	Group	
	2006	2005
	\$'000	\$'000
Minimum lease payments under operating leases recognised as an expense in the year	2,184	1,253

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

	Group	
	2006	2005
	\$'000	\$'000
Within one year	2,209	895
In the second to fifth years inclusive	5,838	2,845
After five years	7,620	1,998
	15,667	5,738

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.

30 DIVIDENDS

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.

In 2006, 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, 2005.

Subsequent to December 31, 2006, 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 in respect of 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.

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31 SEGMENT INFORMATION

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

(a) Analysis By Business Segment

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

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

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

	Drilling and routing services		PCB operations		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Revenue	40,082	35,825	71,670	38,915	111,752	74,740
<u>Result</u>						
Segment result	10,342	11,566	10,719	6,532	21,061	18,098
Other operating income					106	622
Unallocated corporate expenses					(2,402)	(1,784)
Finance costs					(2,352)	(1,792)
Profit before Income tax					16,413	15,144
Income tax expense					(1,080)	(2,565)
<u>Net profit attributable to the group</u>					15,333	12,579

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31 SEGMENT INFORMATION (CONT'D)

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

	Drilling and routing services		PCB operations		Total	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<u>Other Information</u>						
Segment assets	92,938	85,899	92,718	61,539	185,656	147,328
Unallocated corporate assets					7,136	5,770
Consolidated total assets					192,792	153,208
Segment liabilities	42,315	41,577	42,697	21,557	85,012	63,134
Unallocated corporate liabilities					16,750	7,078
Consolidated total liabilities					101,762	70,212
Capital expenditure	25,971	3,709	19,801	6,284	45,772	9,993
Depreciation	9,647	8,177	3,526	2,602	13,173	10,779
Unallocated corporate expenditure:						
Capital expenditure					-	9
Depreciation					98	98

(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	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
People's Republic of China	93,207	58,184	137,152	99,915	29,745	7,137
Taiwan	18,545	16,556	48,504	47,523	16,027	2,856
Singapore	-	-	7,136	5,770	-	9
Total	111,752	74,740	192,792	153,208	45,772	10,002

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 33 to 66 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, 2006, and of the results, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Wen Yao-Long

Wen Yao-Chou

March 13, 2007

Statistics Of Shareholders

as at 23 March 2007

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

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	183	5.14	90,200	0.02
1,000 - 10,000	1,588	44.57	8,109,402	1.42
10,001 - 1,000,000	1,743	48.92	123,875,313	21.73
1,000,001 AND ABOVE	49	1.37	437,925,085	76.83
TOTAL	3,563	100.00	570,000,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SUNNY WORLDWIDE INT'L LTD	108,362,000	19.01
2	EUROPTRONIC INVESTMENT PTE LTD	62,943,085	11.04
3	CHEN MING-HSING	33,723,000	5.92
4	WEN YAO LONG	24,224,747	4.25
5	UOB KAY HIAN PTE LTD	18,537,270	3.25
6	HUANG SHIH AN	18,340,200	3.22
7	HUANG CHUANG SHUEH OU	16,920,800	2.97
8	MERRILL LYNCH (SINGAPORE) PTE LTD	12,667,000	2.22
9	CIMB-GK SECURITIES PTE. LTD.	8,205,000	1.44
10	CHEN CHENG HSIUNG	8,136,800	1.43
11	HONG LEONG FINANCE NOMINEES PTE LTD	7,225,400	1.27
12	LEE YING-CHI	7,140,000	1.25
13	OCBC SECURITIES PRIVATE LTD	6,728,800	1.18
14	JENG HUANG FONG MAAN	6,188,800	1.09
15	MAYBAN NOMINEES (S) PTE LTD	5,919,800	1.04
16	KO TSAI HSIU CHUN LISA	5,866,340	1.03
17	CITIBANK NOMINEES SINGAPORE PTE LTD	5,565,000	0.98
18	HSUEH PAI CHUN	5,127,200	0.90
19	WEN YAO CHOU	4,794,643	0.84
20	KAU JUI-HUNG	4,763,800	0.84
	TOTAL	371,379,685	65.17

Statistics Of Shareholders

as at 23 March 2007

Substantial Shareholders

As shown in the Register of Substantial Shareholders

Name of Shareholders	No of Shares	
	Direct Interest	Deemed Interest
Sunny Worldwide Int'l Ltd	108,362,000	
Wen Yao-Long (1)	24,224,747	108,362,000
Chen Ming-Hsing	33,723,000	
Eurotronic Investment Pte Ltd	62,943,085	
Eurotronic Group Ltd (2)	30,515	62,943,085
Huang Shih-An (3)	18,340,200	79,894,400
Huang Chuang Shueh Ou (4)	16,920,800	81,313,800

Notes:-

- 1 Sunny Worldwide Int'l Ltd ("Sunny Worldwide") is an investment holding company incorporated in Mauritius. It is beneficially owned by Mr Wen Yao-Long, Mr Wen Yao-Chou and their family members. Mr Wen Yao-Long is deemed to 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."
- 2 Eurotronic Group Ltd ("EGL"), a company listed on the SGX-ST, is deemed interested in the shares held by Eurotronic Investment Pte Ltd ("EIPL") by virtue of its 100% direct interest in EIPL.
- 3 Mr Huang Shih-An is deemed to be interested in the shares held by:
 - (a) his spouse Mrs Huang Chuang Shueh Ou
 - (b) EGL and EIPL by virtue of his 27.09% direct interest in EGL. EIPL is a wholly owned subsidiary of EGL.
- 4 Mrs Huang Chuang Shueh Ou is deemed interested in the shares held by:
 - (a) her spouse Mr Huang Shih-An
 - (b) EGL and EIPL by virtue of her 24.99% direct interest in EGL.

Percentage of Shareholding in Public's Hand

Based on information available to the company as at 23 March 2007, approximately 52.53% 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 Fifth Annual General Meeting of Eucon Holding Limited (the "company") will be held at Roxy 3, Level 4, Grand Mercure Roxy Hotel, 50 East Coast Road, Roxy Square, Singapore 428769 on Friday, 27 April 2007 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts of the company for the financial year ended 31 December 2006 together with the Auditors' Report thereon. **[Resolution 1]**
2. To declare a final tax exempt (1-tier) dividend of 0.5 Singapore cents per ordinary share for the financial year ended 31 December 2006. **[Resolution 2]**
3. To approve the Directors' Fees of S\$153,333/- for the year ended 31 December 2006 (2005: S\$198,333). **[Resolution 3]**
4. To re-elect the following directors retiring pursuant to the company's Articles of Association:-
 - (a) Mr Wen Yao-Chou {retiring pursuant to Article 89} **[Resolution 4(a)]**
 - (b) Mr Ong Sim Ho {retiring pursuant to Article 89} **[Resolution 4(b)]**
 - (c) Mr Er Kwong Wah {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 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, 11 April 2007

Notice Of Annual General Meeting

Notes:

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

Note to item no. 4

The Board of Directors, in consultation with the Nominating Committee, recommends to members the re-election of Messrs Wen Yao-Chou, Ong Sim Ho and Er Kwong Wah.

Note to item no. 4(b)

Mr Ong Sim Ho will, upon re-election as director of the company, continue to serve as Chairman of the Audit Committee and member of the Remuneration Committee. Mr Ong Sim Ho will be considered independent for the purposes of Clause 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Note to item no. 4(c)

Mr Er Kwong Wah will, upon re-election as director of the company, continue to serve as Chairman of the Nominating Committee and member of the Audit and Remuneration Committees. Mr Er Kwong Wah will be considered independent for the purposes of Clause 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

- (i) The ordinary resolution no. 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 Dates

Notice of Books Closure and Dividend Payment Dates

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the company will be closed on 29 June 2007 on which day no share transfer will be effected.

Duly completed registrable transfers received by the company's share registrar, Lim Associates (Pte) Ltd, 3 Church Street, #08-01 Samsung Hub, Singapore 049483 up to close of business at 5.00 p.m. on 28 June 2007 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 28 June 2007 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 27 April 2007 will be made on 12 July 2007.

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 Fifth Annual General Meeting of the company to be held at Roxy 3, Level 4, Grand Mercure Roxy Hotel, 50 East Coast Road, Roxy Square, Singapore 428769 on Friday, 27 April 2007 at 10.00 a.m. and at any adjournment thereof.

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

No.	Resolution	For	Against
1.	To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 December 2006 together with the Auditors' Report thereon.		
2.	To approve payment of proposed final dividend.		
3.	To approve payment of directors' fees.		
4.	(a) To re-elect Mr Wen Yao-Chou as a director .		
	(b) To re-elect Mr Ong Sim Ho as a director .		
	(c) To re-elect Mr Er Kwong Wah 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 _____ 2007

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

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



Notes:

1. A member of the company entitled to attend and vote at a meeting of the company is entitled to appoint one or two proxies to attend and vote in his stead. Such proxy need not be a member of the company.
2. Where a member appoints two proxies, he must specify the proportion of his shareholding to be represented by each proxy, failing which the nomination shall be deemed to be alternative.
3. The instrument appointing a proxy must be signed by the appointer or his duly authorised attorney or if the appointer is a corporation, it must be executed either under its common seal or signed by its attorney or a duly authorised officer of the corporation.
4. A corporation which is a member may also appoint by resolution of its directors or other governing body an authorised representative or representatives in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote on its behalf.
5. The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof), must be deposited at the registered office of the company, 80 Marine Parade Road, #11-02 Parkway Parade, Singapore 449269 at least 48 hours before the time fixed for holding the Annual General Meeting.
6. A member should insert the total number of Ordinary Shares held. If the member has Ordinary Shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of Ordinary Shares. If the member has Ordinary Shares registered in his name in the Register of Members, he should insert that number of Ordinary Shares. If the member has Ordinary Shares entered against his name in the Depository Register as well as Ordinary Shares registered in his name in the Register of Members, he should insert the numbers of Ordinary Shares in the respective boxes provided in the instrument of proxy. If no number is inserted, this form of proxy will be deemed to relate to all the Ordinary Shares held by the member.
7. The company shall be entitled to reject this instrument of proxy if it is incomplete, or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of a member whose Ordinary Shares are entered in the Depository Register, the company shall be entitled to reject this instrument of proxy which has been lodged if such member is not shown to have Ordinary Shares entered his name in the Depository Register at least 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the company.

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EuCon

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