Eucon Holding Limited

streamline Strengthen sustain

annual report 2008

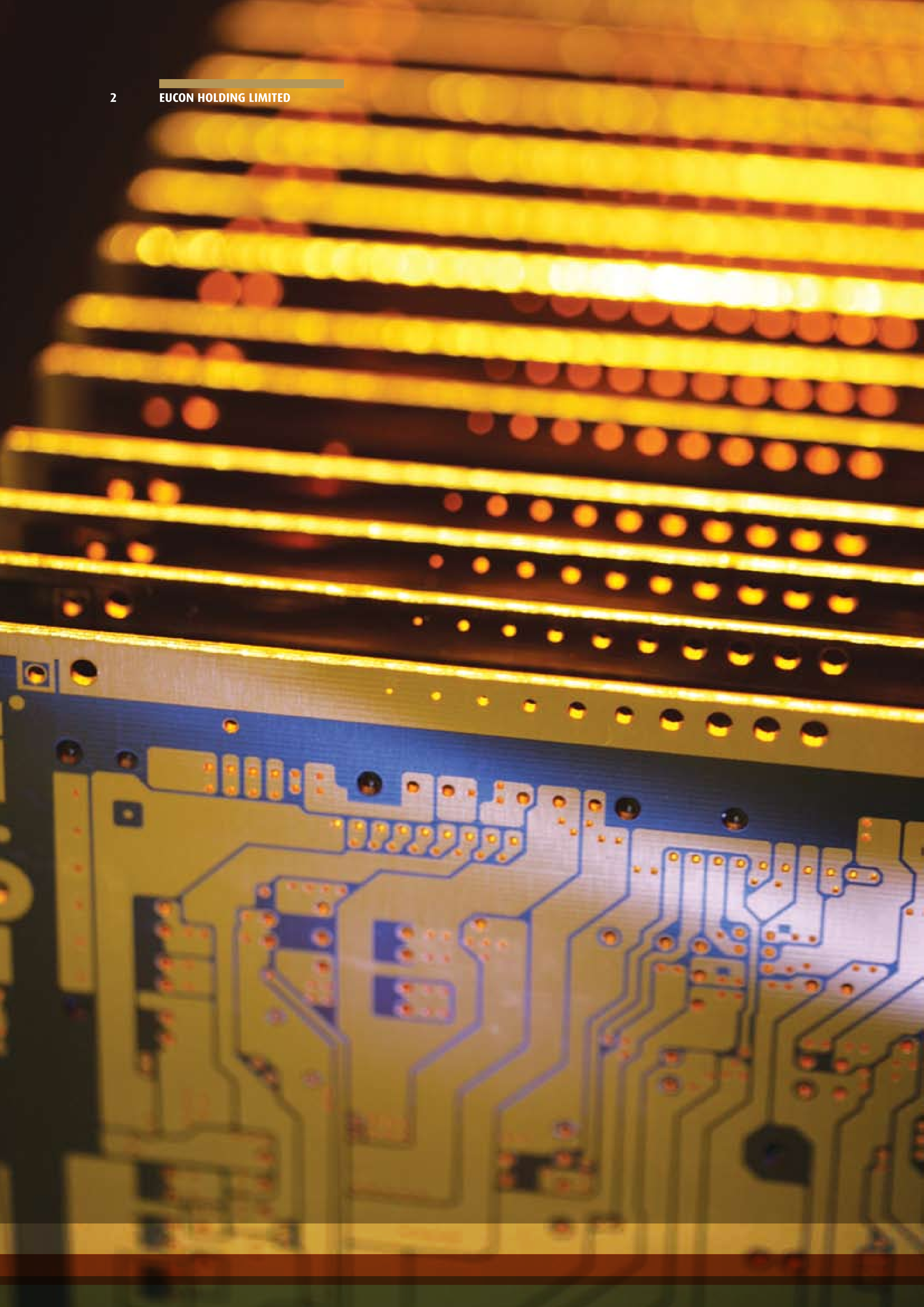
CONTENTS

VISION

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

MISSION

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



CORPORATE PROFILE

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

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

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

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

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

FY2008 had been an unprecedentedly tough year for the Group. The electronic industry saw a swift decline following the global financial meltdown in the second half of the year. The impact on the demand for our services and products, especially the PCB manufacturing segment, was severe. The PCB industry also underwent a period of consolidation, with many small and medium enterprises facing insolvency while the bigger industry players were not spared from the economic downturn.

In this annual report, we hope to address some investors' concerns about the Group's ability to weather the adverse market conditions that are expected to prevail in 2009.

STREAMLINE, STRENGTHEN AND SUSTAIN

Since the last quarter of FY2008, the management has implemented a host of initiatives to trim costs wherever possible to better face the challenges of this downturn. We implemented labour-costs saving measures such as offering employees to take unpaid time off.

The management team has also led by example by taking voluntary pay cuts. In the meantime, the Group continued with its training and skills development programs to keep employee morale high and to empower them with knowledge and skills. The Group believes our lean cost structure will help us to tide over the challenging conditions.

As one of the more established players in the industry, especially in the laser drilling sector, Eucon has over the years built long-term customer relationships and developed a stable of good customers which are ready to support the Group through prompt payment. This will help to facilitate our management of cash flow.

The Group has previously survived crises such as the Asian Financial Crisis in 1998 and SARS in 2003. Although the current economic crisis is unprecedented in scale and depth, the management is committed to managing the Group's operations with stringent measures so as to ensure that we have the resources to navigate through this trying period. Currently, the management's top priority is financial and cash management. All uncommitted development capital expenditure has been suspended and expenditure will be closely monitored.

LOOKING FORWARD

The Group believes that market sentiments will continue to be clouded by the poor economic conditions and will impact negatively on all players in the PCB value chain. Until the major economies start to show consistent and firm signs of recovery, the Group expects to see weaker demand for PCB and related services.

However, the Group recognises pockets of growing demand for electronic products within the People's Republic of China (PRC), as the Chinese government has been actively taking steps to encourage domestic consumption in suburban regions, in a bid to stimulate the economy. We have been servicing some customers from the China market and we believe the growing domestic market may present business opportunities which the Group can take advantage of, while waiting for the global electronics industry to rebound.

On the business development front, the management continues to sustain its competitive advantage by building on its relationships with loyal customers and suppliers, so as to reinforce long-standing alliances. Since 2008, the Group has started to strengthen its business model by seeking more business opportunities from original equipment manufacturers (OEM) to target first-hand direct orders for PCB manufacturing. This new business strategy requires the Group to undergo a qualification process which entails meeting various quality assurance tests. For the last one and a half years, the Group has been determined in steering our business towards securing more orders from OEMs which command better margins.

We will continue to focus on maintaining high quality services. We believe our strong network of customers and suppliers will see us through this difficult period. More importantly, with our strong production capacity, we believe we are well-positioned for growth when market conditions improve.

ACKNOWLEDGEMENT

I would like to express my heartfelt appreciation to my Board of Directors for their commitment and unwavering support towards the Company during these times of uncertainty. We would also like to thank our employees for their dedication and sacrifice in the past year. Last but not least, we would like to thank our customers and business associates, and most importantly, our shareholders for your loyal support.

WEN YAO-LONG
Executive Chairman and CEO

STREAMLINE

Eucon focused on cost cutting measures to reduce on overheads. In the interim, all mechanical drilling operations were also re-channeled to a single plant for greater operational efficiency.

FINANCIAL REVIEW

In FY2008, the Group's revenue increased by 3%, from $116.1 million to $119.6 million. The slight improvement was as a result of stronger sales across all business segments for the first nine months of FY2008, and weaker receipts in the fourth quarter.

Gross profit decreased 36% from $18.7 million in FY2007 to $11.9 million in FY2008, as a result of higher cost of sales. Cost of sales in FY2008 was driven largely by the increased cost for direct materials for PCB manufacturing and depreciation costs.

Other income decreased from $6.3 million in FY2007 to $2.6 million. Other income in FY2008 includes indemnities for fire damages at a production plant, Shanghai Zhuo Kai, and interest income and foreign exchange gain compared to FY2007, which had included one-off gain of $4.07 million from the sale of 12.5% stake in our subsidiary, Shanghai Zhuo Kai.

Administrative costs increased by 21% from $9.9 million in FY2007 to $11.9 million in FY2008. Administrative costs include allowance for doubtful debts, where it is also offset by the salary cut of the management team and senior personnel, which took effect from October 2008.

Impairment losses of $4.0 million are recorded for the first time for machineries and goodwill based on the downward projected cash flows in view of the economic slowdown.

Other expenses increased as a result of fair value losses on financial derivative instrument.

Finance costs increased by 27% from $3.7 million in FY2007 to $4.7 million as a result of finance lease and bank borrowings in the last quarter of FY2007 which continued into FY2008.

Overall, the Group incurred a net loss of $11.7 million compared to a net profit of $7.3 million in FY2007.

OPERATIONS REVIEW

PCB OPERATIONS

In FY2008, PCB operations remained as the key contributor to the Group's revenue, accounting for approximately 68%. Although the growth of PCB manufacturing sales fluctuated throughout the year, total sales in FY2008 increased slightly by 7.5% from $75.9 million in FY2007 to $81.6 million.

In the first two months of the year, sales for PCB manufacturing decreased due to the harsh weather snow conditions in China that affected the Group's customers, business associates and operations. Also, the steep oil prices that resulted in high and fluctuating price levels for copper, and escalating cost of direct materials also impacted directly on the cost of production of PCBs.

DRILLING AND ROUTING SERVICES

Mechanical drilling services decreased by 26% from $20.1 million in FY2007 to $14.9 million in FY2008. The decrease was due to slower demand for mechanical drilling in second half of FY2008. On the other hand, laser drilling sales improved by 20%, from $17.0 million in FY2007 to $20.4 million, with most contributions from the first half of the year. Routing services contributed the least to the revenue, with sales decreasing by 12% in FY2008.

STREAMLINE, STRENGTHEN AND SUSTAIN

In the face of the adverse market conditions and industry consolidation, the Group's guiding motto for management can be crystallised into three key watchwords - streamline, strengthen and sustain.

STREAMLINE

In FY2008, Eucon focused on reducing operational expenses while improving the Group's operational efficiency. Specifically, overheads such as utilities were monitored and measures were put in place to reduce consumption. For instance, ACMV systems (Air-Conditioning & Mechanical Ventilation) in all production plants were turned off after 5pm so as to save on electricity costs.

At the same time, two production plants, Shanghai Zeng Kang and Shanghai Yaolong which previously offered mechanical drilling services, had consolidated and channeled the orders to another mechanical drilling subsidiary, Shanghai Lian Han Xin. The result of streamlining these operations is the concentration of all mechanical drilling activities at one factory, leading to higher operational efficiency. This move is temporary and will be lifted once we receive more orders for mechanical drilling.

STRENGTHEN

The Group believes that despite the economic downturn, there are ways to keep the Company competitive and more importantly, uphold the workplace morale. Through training and development programs, production personnel at all plants are constantly upgrading skills, revising existing knowledge and gaining new insights on leadership, problem-solving, workplace communication, safety, production management and planning control, and production maintenance. In the long run, the staff will work towards greater productivity and be kept abreast of changing technology.

SUSTAIN

The Group's senior personnel have also taken a pay cut of 20 per cent since 1 November 2008. Our CEO, executive director and CFO volunteered a pay cut of 84%, 54% and 50% respectively with effect from 1 October 2008. The management is taking the lead by absorbing a larger reduction on their wages. The Group believes the pay cut is necessary as it consolidates its financials and repositions itself for recovery in the long term. A total of 426 employees have taken unpaid leave until further notice.

The Group has also adopted the eight-hour shift system, instead of twelve-hour shift to retain as many employees as possible and to trim Over-Time remuneration. The twelve-hour shift system will be back in place when market demand for the Group's services is improving.

In the financial aspect, the Group has enforced debt repayment measures to consolidate financials and to improve the balance sheet further while monitoring cash flow closely.

With the abovementioned measures taken to streamline operations and to strengthen the human resources, the Group aims to further sustain its financial position and business activity level.

BOARD OF DIRECTORS

1) WEN YAO-LONG
Founder, Executive Chairman and Chief Executive Officer

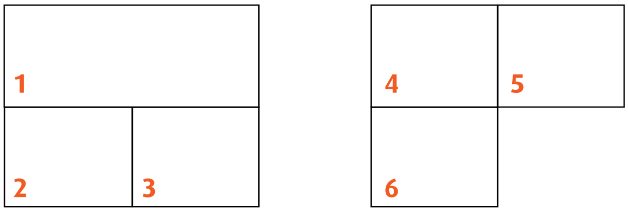
Mr Wen has been instrumental in charting out business directions and spearheading the Company's growth. He is responsible for the overall management of the Group. He started the Company in 1988 when he seized the opportunity to provide outsourced mechanical drilling services to PCB manufacturers in Taiwan.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

2) WEN YAO-CHOU
Co-Founder and Executive Director

With more than 15 years of experience in the PCB industry, Mr Wen is responsible for the Group's business development and strategic planning. He heads the operations of the manufacturing plant in Taiwan, LGANG Optronics Technology Co., Ltd. He is also responsible for the sales and marketing functions of the Group. Mr Wen is a high school graduate.

3) CHEN MING-HSING
Non-Executive Director

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



4) ONG SIM HO
Lead Independent Director

Mr Ong is a Director at Drew & Napier LLC where he heads the Tax & Private Client Services Group. He is the Non-Executive Chairman of TM Asia Life Singapore Ltd and a member of the Board of Emirates National Oil Company (Singapore) Pte Ltd, Innovalues Limited, Metal Components Engineering Limited, Sunningdale Tech Limited and TM Asia Insurance Singapore Ltd. Mr Ong also serves as an Advisory Board Member of the School of Accountancy at the Singapore Management University. He is a member of the Investigation Committee and the Accounting Standards Council, of the Institute of Certified Public Accountants of Singapore. He is an Advocate and Solicitor of the Supreme Court of Singapore, Barrister-at-Law, Lincoln's Inn, a Certified Public Accountant in Singapore and a member of the Singapore Institute of Directors.

5) SEOW HAN CHIANG, WINSTON
Independent Director

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

6) ER KWONG WAH
Independent Director

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

MANAGEMENT TEAM

CHIEN WAN-HSIN
Chief Financial Officer

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

CHAN HUI-CHUNG
Vice General Manager of Shanghai Zhuo Kai

Ms Chan is the spouse of our Chairman/Chief Executive Officer, Mr Wen Yao-Long. She is responsible for the financial function at Shanghai Zhuo Kai and assists the General Manager in its operations. She also manages the financial functions for all China subsidiaries since November 2008. Before assuming her current responsibilities she was the Finance Manager of LGANG from 1993 to 2000, and Vice General Manager of LGANG from 2000 to 2003. Ms Chan is a high school graduate.

LECK SIEW HUAN, CAROL
Group Accountant

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

LEE TUNG-CHEN

Vice General Manager of
Shanghai Zhuo Kai and
Shanghai Eu Ya

Mr Lee heads the operations of Shanghai Zhuo Kai and Shanghai Eu Ya. His responsibilities includes sales and marketing as well as production functions. 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.

JIANG ZHONGMIN

Operations Manager of
Shanghai Zeng Kang and
Shanghai Lian Han Xin

Mr Jiang heads the operations of Shanghai Zeng Kang and Shanghai Lian Han Xin. His responsibilities includes sales and marketing as well as production functions. He joined the Group in 1999 as the Operations Manager of Shanghai Zeng Kang. Since 2008, he is also the Operations Manager of Shanghai Lian Han Xin. Mr Jiang is a junior college graduate.

WU YUN-HAI

Operations Manager of
Shanghai Yaolong

Mr Wu heads the operations of Shanghai Yaolong. His responsibilities includes sales and marketing, as well as production functions. He is one of the pioneers of Shanghai Yaolong having joined the company in 2001 as the Assistant Operations Manager, and was involved in the setting up of Shanghai Yaolong. He was promoted to his current position in 2003. Mr Wu is a high school graduate.

STRENGTHEN

Eucon is committed to keeping its resources relevant at all times, especially through educating and empowering its most prized assets – human capital.

SUSTAIN

Eucon has made definite steps to ensure business sustainability. Apart from maintaining operations, these measures are concerted initiatives to reposition the Group for the future.

SUBSIDIARIES

TAIWAN

LGANG Optronics Technology Co., Ltd

Offers laser drilling services to PCB manufacturers in Taiwan

CHINA

Shanghai Zeng Kang Electronic Co., Ltd

Offers mechanical and routing services to customers in Northern Shanghai

Shanghai Yaolong Electronic Technology Co., Ltd

Offers mechanical drilling and routing services to customers in Southern Shanghai

Shanghai Zhuo Kai Electronic Technology Co., Ltd

Provides PCB manufacturing and laser drilling services

Shanghai Eu Ya Electronic Technology Co., Ltd

Manufactures laminate boards for use in the production of PCBs

Shanghai Lian Han Xin Electronic Technology Co., Ltd

Offers mechanical drilling services

LGANG

SHANGHAI ZENG KANG

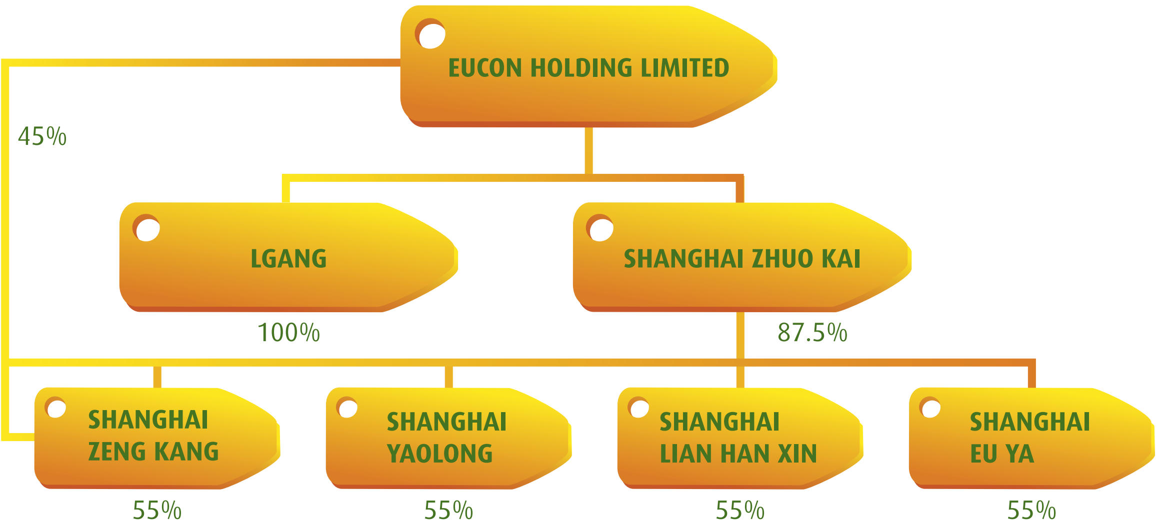
SHANGHAI YAOLONG

SHANGHAI ZHUO KAI

SHANGHAI EU YA

SHANGHAI LIAN HAN XIN

GROUP STRUCTURE

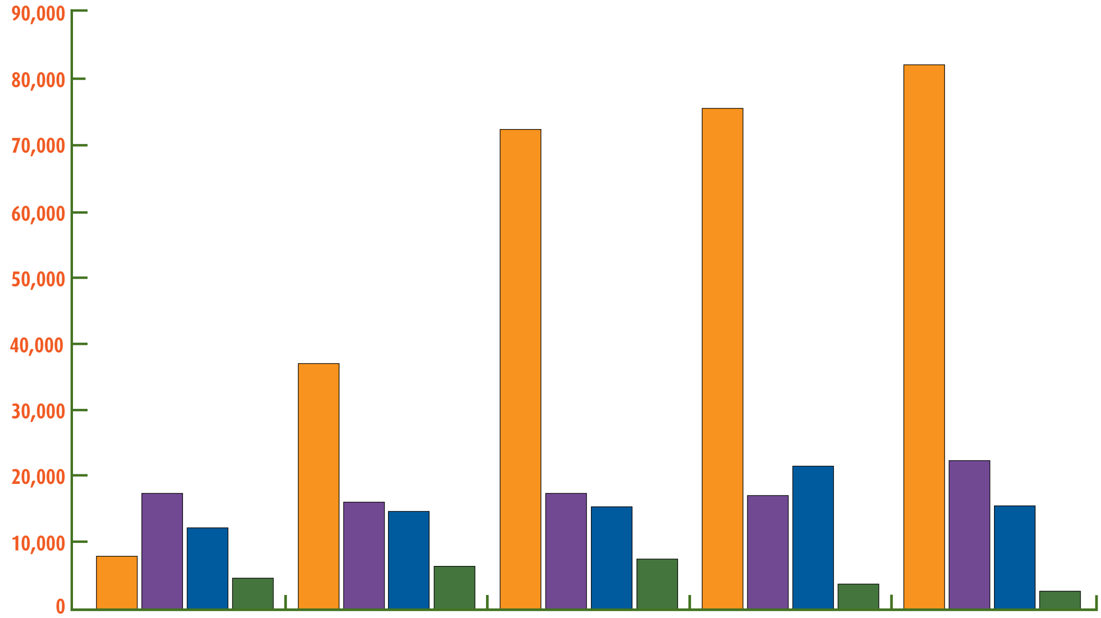


5 YEAR FINANCIAL HIGHLIGHTS

GROUP PROFIT & LOSS ($'M) (for the year ended December 31)	2004	2005	2006	2007	2008
Revenue	41.8	74.7	111.8	116.1	119.6
Gross profit	18.6	29.5	35.0	18.7	11.9
Profit (Loss) before tax	10.6	15.1	16.4	7.3	(11.1)
Profit (Loss) attributable to shareholders	8.3	12.6	15.3	6.6	(10.7)
GROUP BALANCE SHEET ($'M) (for the year ended December 31)					
Property, plant and equipment	91.1	90.4	117.3	129.4	125.9
Cash and bank	9.0	15.3	20.0	27.1	24.2
Other assets	20.5	47.5	55.5	78.9	52.2
Total assets	**120.6**	**153.2**	**192.8**	**235.4**	**202.3**
Shareholders' equity	71.0	83.0	91.0	92.8	84.9
Total borrowings	31.8	41.3	55.3	84.9	65.7
Other liabilities	17.8	28.9	46.5	51.3	45.4
Minority interest	-	-	-	6.4	6.3
Total liabilities and equity	**120.6**	**153.2**	**192.8**	**235.4**	**202.3**
FINANCIAL RATIOS					
Return on average shareholders' equity (%)	14.4	16.3	17.6	7.9	(13.1)
Return on average assets (%)	7.6	9.2	8.8	3.4	(5.3)
Net gearing ratio	0.3	0.3	0.4	0.6	0.5
Working capital ratio	0.6	1.0	0.8	0.9	0.7
PER SHARE DATA (CENTS)					
Earnings after tax	1.72	2.21	2.69	1.16	(1.88)
Net assets	11.76	13.87	15.28	15.60	14.50

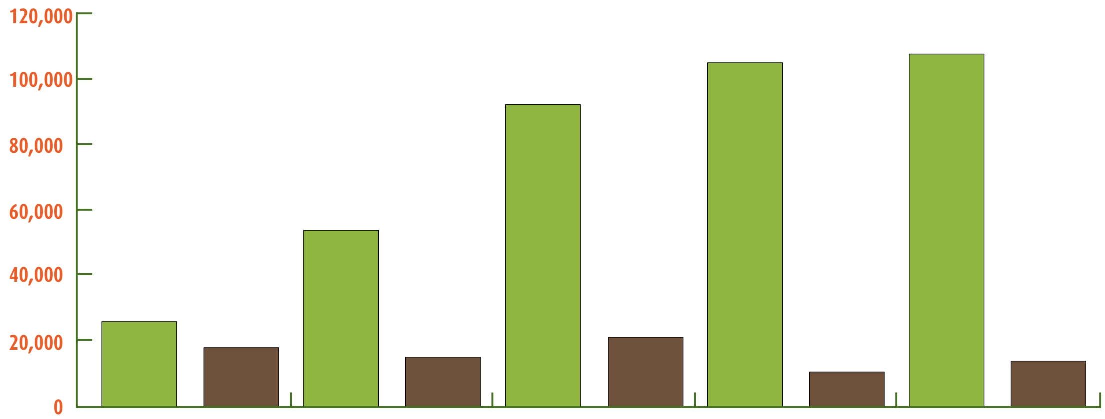
FINANCIAL CHARTS

REVENUE MIX BY BUSINESS



	2004	2005	2006	2007	2008
PCB manufacturing	8,268	38,915	71,670	75,860	81,649
Laser drilling	18,608	16,618	18,545	17,011	20,401
Mechanical drilling	11,645	14,154	15,436	20,121	14,873
Routing	3,299	5,054	6,102	3,146	2,668

REVENUE MIX BY GEOGRAPHICAL



	2004	2005	2006	2007	2008
China	23,854	58,184	93,207	102,596	103,447
Taiwan	17,966	16,556	18,545	13,542	16,144

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Director

Chen Ming-Hsing

Independent Directors

Ong Sim Ho **(Lead Independent Director)**
Seow Han Chiang, Winston
Er Kwong Wah

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

Er Kwong Wah **(Chairman)**
Seow Han Chiang, Winston
Chen Ming-Hsing

REMUNERATION COMMITTEE

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

COMPANY SECRETARIES

Tan Cheng Siew
Chan Wai Teng, Priscilla

REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS

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SHARE REGISTRAR

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#08-01 Samsung Hub,
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AUDITORS

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

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

Financial report

Corporate Governance Report

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

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

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

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

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

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

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

All new directors appointed to the Board will have the opportunity to visit the Group's factories and facilities and will be briefed on the Group's business activities and its strategic direction. They will also be 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.

Directors and senior management are encouraged to attend training programmes organised by Singapore Exchange Limited, Singapore Institute of Directors and other external conferences to update them on relevant new laws and regulations 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 2008

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

Principle 2: Board Composition and Guidance

Currently, the Board has six directors comprising two executive directors, one non-executive director and three independent non-executive directors. They are Wen Yao-Long (Executive Chairman/CEO), 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 the Chairman of the Board and Group CEO. In the opinion of the Board, the scale of the business does not warrant a division of these positions. Further, the Company had appointed Mr Ong Sim Ho, an independent non-executive director, as lead independent director. The lead independent director is available to shareholders in circumstances where shareholders' concerns raised through normal channels to the Chairman, CEO or Chief Financial Officer has failed to resolve or where such contact is inappropriate.

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

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

Corporate Governance Report

Principle 6: Access to Information

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

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

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

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

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

Principle 4: Board Membership
Principle 5: Board Performance

Nominating Committee ("NC")

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

The Terms of Reference of the NC include:-

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

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

In the nomination and selection process for new directors, the NC identifies the key attributes 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.

Corporate Governance Report

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

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

Name of Director	Current appointment	Date of initial appointment	Date of last re-election	Due for re-election at next AGM
Wen Yao-Long	Executive	2 January 2003	28 April 2008	NA
Wen Yao-Chou	Executive	2 January 2003	27 April 2007	NA
Chen Ming-Hsing	Non-Executive	2 January 2003	27 April 2006	Retirement by Rotation (Article 89)
Ong Sim Ho	Non-Executive / Independent	19 July 2004	27 April 2007	Retirement by Rotation (Article 89)
Seow Han Chiang, Winston	Non-Executive / Independent	7 July 2005	28 April 2008	NA
Er Kwong Wah	Non-Executive / Independent	8 September 2006	27 April 2007	NA

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

The NC has adopted a process for assessing the effectiveness of the Board as a whole and for assessing the contribution by each director. The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, top management and standard of conduct. For individual director evaluation, the NC assessed whether the directors continue to contribute effectively and demonstrate commitment to their roles, including attendance at the Board and committee meetings, their industrial knowledge and/or functional expertise and any other duties.

REMUNERATION MATTERS

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

Remuneration Committee ("RC")

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

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

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

- recommending to the Board a framework of remuneration for the Board and the CEO with a goal to retain and motivate them through competitive compensation and progressive policies, and determining specific remuneration packages and terms of employment for each of the directors and the CEO, taking into consideration all aspects of remuneration (including but not limited to director's fees, salaries, allowances, bonuses, options, and benefits in kind) and remuneration packages within the industry and comparable companies,
- ensuring that remuneration package for employees related to directors, CEO or substantial shareholders of the Company is in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes, levels of responsibilities and levels of performance,
- reviewing the remuneration of senior management, and
- recommending executives' and employees' share option scheme or any other long term incentive schemes which may be set up from time to time.

Corporate Governance Report

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 executive directors' service contracts were renewed on 1 July 2007 which comprises a basic salary component and incentive bonus based on the consolidated profit before tax of the Group, if it equals or exceeds S$10 million. The remuneration for the key senior executives comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance.

A breakdown, showing the level and mix of each individual director's remuneration payable for the financial year ended 31 December 2008, is as follows:-

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

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

The remuneration of the top five executives of the Group for the financial year ended 31 December 2008 is shown in the following bands:-

Remuneration	Salary (%)	Bonus (%)	Post employment benefits (%)	Total (%)
Below S$250,000				
● Chan Hui-Chung (1)	100	-	-	100
● Lee Tung-Chen	100	-	-	100
● Loo Ming Chiang (2)	21	-	79	100
● Lin Kuo-Feng (3)	100	-	-	100
S$250,000 – S$499,999				
● Chien Wan-Hsin	96	-	4	100

(1) Chan Hui-Chung is the wife of Wen Yao-Long who is the Executive Chairman/CEO and substantial shareholder of the Company. Her remuneration for the financial year ended 31 December 2008 is S$191,400.

(2) Resigned on 29 February 2008

(3) Resigned on 31 October 2008

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

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

Principle 11: Audit Committee ("AC")

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

All members bring with them invaluable experience in the 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 at least once every quarter and when necessary. The AC also meets at least 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, potential conflict of interest; 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 Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The AC will conduct annual review of the Whistle Blowing Policy.

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 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.

Corporate Governance Report

Principle 13: Internal Audit

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

The internal auditor plans its internal audit schedules in consultation with the AC. The audit plan will be submitted to the AC for approval prior to the commencement of the internal audit. The AC reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring the implementation of improvements required on identified internal control weaknesses. The AC will ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and will review annually the effectiveness of the internal audit function. The AC ensures that the internal auditor meet or exceed the standards set by nationally or internationally 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 Chairman of the AC, NC and RC are normally available at the meeting to answer those questions relating to the work of these committees. The external auditors are also present to address the shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

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

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

DEALING IN SECURITIES

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

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

Corporate Governance Report

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 familiarise 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 2008 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 31.12.2008: S$61.2 million Amount outstanding as at 31.12.2008: S$28.4 million	-
Loan from Sunny Worldwide Int'l (Amount outstanding as at 31.12.2008 is S$6.3 million)	Interest for the year ended 31.12.2008: S$0.2 million	-

OTHER INFORMATION

Material Contract

No material contract 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, 2008.

1 DIRECTORS

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

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

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

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

By virtue of Section 7 of the Singapore Companies Act, 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 "ESOS"). The ESOS is administered by the Remuneration Committee, comprising the following independent directors:

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

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

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

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

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

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

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

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

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

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

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

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

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

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 (external and internal) plans and results of the internal auditors' examination and evaluation of the group's system of internal accounting controls;

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

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

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

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

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

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

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Wen Yao-Long

Wen Yao-Chou

March 18, 2009

Independent Auditors' Report

To The Members Of Eucon Holding Limited

We have audited the accompanying financial statements of Eucon Holding Limited (the "company") and its subsidiaries (the "group") which comprises the balance sheets of the group and the company as at December 31, 2008, 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 35 to 82.

Management's Responsibility

The company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

Independent Auditors' Report

To The Members Of Eucon Holding Limited

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, 2008 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 have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants

Lim Kuan Meng
Partner

March 18, 2009

Balance Sheets

December 31, 2008

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
ASSETS					
Current assets					
Cash and bank balances	6	23,152	20,983	1,463	1,052
Pledged bank deposits	7	1,007	6,108	-	-
Trade receivables	8	35,356	53,215	-	-
Other receivables and prepayments	9	824	3,061	4,464	33,480
Inventories	10	6,839	10,446	-	-
Land use rights	11	97	91	-	-
Derivative financial instruments	15	-	727	-	-
Total current assets		67,275	94,631	5,927	34,532
Non-current assets					
Other receivables	9	1,346	1,372	-	-
Land use rights	11	4,543	4,362	-	-
Investment in subsidiaries	12	-	-	63,257	78,679
Property, plant and equipment	13	125,861	129,373	835	941
Goodwill	14	2,226	3,956	-	-
Derivative financial instruments	15	-	60	-	-
Deferred tax assets	16	1,097	1,600	-	-
Total non-current assets		135,073	140,723	64,092	79,620
Total assets		202,348	235,354	70,019	114,152
LIABILITIES AND EQUITY					
Current liabilities					
Derivative financial instruments	15	595	-	-	-
Trade and other payables	17	44,386	49,593	16,862	13,199
Current portion of bank borrowings	18	43,942	52,768	9,770	10,651
Current portion of finance leases	19	5,047	5,798	1,231	1,263
Income tax payable		103	558	-	-
Total current liabilities		94,073	108,717	27,863	25,113
Non-current liabilities					
Derivative financial instruments	15	444	1,002	444	1,002
Bank borrowings	18	13,597	19,621	4,846	12,583
Finance leases	19	3,104	6,705	631	2,001
Total non-current liabilities		17,145	27,328	5,921	15,586

Balance Sheets

December 31, 2008

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Capital, reserves and minority interests					
Share capital	20	56,127	56,127	56,127	56,127
Currency translation reserves		(4,045)	(6,338)	3,326	-
Hedging reserves		(444)	(1,002)	(444)	(1,002)
Statutory reserves	21	5,666	4,855	-	-
Accumulated profits (losses)		27,572	39,229	(22,774)	18,328
Equity attributable to the equity holders of the company		84,876	92,871	36,235	73,453
Minority interests		6,254	6,438	-	-
Total equity		91,130	99,309	36,235	73,453
Total liabilities and equity		202,348	235,354	70,019	114,152

See accompanying notes to financial statements.

Consolidated Profit And Loss Statement

Year ended December 31, 2008

	Note	Group 2008 $'000	Group 2007 $'000
Revenue	22	119,591	116,138
Cost of service and sales		(107,664)	(97,396)
Gross profit		11,927	18,742
Other income	23	2,637	6,327
Distribution costs		(4,368)	(4,152)
Administrative expenses		(15,946)	(9,875)
Other expenses		(695)	(46)
Finance costs	24	(4,670)	(3,673)
(Loss) Profit before income tax		(11,115)	7,323
Income tax expense	25	(555)	(66)
(Loss) Profit for the year	26	(11,670)	7,257
Attributable to:			
Equity holders of the company		(10,693)	6,624
Minority interests		(977)	633
(Loss) Profit for the year		(11,670)	7,257
Earnings per share (cents):			
- Basic	27	(1.88)	1.16
- Diluted	27	(1.88)	1.16

See accompanying notes to financial statements.

Statements Of Changes In Equity

Year ended December 31, 2008

Group	Share capital $'000	Currency translation reserves $'000	Hedging reserves $'000	Statutory reserves $'000	Accumulated profits $'000	Total attributable to equity holders of the company $'000	Minority interests $'000	Total $'000
Balance at January 1, 2007	56,127	(5,586)	-	3,068	37,421	91,030	-	91,030
Currency translation difference	-	(752)	-	(290)	(2)	(1,044)	-	(1,044)
Loss on cash flow hedge	-	-	(1,002)	-	-	(1,002)	-	(1,002)
Net income recognised directly in equity	-	(752)	(1,002)	(290)	(2)	(2,046)	-	(2,046)
Profit for the year	-	-	-	-	6,624	6,624	633	7,257
Total recognised income and expense for the year	-	(752)	(1,002)	(290)	6,622	4,578	633	5,211
Acquisition of shareholdings in subsidiary by minority interest	-	-	-	-	113	113	5,805	5,918
Dividends paid (Note 30)	-	-	-	-	(2,850)	(2,850)	-	(2,850)
Transfer to statutory reserves	-	-	-	2,077	(2,077)	-	-	-
Balance at December 31, 2007	56,127	(6,338)	(1,002)	4,855	39,229	92,871	6,438	99,309
Currency translation difference	-	2,229	-	(69)	(84)	2,076	793	2,869
Gain on cash flow hedge	-	64	558	-	-	622	-	622
Net loss recognised directly in equity	-	2,293	558	(69)	(84)	2,698	793	3,491
Loss for the year	-	-	-	-	(10,693)	(10,693)	(977)	(11,670)
Total recognised income and expense for the year	-	2,293	558	(69)	(10,777)	(7,995)	(184)	(8,179)
Transfer to statutory reserves	-	-	-	880	(880)	-	-	-
Balance at December 31, 2008	56,127	(4,045)	(444)	5,666	27,572	84,876	6,254	91,130

Statements Of Changes In Equity

Year ended December 31, 2008

Company	Share capital $'000	Currency translation reserve $'000	Hedging reserves $'000	Accumulated profits (losses) $'000	Total $'000
Balance at January 1, 2007	56,127	-	-	10,015	66,142
Loss on cash flow hedge	-	-	(1,002)	-	(1,002)
Profit for the year	-	-	-	11,163	11,163
Dividends paid (Note 30)	-	-	-	(2,850)	(2,850)
Balance at December 31, 2007	56,127	-	(1,002)	18,328	73,453
Currency translation difference	-	3,262	-	-	3,262
Gain on cash flow hedge	-	64	558	-	622
Loss for the year	-	-	-	(41,102)	(41,102)
Balance at December 31, 2008	56,127	3,326	(444)	(22,774)	36,235

See accompanying notes to financial statements.

Consolidated Cash Flow Statement

Year ended December 31, 2008

	Group	
	2008	2007
	$'000	$'000
Cash flows from operating activities		
(Loss) Profit before income tax	(11,115)	7,323
Adjustments for:		
Depreciation expense	20,328	17,001
Allowance (Reversal of) for doubtful receivables	2,241	(647)
Allowance for inventory obsolescences	631	730
Amortisation of land use rights	93	91
Impairment of property, plant and equipment	2,278	-
Impairment of goodwill	1,730	-
Fair value loss (gain) on derivative financial instrument	824	(787)
Gain on dilution of interest in subsidiary	-	(4,074)
Interest income	(312)	(208)
Interest expense	4,670	3,673
Net foreign exchange (gains) losses	(2,382)	939
Plant and equipment written off	17	-
Loss on disposal of property, plant and equipment	410	2
Operating profit before working capital changes	19,413	24,043
Trade receivables	15,618	(15,041)
Other receivables and prepayments	2,263	(1,721)
Inventories	2,976	(976)
Trade payables	(2,609)	5,486
Other payables	(1,271)	3,016
Cash generated from operations	36,390	14,807
Interest received	312	208
Interest paid	(4,670)	(3,673)
Income tax paid	(507)	(661)
Net cash from operating activities	31,525	10,681
Cash flows from investing activities		
Proceeds on disposal of property, plant and equipment	-	5
Purchase of property, plant and equipment (Note A)	(20,815)	(18,534)
Purchase of land use rights	-	(4,544)
Net cash used in investing activities	(20,815)	(23,073)

Consolidated Cash Flow Statement

Year ended December 31, 2008

	Group	
	2008	**2007**
	$'000	**$'000**
Cash flows from financing activities		
Decrease (Increase) in pledged bank deposits	5,101	(4,929)
(Decrease) Increase in bank loans	(9,971)	13,562
Proceeds from dilution of interest in subsidiary	-	10,095
Dividends paid	-	(2,850)
Repayment of finance lease obligations	(6,420)	(876)
Due to shareholders	2,879	249
Net cash (used in) from financing activities	(8,411)	15,251
Net increase in cash and bank balances	2,299	2,859
Cash and bank balances at beginning of year	20,983	18,780
Effect of exchange rate changes on the balances of cash held in foreign currencies	(130)	(656)
Cash and bank balances at end of year	23,152	20,983

Note to the consolidated cash flow statement:

A. Property, plant and equipment:

During the financial year, the group acquired property, plant and equipment with aggregate cost of $13,798,000 (2007 : $30,508,000) of which $2,068,000 (2007 : $4,926,000) was acquired by means of finance leases, $Nil (2007 : $11,949,000) by means of notes payable and of which $997,000 (2007 : $5,203,000) remained unpaid as at year end (Note 17). Cash payment of $20,815,000 (2007 : $18,534,000) were made in respect of property, plant and equipment purchased.

See accompanying notes to financial statements.

Notes To Financial Statements

December 31, 2008

1 GENERAL

The company (Registration No. 200107762R) is incorporated in Republic of 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 Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

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

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

The group incurred a net loss of $11,670,000 for the financial year ended December 31, 2008 and the group and company have net current liabilities of $26,798,000 (2007 : $14,086,000) and $21,936,000 (2007: net current assets of $9,419,000) respectively as at December 31, 2008. As disclosed in Note 18 to the financial statements, certain financial covenants as stipulated in the credit facilities agreements have been breached during the financial year and consequently, the banks have the right to demand immediate repayment of the outstanding loan balances totalling $8,261,000 (2007: $10,661,000). As of the date of the report, the banks have not formally requested for such immediate repayment. Nonetheless, the group and company have reclassified these amounts that are due after 12 months to current liabilities.

The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and satisfaction of liabilities in the normal course of business. The ability of the group to continue as a going concern is much dependent on:

- ability of the group to continue to generate sufficient cash flow from its future operations to meet its day-to-day expenditure; and
- continued revolving credit facilities from the group's lenders to be available over the next twelve months

In lieu of the above, management has reviewed the business plans and outlook for the next twelve months and are of the opinion that the basis upon which the financial statements are prepared is appropriate in the circumstance. Management believes that the revolving credit facilities will continue to be available to the group from its lenders and the group will be able to generate cash flows from future operations to meet its liabilities as and when they fall due. Should the group be unable to continue in operational existence in the foreseeable future, the group may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts other than in the amounts which they are currently recorded in the balance sheet. In addition, the group and company may have to provide for further liabilities that may arise and to reclassify non-current assets and liabilities to current. No adjustments have been made in the financial statements in respect of this.

The consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company for the year ended December 31, 2008 were authorised for issue by the Board of Directors on March 18, 2009.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS - In the current financial year, the group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2008. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years.

Notes To Financial Statements

December 31, 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

At the date of authorisation of these financial statements, management have considered and anticipated that the adoption of the FRSs, INT FRSs and amendments to FRS that were in issue, but not yet effective, will have no material impact on the financial statements of the group and the company, except as follows:

FRS 1 – Presentation of Financial Statements (Revised) - FRS 1(Revised) will be effective for annual periods beginning on or after January 1, 2009, and will change the basis for presentation and structure of the financial statements. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs.

FRS 108 – Operating Segments - FRS 108 will be effective for annual financial statements beginning on or after January 1, 2009 and supersedes FRS 14 – Segment Reporting. FRS 108 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, FRS 14 requires an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of FRS 108, the identification of the group's reportable segments may change.

The group has determined that the reportable segments disclosed in FRS 108 do not significantly vary from the business segments disclosed under FRS 14. The impact of this standard on the other segment disclosures is still to be determined. There will be no impact on the financial position or the financial performance of the group when implemented in 2009.

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

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

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

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

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

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

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

Notes To Financial Statements

December 31, 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

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

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 and expense is recognised on an effective interest rate basis for debt instruments other than those financial instruments "at fair value through profit and loss".

Financial assets

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

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

Loans and receivables

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

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 against the allowance amount. Changes in the carrying amount of the allowance account are recognised in profit and loss statement.

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

Notes To Financial Statements

December 31, 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substanitally all the risks and rewards of ownership of the asset to another entity, if the group neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

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.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or expired.

Derivative financial instruments

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

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit and loss statement immediately, except for those designated as hedging instruments (see below).

Notes To Financial Statements

December 31, 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Hedge accounting

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

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

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

Fair value hedge

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

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

Cash flow hedge

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

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

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

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.

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

Notes To Financial Statements

December 31, 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

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

Freehold land is carried at cost less any impairment loss.

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

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

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

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

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

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

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

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

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

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

Notes To Financial Statements

December 31, 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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 management's 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.

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

Notes To Financial Statements

December 31, 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Sale of goods

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

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

Rendering of services

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

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

Dividend income

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

Interest income

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

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.

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.

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

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

Notes To Financial Statements

December 31, 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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 functional currency of the company is Chinese renminbi.

In 2007, the functional currency of the company was Singapore dollars. Given the change in business circumstances, management believes that the functional currency of the company should be Chinese renminbi to better reflect the underlying transactions and balances that the company had with its subsidiaries and such change was applied prospectively.

The consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company are presented in Singapore dollars. The choice of presentation currency is to present the consolidated financial statements in a currency that is more relevant and useful to its stakeholders, the majority who are based in Singapore.

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 the profit and loss statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit and loss statement 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.

Notes To Financial Statements

December 31, 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Notes To Financial Statements

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

Critical judgements in applying the entity's accounting policies

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

Key sources of estimation uncertainty

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

a) Allowance for doubtful debts

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

b) Allowance for inventories

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

c) Impairment of property, plant and equipment

The group assesses annually whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value in use calculations. These calculations require the use of judgement and estimates. During the year, the group recorded an impairment charge of $2,278,000 (2007: $Nil) in respect of property, plant and equipment to the profit and loss statement. The carrying amount of property, plant and equipment at the balance sheet date is disclosed in Note 13 to the financial statements.

d) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. During the year, the group recorded an impairment charge of $1,730,000 (2007: $Nil) in respect of goodwill to the profit and loss statement for the goodwill recorded. The carrying amount of goodwill at the balance sheet date is disclosed in Note 14 to the financial statements.

e) Impairment for investment in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the recoverable amount of the investment in subsidiaries as at balance sheet date. Management has estimated the recoverable amount based on the value in use calculations. The value in use calculations requires the company to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. The carrying amounts of the company's investments in subsidiaries are disclosed in Note 12 to the financial statements.

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Capital risk management policies and objectives

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

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

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

The group's overall strategy remains unchanged from 2007.

(b) Categories of financial instruments

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

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Financial assets				
Loan and receivables (including cash and bank balances)	61,206	83,268	5,903	34,500
Derivative financial instruments	-	787	-	-
Financial liabilities				
Payables and borrowings at amortised cost	110,076	134,485	33,340	39,697
Derivative financial instruments	1,039	1,002	444	1,002

(c) Financial risk management policies and objectives

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

Market risk

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

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

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

Foreign currency risk management

The group transacts business in various foreign currencies, including the United States dollar ("US$"), New Taiwan dollar ("NT$"), and Japanese yen ("JPY") and therefore is exposed to foreign exchange risk.

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

		2008			2007	
	US$ $'000	NT$ $'000	JPY $'000	US$ $'000	NT$ $'000	JPY $'000
Group						
Cash and bank balances	6,339	-	926	5,083	-	733
Trade receivables	22,049	-	-	17,660	-	-
Other receivables	-	-	-	-	1,253	-
Trade and other payables	(19,028)	-	(10,238)	(22,822)	-	(14,909)
Company						
Cash and bank balances	243	-	926	459	-	340
Other receivables	9,763	-	9,936	-	1,253	-
Trade and other payables	(7,367)	(1,745)	(301)	(5,176)	-	-

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

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

Foreign currency sensitivity

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

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December 31, 2008

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

If the relevant foreign currency change against S$ by 5% (2007: 5%) with all other variables held constant, the effects on profit and loss will be as follows:

	2008 $'000	2007 $'000
Group		
US$ against S$		
- Strengthened	468	(4)
- Weakened	(468)	4
JPY against S$		
- Strengthened	(466)	(709)
- Weakened	466	709
Company		
US$ against S$		
- Strengthened	132	(236)
- Weakened	(132)	236
JPY against S$		
- Strengthened	528	17
- Weakened	(528)	(17)

Based on the same analysis in relation to NT$, any impact on profit or loss is not significant and hence sensitivity analysis is not performed.

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

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

Interest rate risk management

Summary quantitative data of the group's interest-bearing financial instruments can be found in the liquidity and interest risk analyses below. The group's policy is to maintain cash equivalents with reputable international financial institutions and investments in fixed rate instruments of strong financial ratings.

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

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

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

Interest rate sensitivity

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

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the group's and company's loss for the year ended December 31, 2008 would increase/decrease by $201,000 (2007: profit for the year decrease/increase by $212,000) and $38,000 (2007: profit for the year decrease/increase by $12,000) respectively. This is mainly attributable to the group's and company's exposure to interest rates on its variable rate borrowings.

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

Credit risk management

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

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

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

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

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

Liquidity risk management

As highlighted in Note 1 to the financial statements, the group and company have net current liabilities of $26,798,000 (2007: $14,086,000) and $21,936,000 (2007: net current assets of $9,419,000) respectively as at December 31, 2008. Liquidity risk is managed by matching the payment and receipt cycle. The group has sufficient cash from operations and credit lines from financial institution (Note 18) to fund its working capital requirements.

Undrawn facilities are disclosed in Note 18 to the financial statements.

Notes To Financial Statements

December 31, 2008

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

Liquidity and interest risk analyses

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the contractual maturities of the financial assets :

	Effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	Total $'000
Group				
2008				
Non-interest bearing	-	58,853	1,346	60,199
Fixed interest rate instruments	1.71	1,007	-	1,007
2007				
Non-interest bearing	-	75,788	1,372	77,160
Fixed interest rate instruments	2.43 - 3.78	6,108	-	6,108
Company				
2008				
Non-interest bearing	-	5,903	-	5,903
2007				
Non-interest bearing	-	34,500	-	34,500

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities:

	Effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Total $'000
Group					
2008					
Non-interest bearing	-	39,276	421	-	39,697
Variable interest rate instruments	3.0 - 8.3	14,654	1,719	349	16,722
Fixed interest rate instruments	5.6 - 8.2	34,398	11,108	-	45,506
Finance lease liability (fixed rate)	2.2 - 10.0	5,047	3,104	-	8,151
2007					
Non-interest bearing	-	46,427	1,201	-	47,628
Variable interest rate instruments	3.3 - 7.5	15,375	10,004	590	25,969
Fixed interest rate instruments	3.0 - 7.3	40,559	7,826	-	48,385
Finance lease liability (fixed rate)	2.2 - 10.0	5,798	6,705	-	12,503

Notes To Financial Statements

December 31, 2008

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

	Effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Total $'000
Company					
2008					
Non-interest bearing	-	10,578	-	-	10,578
Variable interest rate instruments	2.0 - 6.0	4,586	235	41	4,862
Fixed interest rate instruments	4.5	11,468	4,570	-	16,038
Finance lease liability (fixed rate)	2.2 - 9.4	1,231	631	-	1,862
2007					
Non-interest bearing	-	7,165	-	-	7,165
Variable interest rate instruments	5.5 - 6.0	1,975	4,657	100	6,732
Fixed interest rate instruments	4.5 - 6.7	14,710	7,826	-	22,536
Finance lease liability (fixed rate)	2.2 - 9.4	1,263	2,001	-	3,264

As disclosed in Note 18 to the financial statements, certain financial covenants as stipulated in the credit facilities agreements have been breached during the year and consequently, the banks have the right to demand immediate repayment of the outstanding loan balances totalling $8,261,000 (2007: $10,661,000). These balances are all classified as current liabilities as at balance sheet date. As of the date of the report, the banks have not formally requested for such immediate repayment.

Fair value of financial assets and financial liabilities

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

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and

- the fair value of derivative instruments (Note 15) are derived from valuation models that are proprietary to the issuing banks. The issuing banks have confirmed among others, that the valuations are computed by an independent valuation team and that the valuations reflect the current economic assessment of the transactions and take into consideration, observable market data that banks believe to be appropriate.

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

Notes To Financial Statements

December 31, 2008

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 are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless stated otherwise.

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

6 CASH AND BANK BALANCES

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cash and bank balances	23,152	20,983	1,463	1,052

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

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Japanese yen	926	733	926	340
United States dollars	6,339	5,083	243	459

7 PLEDGED BANK DEPOSITS

As at December 31, 2008, the group has bank deposits amounting to $1,007,000 (2007: $6,108,000) that were pledged to certain banks as security for banking facilities (Note 18). The deposits carry fixed interest rate at 1.71% (2007: 2.43% to 3.78%) per annum with an original maturity of three months or less.

8 TRADE RECEIVABLES

	Group	
	2008 $'000	2007 $'000
Outside parties	38,192	53,782
Less allowance for doubtful debts	(2,836)	(567)
Net	35,356	53,215

Movement in the allowance for doubtful debts:

	Group	
	2008 $'000	2007 $'000
Balance at beginning of the year	567	1,211
Exchange differences	28	3
Increase (Decrease) in allowance recognised in profit and loss	2,241	(647)
Balance at end of the year	2,836	567

Notes To Financial Statements

December 31, 2008

8 TRADE RECEIVABLES (CONT'D)

Certain receivables from outside parties amounting to $6,269,000 (2007: $11,260,000) are pledged to secure banking facilities (Note 18).

The credit period on sales of goods ranges from 45 to 150 days (2007: 45 to 150 days). No interest is charged on overdue trade receivables.

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

Included in the group's trade receivable balance are debtors with a carrying amount of $8,216,000 (2007: $4,024,000) which are past due at the reporting date for which the group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The group does not hold any collateral over these balances.

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

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

	Group	
	2008 $'000	**2007 $'000**
Not past due and not impaired	27,140	49,191
Past due but not impaired [(i)]	8,216	4,024
	35,356	53,215
Impaired receivables - collectively assessed [(ii)]	2,836	567
Less: provision for impairment	(2,836)	(567)
	-	-
Total trade receivables - net	35,356	53,215

		Group	
		2008 $'000	**2007 $'000**
(i)	Ageing of trade receivables that are past due but not impaired:		
	45 to 90 days	1,938	2,858
	91 to 149 days	5,329	830
	>150 days	949	336
	Total	8,216	4,024

(ii) These amounts are stated before any deduction for impairment losses. These receivables are not secured by any collateral or credit enhancements.

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

	Group	
	2008 $'000	**2007 $'000**
United States dollars	22,049	17,660

Notes To Financial Statements

December 31, 2008

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Deposits	101	170	-	-
Deposits for acquisition of property, plant and equipment	1	1,253	1	1,253
Prepayments	479	1,471	24	32
Subsidiaries (Note 12)	-	-	22,955	32,195
Others	1,589	1,539	-	-
Allowance for amounts due from subsidiaries	-	-	(18,516)	-
Total	2,170	4,433	4,464	33,480
Presentation in balance sheet:				
Current assets	824	3,061	4,464	33,480
Non-current assets	1,346	1,372	-	-
Total	2,170	4,433	4,464	33,480

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand. In 2008, management has made allowance for amounts due from subsidiaries amounting to $18,516,000 (2007: $Nil) reflecting the net recoverable amounts from the subsidiaries.

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

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
United States dollars	-	-	9,763	-
New Taiwan dollars	-	1,253	-	1,253
Japanese yen	-	-	9,936	-

10 INVENTORIES

	Group	
	2008 $'000	2007 $'000
Finished goods	1,922	2,319
Work in process	1,192	2,436
Raw materials and consumable supplies	3,725	5,691
Total	6,839	10,446

The cost of inventories recognised as an expense includes $631,000 (2007: $730,000) in respect of write downs of inventory to net realisable value. The allowance for inventory obsolescence as at December 31, 2008 is $1,588,000 (2007: $957,000).

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11 LAND USE RIGHTS

	Group	
	2008	**2007**
	$'000	**$'000**
Cost:		
At January 1	4,544	-
Additions	-	4,544
Exchange difference	289	-
At December 31	4,833	4,544
Accumulated amortisation:		
At January 1	91	-
Amortisation	93	91
Exchange difference	9	-
At December 31	193	91
Carrying amount	4,640	4,453
Presentation in balance sheet:		
Current assets	97	91
Non-current assets	4,543	4,362
Total	4,640	4,453

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

Land use rights with carrying amount of $2,961,000 (2007: $2,841,000) are pledged to secure bank loans (Note 18).

12 INVESTMENT IN SUBSIDIARIES

	Company	
	2008	**2007**
	$'000	**$'000**
Unquoted equity shares/capital, at cost	83,720	78,679
Impairment loss	(20,463)	-
Net	63,257	78,679

During the financial year, an impairment loss of $20,463,000 (2007: $Nil) was recognised in the company's profit and loss statement in relation to the carrying values of certain investments in subsidiaries as the subsidiaries are incurring losses from their operations and the recoverable values of their underlying assets had declined. The information relating to the value in use calculations are disclosed in Note 14 to the financial statements.

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December 31, 2008

12 INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the company's subsidiaries are as follows:

Name of subsidiary	Proportion of ownership interest and voting power held		Cost of investment		Principal activities/ Country of incorporation and operation
	2008 %	2007 %	2008 $'000	2007 $'000	
LGANG Optronics Technology Co, Ltd	100	100	11,092	10,424	Provision of laser drilling services to PCB manufacturers/ Taiwan
Shanghai Zeng Kang Electronic Co., Ltd	93.125	93.125	8,366	7,862	Provision of drilling and routing services to PCB manufacturers/ People's Republic of China
Shanghai Yaolong Electronic Technology Co., Ltd	93.125	93.125	6,055	5,690	Provision of drilling and routing services to PCB manufacturers/ People's Republic of China
Shanghai Zhuo Kai Electronic Technology Co., Ltd	87.5	87.5	40,515	38,075	Manufacturing of PCB boards and provision of related processing services on outsourced PCBs to PCB manufacturers/ People's Republic of China
Shanghai Eu Ya Electronic Technology Co., Ltd	93.125	93.125	10,157	9,546	Provision of processing laminating services on PCB boards/ People's Republic of China
Shanghai Lian Han Xin Electronic Technology Co., Ltd	93.125	93.125	7,535	7,082	Provision of drilling and routing services to PCB manufacturers/ People's Republic of China
			83,720	78,679	

The subsidiaries are audited by Deloitte & Touche, Taiwan for consolidation purposes.

Notes To Financial Statements

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13 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $'000	Leasehold buildings and improvement $'000	Fixtures and equipment $'000	Plant and machinery $'000	Motor vehicles $'000	Construction -in-progress $'000	Total $'000
Cost:							
At January 1, 2007	2,974	11,964	2,132	118,492	470	19,391	155,423
Additions	-	210	296	357	-	29,645	30,508
Transfer	-	1,712	-	41,936	-	(43,648)	-
Disposals/Written off	-	-	(71)	(3)	-	-	(74)
Exchange differences	(164)	(106)	(10)	(2,117)	(8)	(29)	(2,434)
At December 31, 2007	2,810	13,780	2,347	158,665	462	5,359	183,423
Additions	-	10,958	147	191	-	2,502	13,798
Transfer	-	251	38	7,422	-	(7,711)	-
Disposals	-	-	(320)	(285)	(323)	-	(928)
Exchange differences	(31)	1,058	118	6,651	7	56	7,859
At December 31, 2008	2,779	26,047	2,330	172,644	146	206	204,152
Accumulated depreciation:							
At January 1, 2007	-	2,941	866	34,080	234	-	38,121
Depreciation	-	1,161	347	15,415	78	-	17,001
Disposals/Written off	-	-	(64)	(3)	-	-	(67)
Exchange differences	-	(45)	(10)	(943)	(7)	-	(1,005)
At December 31, 2007	-	4,057	1,139	48,549	305	-	54,050
Depreciation	-	1,981	365	17,914	68	-	20,328
Disposals	-	-	(244)	(4)	(253)	-	(501)
Exchange differences	-	234	53	1,846	3	-	2,136
At December 31, 2008	-	6,272	1,313	68,305	123	-	76,013
Accumulated impairment:							
Impairment loss recognised in 2008 and balance at December 31, 2008	-	-	-	2,278	-	-	2,278
Carrying amount:							
At December 31, 2007	2,810	9,723	1,208	110,116	157	5,359	129,373
At December 31, 2008	2,779	19,775	1,017	102,061	23	206	125,861

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13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold buildings and improvement $'000	Fixtures and equipment $'000	Motor vehicles $'000	Total $'000
Cost:				
At January 1, 2007 and December 31, 2007	824	112	314	1,250
Disposals	-	-	(323)	(323)
Exchange differences	52	8	9	69
At December 31, 2008	876	120	-	996
Accumulated depreciation:				
At January 1, 2007	31	49	131	211
Depreciation	14	21	63	98
At December 31, 2007	45	70	194	309
Depreciation	14	23	54	91
Disposals	-	-	(253)	(253)
Exchange differences	2	7	5	14
At December 31, 2008	61	100	-	161
Carrying amount:				
At December 31, 2007	779	42	120	941
At December 31, 2008	815	20	-	835

The group prepares cash flow forecasts to determine the recoverable amounts of the cash generating units. The information relating to the value in use calculations are disclosed in Note 14 to the financial statements. Based on the cash flow forecasts prepared, the group recorded an impairment loss for the year of $2,278,000 (2007: $Nil) for property, plant and equipment.

For the group, property, plant and equipment with carrying amount of $82,333,000 (2007: $67,590,000) are pledged to secure bank loans (Note 18).

At the end of the year, plant and machinery with carrying amount of $11,583,000 (2007: $11,593,000) and $Nil (2007: $120,000) of the group and company respectively are purchased under finance leases.

14 GOODWILL

	Group	
	2008 $'000	2007 $'000
At beginning of year	3,956	3,956
Impairment loss	(1,730)	-
At end of year	2,226	3,956

Notes To Financial Statements

December 31, 2008

14 GOODWILL (CONT'D)

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 2008 $'000	Group 2007 $'000
Drilling and routing services (comprise several CGUs)	2,144	3,874
Printed circuit board production (single CGU)	82	82
Total	2,226	3,956

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

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

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

The average rate used to discount the cash flow is 5% (2007: 7%). A negative growth rate of 13% per annum was used to extrapolate the cash flow for the financial year ending December 31, 2009. The growth rates averaging 9% (2007: 10%) per annum were used to extrapolate the cash flow of the future financial years.

Based on the cash flow forecasts prepared, the group recorded an impairment loss of $1,730,000 attributed to the drilling and routing services CGUs to reduce the goodwill recorded to its recoverable amount of $2,144,000.

15 DERIVATIVE FINANCIAL INSTRUMENTS

	2008		2007	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
Group				
Forward foreign exchange contracts	-	595	787	-
Presentation in balance sheet:				
Current	-	595	727	-
Non-current	-	-	60	-
Total	-	595	787	-
Group and Company				
Cross currency rate swap contracts	-	444	-	1,002

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December 31, 2008

15 DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Forward foreign exchange contracts

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

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

	Group	
	2008 $'000	2007 $'000
Forward foreign exchange contracts - sell US$	29,549	19,380
Analysed as:		
Within 1 year	29,549	17,932
From 2 to 5 years	-	1,448
	29,549	19,380

Changes in the fair value of currency derivatives designated as a fair value hedge amounting to a loss of $824,000 have been charged to the profit and loss statement in the year. In 2007, fair value gain on the currency derivatives amounting to $787,000 was credited to the profit and loss statement (Note 23).

Cross currency rate swap contracts

The group uses cross currency rate swap contracts to manage its exposure on interest rate movements and exchange rate exposures on its bank borrowings by swapping those borrowings from floating rates to fixed rates. All of these cross currency rate swap contracts are designated and effective as cash flow hedges and the fair value thereof have been deferred in equity. An amount of $2,069,000 (2007: $60,000) has been offset against hedged interest payments made in the year.

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

	Average contracted fixed interest rate	Group and Company	
	%	2008 $'000	2007 $'000
Cross currency rate swap contracts	5.3	4,527	6,389

The cross currency rate swaps settle on a monthly basis and have maturity dates up to November 2010. The floating rate on the swaps is the London Interbank rate. The company will settle the difference between the fixed and floating interest rate on a net basis.

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

Changes in the fair value of the currency rate swap contracts that are designated and effective as cash flow hedges amounting to a deficit of $444,000 (2007: deficit of $1,002,000) has been deferred in equity as at December 31, 2008.

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16 DEFERRED TAX ASSETS

	Group	
	2008 $'000	2007 $'000
Deferred tax assets	1,097	1,600

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	Tax losses $'000	Others $'000	Total $'000
At January 1, 2007	1,083	-	53	1,136
Credit to profit and loss	230	198	36	464
At December 31, 2007	1,313	198	89	1,600
(Charge) Credit to profit and loss	(824)	315	6	(503)
At December 31, 2008	489	513	95	1,097

As at balance sheet date, temporary differences associated with the undistributed earnings of one subsidiary for which deferred tax liabilities have not been recognised is $1.7 million (2007: $1.6 million). No liability has been recognised in respect of these differences because the group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Trade payables	26,628	29,237	-	-
Due to shareholders	8,913	6,034	8,913	6,034
Accruals	2,421	5,301	854	990
Payables for acquisition of plant and equipment	997	5,203	997	5,073
Other payables	5,427	3,818	4,169	1,102
Subsidiaries (Note 12)	-	-	1,929	-
Total	44,386	49,593	16,862	13,199

The balance due to a shareholder, Sunny Worldwide International Limited, amounting to $6,284,000 (2007: $6,034,000) as at December 31, 2008, is unsecured, repayable on demand and bears interest at 4.5% (2007: 4.5%) per annum.

The balance due to another shareholder, Wen Yao-Long, amounting to $2,629,000 (2007: $Nil) as at December 31, 2008, is unsecured, interest-free and on repayment on demand terms.

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

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
United States dollars	19,028	22,822	7,367	5,176
New Taiwan dollars	-	-	1,745	-
Japanese yen	10,238	14,909	301	-

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18 BANK BORROWINGS

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Bank loans:					
The company	a	4,862	11,075	4,862	11,075
Subsidiary:					
LGANG Optronics Technology Co., Ltd	b	7,973	14,103	-	-
Shanghai Eu Ya Electronic Technology Co., Ltd	c	9,728	5,954	-	-
Shanghai Yaolong Electronic Technology Co., Ltd	d	1,160	1,785	-	-
Shanghai Zeng Kang Electronic Co., Ltd	e	2,320	3,568	-	-
Shanghai Zhuo Kai Electronic Technology Co., Ltd	f	18,037	19,676	-	-
Shanghai Lian Han Xin Electronic Technology Co., Ltd	g	2,110	-	-	-
Total bank loans		46,190	56,161	4,862	11,075
Notes payable:					
The company	a	9,754	12,159	9,754	12,159
Subsidiary:					
LGANG Optronics Technology Co., Ltd	b	1,595	4,069	-	-
Total notes payable		11,349	16,228	9,754	12,159
Total bank borrowings		57,539	72,389	14,616	23,234
Presentation in balance sheet:					
Current liabilities		43,942	52,768	9,770	10,651
Non-current liabilities		13,597	19,621	4,846	12,583
Total		57,539	72,389	14,616	23,234

Notes To Financial Statements

December 31, 2008

18 BANK BORROWINGS (CONT'D)

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

	Group and Company 2008 $'000	2007 $'000
Secured by subsidiary's plant and equipment		
Maturing on November 2010 and bearing interest at floating rate of 2.03% to 4.39% (2007: 5.43%) per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commenced on November 2008 in 36 monthly instalments.	4,527	6,338
Secured by company's property		
Maturing on September 2014 and bearing floating rate of 5.95% (2007: 5.60% to 5.95%) per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commenced on September 2005 in 120 monthly instalments.	335	394
Guaranteed by 2 directors and a subsidiary		
Due within 12 months and bear average interest rates at 6.1% per annum	-	4,343
Notes payable		
Instalment payable on a half yearly basis to suppliers for plant and equipment purchased and have maturity dates from January 2008 to October 2010. The notes are secured and bears fixed interest of 4.5% per annum.	9,754	12,159
Total for the company	14,616	23,234

The loans are repayable as follows:

	2008	2007
Within one year	9,770	10,651
After one but within two years	4,629	6,061
After two but within five years	176	6,422
More than five years	41	100
Total	14,616	23,234

Notes To Financial Statements

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18 BANK BORROWINGS (CONT'D)

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

	Group 2008 $'000	2007 $'000
Secured by property, plant and equipment		
Maturing on July 2009 and bearing floating interest at 4.65% (2007: 5.98%) per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commenced on August 2004 in 60 monthly instalments.	246	592
Maturing on November 2009 and bearing floating interest at 4.7% (2007: 4.6%) per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commenced on December 2005 in 60 monthly instalments.	277	571
Maturing on February 2010 and bearing floating interest at 5.64% (2007: 6.01%) per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commenced on February 2007 in 60 monthly instalments.	411	771
Maturing on July 2010 and bearing floating interest at 4.67% (2007: Nil%). Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commenced on July 2008.	1,095	-
Maturing on July 2015 and bearing floating interest at 3.42% (2007: 3.98%) per annum. Interest and principal are payable on a quarterly basis according to the repayment schedule. Repayments commenced on October 2003 in 48 quarterly instalments.	1,188	1,380
Maturing on February 2009 and bearing floating interest at 4.93% per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on February 2008 in 24 monthly instalments. The loan was fully repaid during the year.	-	434
Maturing on April 2008 and bearing floating interest at 4.85% per annum. Interest and principal are payable on a quarterly basis according to the repayment schedule. Repayments commenced on July 2003 in 20 quarterly instalments.	-	105
Maturing on April 2008 and bearing floating interest at 3.5% per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on August 2007 in 21 monthly instalments.	-	253
Maturing on September 2008 and bearing interest at 5.99% per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commenced on October 2005 in 36 monthly instalments.	-	333
Maturing on October 2008 and bearing floating interest at 6.35% per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commenced on October 2003 in 60 monthly instalments.	-	175

Notes To Financial Statements

December 31, 2008

18 BANK BORROWINGS (CONT'D)

	Group 2008 $'000	Group 2007 $'000
Maturing on December 2008 and bearing floating interest at 4.64% per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on January 2007 in 36 monthly instalments.	-	564
Guaranteed by 2 directors of the company and a director of a subsidiary		
Due within 12 months and bear average interest rates at 4.66% to 5.45% (2007: 3.02% to 5.95%) per annum	4,756	8,925
Notes payable		
Instalment payable on a monthly basis to suppliers for plant and equipment purchased and have maturity dates from January 2008 to October 2010. The notes are unsecured and non-interest bearing.	1,595	4,069
Total for LGANG Optronics Technology Co., Ltd	9,568	18,172

The loans are repayable as follows:

	Group 2008 $'000	Group 2007 $'000
Within one year	7,547	14,764
After one but within two years	1,361	1,899
After two but within five years	352	1,019
More than five years	308	490
Total	9,568	18,172

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

	Group 2008 $'000	Group 2007 $'000
Secured by property, plant and equipment		
Maturing on December 2009 and bearing floating interest at 7.43% (2007: 7.47%) per annum. Interest and principal are payable on a quarterly basis according to the repayment schedule. Repayments commencing on April 2008 in 12 quarterly instalments.	1,713	2,898
Secured by property, plant and equipment		
Due within 12 months and bear interest rates at 6.69% to 7.47% (2007: 6.12% to 7.02%) per annum	3,164	3,056
Secured by property, plant and equipment and land use rights		
Due within 12 months and bear interest rates at 7.28% per annum	4,851	-
Total for Shanghai Eu Ya Electronic Technology Co., Ltd	9,728	5,954

Notes To Financial Statements

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18 BANK BORROWINGS (CONT'D)

	Group 2008 $'000	Group 2007 $'000
The loans are repayable as follows:		
Within one year	9,728	4,344
After one but within two years	-	1,288
After two but within five years	-	322
Total	9,728	5,954

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

	Group 2008 $'000	Group 2007 $'000
Secured by property, plant and equipment		
Due within 12 months and bear average interest rates at 8.22% (2007: 6.57%) per annum	1,160	1,785

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

	Group 2008 $'000	Group 2007 $'000
Secured by property, plant and equipment and land use rights		
Due within 12 months and bear interest rates at 5.61% to 8.22% (2007: 6.57% to 6.73%) per annum	2,320	3,568

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

	Group 2008 $'000	Group 2007 $'000
Secured by property, plant and equipment		
Maturing on July 2009 and bearing floating interest at 3.49% (2007: 3.49%) per annum. Interest and principal are payable on a monthly basis according to the repayment schedule. Repayments commencing on August 2006 in 36 monthly instalments.	152	322
Maturing on January 2010 and bearing floating interest at 7.43% (2007: 6.3%) per annum. Interest and principal are payable on a quarterly basis according to the repayment schedule. Repayments commencing on April 2008 in 12 quarterly instalments.	2,021	3,420

Notes To Financial Statements

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18 BANK BORROWINGS (CONT'D)

	Group 2008 $'000	Group 2007 $'000
Maturing on October 2010 and bearing interest rate at 6.78%	6,538	-
Secured by property, plant and equipment, trade receivables, land use rights and pledged bank deposits		
Due within 12 months and bear interest rates at 5.61% to 7.62% (2007: 5.77% to 7.29%) per annum	9,326	15,934
Total for Shanghai Zhuo Kai Electronic Technology Co., Ltd	18,037	19,676
The loans are repayable as follows:		
Within one year	11,307	17,656
After one but within two years	6,730	1,640
After two but within five years	-	380
Total	18,037	19,676

(g) Details of bank borrowings of Shanghai Lian Han Xin Electronic Technology Co., Ltd are as follows:

	Group 2008 $'000	Group 2007 $'000
Secured by property, plant and equipment		
Due within 12 months and bear interest rate at 5.61% per annum	2,110	-

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

As at December 31, 2008, certain financial covenants as stipulated in the credit facilities agreements have been breached during the year and consequently, the banks have the right to demand immediate repayment of the outstanding loan balances totalling $8,261,000 (2007: $10,661,000). As of the date of the report, the banks have not formally requested for such immediate repayment. The corresponding amounts that are due after 12 months are reclassified to current liabilities accordingly.

At December 31, 2008, the group and company had approximately available $44,947,000 (2007: $49,153,000) and $1,167,000 (2007: $12,678,000) of undrawn committed borrowing facilities respectively.

Notes To Financial Statements

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19 FINANCE LEASES

	Minimum lease payments		Fair value of minimum lease payments	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Group				
Within one year	5,617	6,646	5,047	5,798
In the second to fifth year inclusive	3,255	7,193	3,104	6,705
Total	8,872	13,839	8,151	12,503
Less: Future finance charges	(721)	(1,336)	NA	NA
Present value of lease obligations	8,151	12,503	8,151	12,503
Less: Amount due within 12 months			(5,047)	(5,798)
Amount due after 12 months			3,104	6,705
Company				
Within one year	1,354	1,458	1,231	1,263
In the second to fifth year inclusive	653	2,155	631	2,001
Total	2,007	3,613	1,862	3,264
Less: Future finance charges	(145)	(349)	NA	NA
Present value of lease obligations	1,862	3,264	1,862	3,264
Less: Amount due within 12 months			(1,231)	(1,263)
Amount due after 12 months			631	2,001

a) The average lease term is 3 years. The average effective borrowing rate was 2.2% to 10.0% (2007: 2.2% to 10.0%) per annum and 2.2% to 9.4% (2007: 2.2% to 9.4%) per annum for the group and company respectively. Interest rates are fixed at the contract date, and thus expose the group and the company to fair value interest rate risk. All leases are on a fixed repayment basis, secured by machineries and no arrangements have been entered into for contingent rental payments.

b) The finance leases of the subsidiaries amounting to $6,289,000 (2007: $9,239,000) are guaranteed by two directors of the company and another director of a subsidiary.

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

Notes To Financial Statements

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20 SHARE CAPITAL

	2008 '000	2007 '000	2008 $'000	2007 $'000
	Number of ordinary shares			
Group and Company				
Issued and paid up:				
At beginning and end of year	570,000	570,000	56,127	56,127

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

21 STATUTORY RESERVES

	Legal and special reserves $'000	Reserve fund $'000	Total $'000
Group			
Balance at January 1, 2007	1,580	1,488	3,068
Transfer from accumulated profits	293	1,494	1,787
Balance at December 31, 2007	1,873	2,982	4,855
Transfer from accumulated profits	-	811	811
Balance at December 31, 2008	1,873	3,793	5,666

22 REVENUE

	Group	
	2008 $'000	2007 $'000
Rendering of services		
Drilling and routing services	37,942	40,278
Sale of printed circuit boards and related processing services	81,649	75,860
Total	119,591	116,138

Notes To Financial Statements

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23 OTHER INCOME

	Group 2008 $'000	Group 2007 $'000
Insurance claim from fire damage	1,058	-
Foreign currency exchange adjustment gain	861	813
Interest income	312	208
Gain on dilution of interest in subsidiary	-	4,074
Fair value gain on derivative financial instrument	-	787
Other income	406	445
Total	2,637	6,327

24 FINANCE COSTS

	Group 2008 $'000	Group 2007 $'000
Interest expense on:		
Bank loans	3,610	2,933
Finance leases	810	491
Amount due to a shareholder	250	249
Total	4,670	3,673

25 INCOME TAX EXPENSE

	Group 2008 $'000	Group 2007 $'000
Current	52	530
Deferred	503	(464)
Income tax expense	555	66

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

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

	Group 2008 $'000	Group 2007 $'000
(Loss) Profit before income tax	(11,115)	7,323
Tax at statutory rate of 18%	(2,001)	1,318
Tax effect on investment allowance	833	(650)
Non-deductible expenses	1,649	518
Tax exempt income	(47)	(877)
Effect of different tax rates of subsidiaries operating in other jurisdictions	121	(243)
Income tax expense	555	66

Notes To Financial Statements

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25 INCOME TAX EXPENSE (CONT'D)

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% (2007: 25%). However, the subsidiary has been awarded investment allowance on certain plant and equipment acquired during the financial year.

26 (LOSS) PROFIT FOR THE YEAR

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

	Group	
	2008 $'000	2007 $'000
Depreciation of property, plant and equipment	20,328	17,001
Amortisation of land use rights*	93	91
Total depreciation and amortisation	20,421	17,092
Directors' remuneration	1,288	1,172
Directors' fees	170	170
Total directors' expense	1,458	1,342
Defined contribution plans	164	165
Other staff costs	15,328	16,278
Total employee benefits expense	15,492	16,443
Allowance for (Reversal of) doubtful receivables*	2,241	(647)
Allowance for stock obsolescence	631	730
Total allowance loss on financial assets	2,872	83
Impairment loss on property, plant and equipment*	2,278	-
Impairment loss on goodwill*	1,730	-
Total impairment loss	4,008	-
Net foreign currency exchange gain	(861)	(813)
Cost of inventories recognised as expense in cost of sales	80,971	75,869
Audit fees:		
Auditors of the company	69	69
Other auditors	150	325
Non-audit fees:		
Auditors of the company	-	8
Other auditors	6	7

* Included in administrative expenses

Notes To Financial Statements

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26 LOSS (PROFIT) FOR THE YEAR (CONT'D)

Compensation of directors and key management personnel

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

	Group	
	2008 **$'000**	**2007** **$'000**
Short-term benefits	2,133	2,273
Post-employment benefits	91	26
	2,224	2,299

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	
	2008	**2007**
(Loss) Profit attributable to equity holders of the company ($'000)	(10,693)	6,624
Number of ordinary shares ('000)	570,000	570,000
Earnings per share (cents)	(1.88)	1.16

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

28 COMMITMENTS AND CONTINGENT LIABILITIES

	Group	
	2008 **$'000**	**2007** **$'000**
Commitments for machinery and equipment	-	7,104
Commitments for product warranties	9	9
Corporate guarantee given to third party	211	198

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29 OPERATING LEASE ARRANGEMENTS

	Group	
	2008 $'000	2007 $'000
Minimum lease payments under operating leases recognised as an expense in the year	1,006	2,037

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

	Group	
	2008 $'000	2007 $'000
Within one year	1,080	1,921
In the second to fifth years inclusive	3,808	4,445
After five years	4,468	3,401
Total	9,356	9,767

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

30 DIVIDENDS

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

No dividends were declared in 2008.

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.

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31 SEGMENT INFORMATION (CONT'D)

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	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Revenue	37,942	40,278	81,649	75,860	119,591	116,138
Result						
Segment result	42	7,400	(7,378)	512	(7,336)	7,912
Other income					2,637	6,327
Unallocated corporate expenses					(1,746)	(3,243)
Finance costs					(4,670)	(3,673)
(Loss) Profit before income tax					(11,115)	7,323
Income tax expense					(555)	(66)
(Loss) Profit for the year					(11,670)	7,257
Other information						
Segment assets	86,871	110,651	109,198	117,465	196,069	228,116
Unallocated corporate assets					6,279	7,238
Consolidated total assets					202,348	235,354
Segment liabilities	27,503	41,901	49,931	53,444	77,434	95,345
Unallocated corporate liabilities					33,784	40,700
Consolidated total liabilities					111,218	136,045
Capital expenditure:						
- Property, plant and equipment	2,805	22,279	10,993	8,229	13,798	30,508
- Land use rights	-	561	-	3,983	-	4,544
Depreciation	13,406	11,679	6,831	5,224	20,237	16,903
Amortisation of land use rights	12	11	81	80	93	91
Allowance for stock obsolescence	-	-	631	730	631	730
Allowance for (Reversal of) doubtful receivables	52	(446)	2,189	(201)	2,241	(647)
Impairment loss for property, plant and equipment	2,278	-	-	-	2,278	-
Impairment loss for goodwill	1,730	-	-	-	1,730	-
Unallocated corporate expenditure: Depreciation					91	98

Notes To Financial Statements

December 31, 2008

31 SEGMENT INFORMATION (CONT'D)

(b) Analysis By Geographical Segment

Segment revenue is analysed based on the location of customers.

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

	Revenue		Assets		Capital expenditure	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
People's Republic of China	103,447	102,596	162,001	180,060	11,603	29,922
Taiwan	16,144	13,542	34,068	48,056	2,195	5,130
Singapore	-	-	6,279	7,238	-	-
Total	119,591	116,138	202,348	235,354	13,798	35,052

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 35 to 82 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, 2008, and of the results, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Wen Yao-Long

Wen Yao-Chou

March 18, 2009

Summary Of Properties

Held by	Location and description	Tenure	Usage of property
Eucon Holding Ltd	80 Marine Parade Road #11-02 Parkway Parade Singapore 449269	Leasehold 99 years commencing from August 1979	Office
LGANG Optronics Technology Co., Ltd	19 Her-Jun North Road Chung-Li Industrial Park Chung-Li City Taoyuan County Taiwan	Freehold	Office, manufacturing plant, warehouse and garage
Shanghai Zeng Kang Electronic Co., Ltd	1150 Caoxin Road Xuhang Town Jiading District Shanghai 201809.PRC.	Freehold	Manufacturing Plant
Shanghai Yaolong Electronic Technology Co., Ltd	18 Shengxin Road Malu Town Jiading District Shanghai 201801.PRC.	Leasehold 30 years commencing from October 2001	Manufacturing Plant
Shanghai Zhuo Kai Electronic Technology Co., Ltd	399 Baoqian Road Xuhang Industrial Park Jiading District Shanghai 201809.PRC.	Freehold	Manufacturing Plant
Shanghai Zhuo Kai Electronic Technology Co., Ltd	188 Yu Wan Road Xuhang Town Jiading District Shanghai 201809.PRC.	Leasehold 10 years commencing from January 2006	Manufacturing Plant
Shanghai Zhuo Kai Electronic Technology Co., Ltd	399 Baoqian Road Xuhang Industrial Park Jiading District Shanghai 201809.PRC.	Freehold	Manufacturing Plant
Shanghai Eu Ya Electronic Technology Co., Ltd	419 Baoqian Road Xuhang Industrial Park Jiading District Shanghai 201809.PRC.	Freehold	Manufacturing Plant
Shanghai Lian Han Xin Electronic Technology Co., Ltd	2700 DaAn Road Xuhang Town Jiading District Shanghai 201809.PRC.	Leasehold 10 years commencing from September 2006	Manufacturing Plant

Statistics of Shareholders

as at 19 March 2009

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	194	5.59	96,600	0.02
1,000 - 10,000	1,378	39.68	7,047,260	1.23
10,001 - 1,000,000	1,844	53.09	147,395,665	25.86
1,000,001 AND ABOVE	57	1.64	415,460,475	72.89
TOTAL	3,473	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	UNITED OVERSEAS BANK NOMINEES PTE LTD	56,182,485	9.86
3	CHEN MING-HSING	33,723,000	5.92
4	WEN YAO-LONG	24,224,747	4.25
5	HUANG SHIH-AN	14,540,200	2.55
6	HUANG CHUANG SHUEH-OU	13,120,800	2.30
7	MERRILL LYNCH (SINGAPORE) PTE LTD	12,326,800	2.16
8	CHEN CHU-TSU	9,763,600	1.71
9	CHEN CHENG-HSIUNG	8,136,800	1.43
10	LEE YING-CHI	7,140,000	1.25
11	JENG HUANG FONG MAAN	6,188,800	1.09
12	KO TSAI HSIU CHUN LISA	5,366,340	0.94
13	UOB KAY HIAN PTE LTD	5,040,600	0.88
14	WEN YAO-CHOU	4,794,643	0.84
15	HSUEH PAI-CHUN	4,527,200	0.79
16	OCBC SECURITIES PRIVATE LTD	4,468,400	0.78
17	KAU JUI-HUNG	4,360,800	0.77
18	LAI YU-CHUNG	4,243,600	0.74
19	LIN JIA-LUH	4,243,600	0.74
20	DBS NOMINEES PTE LTD	4,204,360	0.74
TOTAL		334,958,775	58.75

Statistics of Shareholders

as at 19 March 2009

Substantial Shareholders

As shown in the Register of Substantial Shareholders

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

Notes:-

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

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

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

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

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

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

Percentage of Shareholding in Public's Hand

Based on information available to the Company as at 19 March 2009, approximately 55.88% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of Eucon Holding Limited (the "Company") will be held at The Parawave, Level 4, Paramount Hotel, 25 Marine Parade, Singapore 449536 on Wednesday, 29 April 2009 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Report of The Directors and Audited Accounts of the Company for the financial year ended 31 December 2008 together with the Auditors' Report thereon. **[Resolution 1]**

2. To approve the Directors' Fees of S$170,000/- for the year ended 31 December 2008 (2007: S$170,000/-). **[Resolution 2]**

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

   (a) Mr Chen Ming-Hsing {retiring pursuant to Article 89} **[Resolution 3(a)]**

   (b) Mr Ong Sim Ho {retiring pursuant to Article 89} **[Resolution 3(b)]**

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

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

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

AS SPECIAL BUSINESS

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

6. "That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be and they are hereby authorised to issue shares and convertible securities in the 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 to be issued pursuant to this Resolution does not exceed 50 per centum of the total number of issued shares excluding treasury shares, in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed 20 per centum of the total number of issued shares excluding treasury shares, in the capital of the Company at the time of the passing of this Resolution and that such authority shall continue in force until the date that the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, unless revoked or varied at a general meeting of the Company." **[Resolution 5]**
[See Explanatory Note (i)]

Notice Of Annual General Meeting

7. "That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be and are hereby authorised to allot and issue shares (or convertible securities as may be allowed by Singapore Exchange Limited ("SGX") from time to time) in the Company via a renounceable rights issue (or such other manner as may be allowed by SGX from time to time) 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:

   (i) the aggregate number of shares to be issued pursuant to this Resolution does not exceed 100 per centum of the total number of issued shares (excluding treasury shares) at the time of the passing of this Resolution (subject to the application of the Listing Manual and any requirements which the SGX may impose from time to time);

   (ii) the rights are issued on a pro-rata basis;

   (iii) 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 (ii)]

BY ORDER OF THE BOARD

Tan Cheng Siew
Chan Wai Teng Priscilla
Company Secretaries
Singapore, 9 April 2009

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

(i) The proposed Resolution 5, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares in the Company up to an amount not exceeding in total 50 per centum of the total number of issued shares excluding treasury shares in the capital of the Company for such purposes as they consider would be in the interests of the Company. This authority will, unless previously 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 the issued share capital is based on the number of issued shares excluding treasury shares in the capital of the Company at the time of the passing of this Resolution after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

Notice Of Annual General Meeting

(ii) The proposed Resolution 6, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to allot and issue shares in the Company up to an amount not exceeding in total 100 per centum (up from 50% per centum) of the total number of issued shares excluding treasury shares in the capital of the Company for such purposes as they consider would be in the interests of the Company. This is one of the new measures introduced by the Singapore Exchange Limited, in consultation with the Monetary Authority of Singapore on 20 February 2009 to accelerate and facilitate listed issuer's fund raising efforts and will be in effect until 31 December 2010.

This mandate is conditional upon the Company:

- Making periodic announcements on the use of the proceeds as and when the funds are materially disbursed; and
- providing a status report on the use of the proceeds in the annual report.

The percentage of the issued share capital is based on the number of issued shares excluding treasury shares in the capital of the Company at the time of the passing of this Resolution after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

This mandate if passed will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. Minority shareholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose of their entitlements through trading of nil-paid rights if they do not wish to subscribe for their rights shares.

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.

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

Proxy Form

Important
1. For investors who have used their CPF monies to buy Eucon Holding Limited's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ____

of ____

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

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to vote for me/us on my/our behalf at the Seventh Annual General Meeting of the Company to be held at the The Parawave, Level 4, Paramount Hotel, 25 Marine Parade, Singapore 449536 on Wednesday, 29 April 2009 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 2008 together with the Auditors' Report thereon.		
2.	To approve payment of Directors' Fees.		
3.	(a) To re-elect Mr Chen Ming-Hsing as a Director.		
	(b) To re-elect Mr Ong Sim Ho as a Director.		
4.	To re-appoint Messrs Deloitte & Touche LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.		
5.	To authorise the Directors to issue/allot shares in the Company.		
6.	To authorise the Directors to issue/allot shares in the Company up to 100% of its issued share capital via pro-rated renounceable rights issue.		

Signed this ____________________ day of ____________________ 2009.

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

Proxy Form

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.

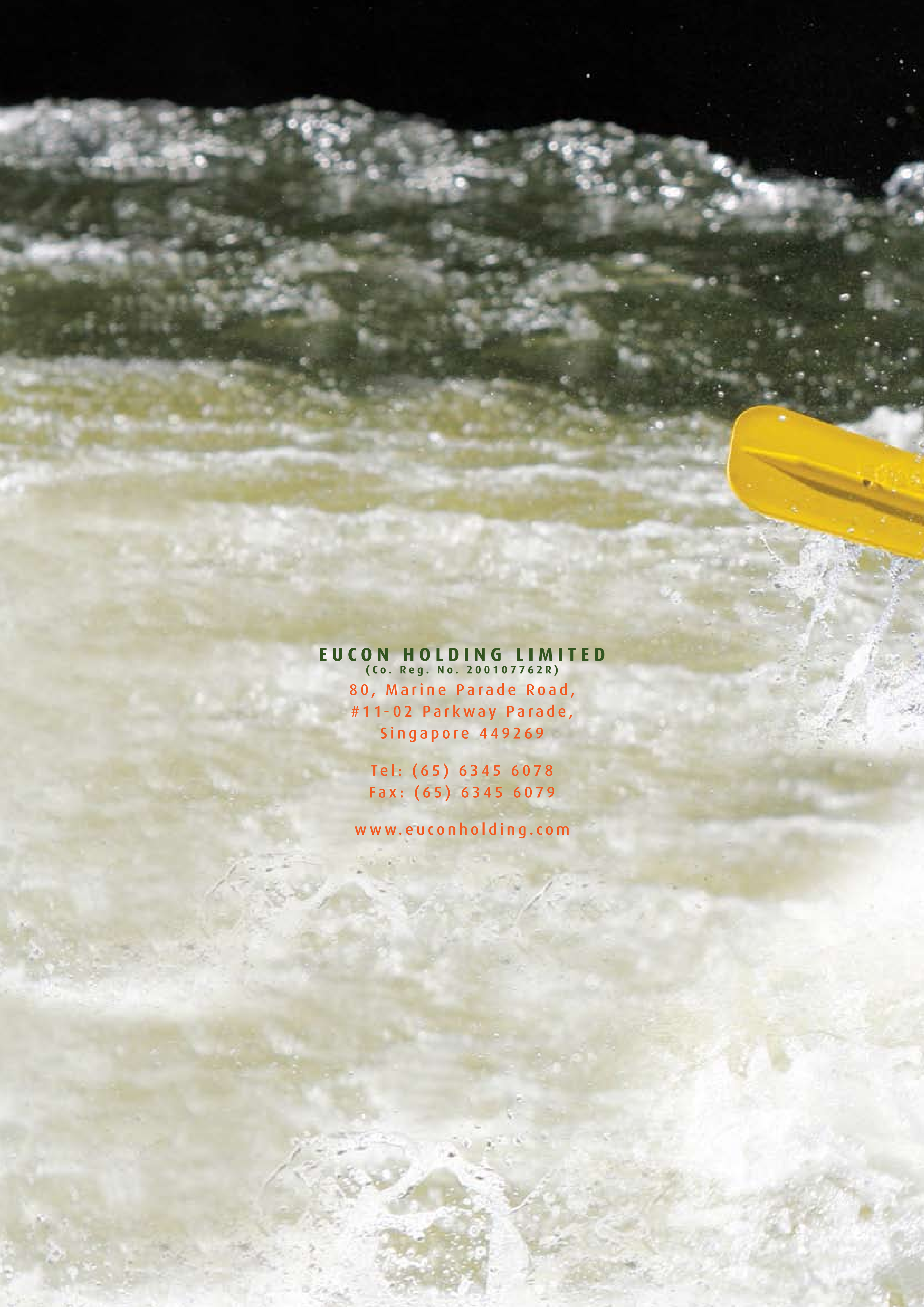
3. The instrument appointing a proxy must be signed by the appointer or his duly authorised attorney or if the appointer is a corporation, it must be executed either under its common seal or signed by its attorney or a duly authorised officer of the corporation.

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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