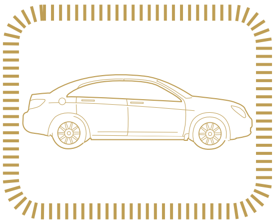
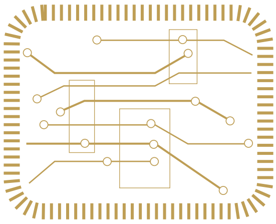
2010

Annual Report

A YEAR OF GROWTH





EUCON HOLDING LIMITED

Vision

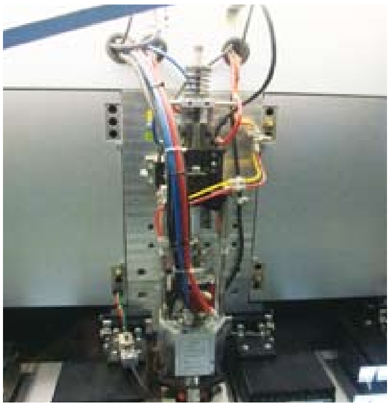
To be recognised as the market leader in offering outsourced high quality turnkey PCB related services to the PCB manufacturing industry

Mission

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

Contents

One of the largest independent PCB drilling service providers in Taiwan and China.



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.

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 smart phones and tablet PCs.

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 smart phones and tablet PCs. 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.

A Year of Growth

Dear Shareholders,

The past year has been nothing short of significant. We have turned the corner, emerging from the financial crisis, and are in the black after sustaining a loss in the previous year.

For the year ended 2010, we posted a net profit of S$1.2 million compared to a loss of S$12.8 million in FY2009. This came on the back of stellar revenues of S$116 million, an encouraging increase of 50% from S$78 million in the prior year. This was an "across the board" strengthening in revenues from all business services. The most significant improvement was from the laser drilling segment with an increase of 118% from FY2009. Together with an improved bottom line, our cash position has grown to S$15.2 million over the year, compared with S$9.2 million in 2009.

Going forward, with the shift in consumer preferences for high-end technology devices such as touch screen devices and tablet PCs, further improvement in market demand for our laser drilling services is expected in the near future. Our Group is well-poised to benefit from this trend. In fact, since the beginning of FY2010, demand for high density interconnects ("HDI") boards, which are manufactured using our sophisticated laser drilling techniques, has been on the rise due to the growing number of smart phones and tablet personal computer ("tablet PC").

Despite the slow recovery from the economic downturn, consumers' thirst for sophisticated devices and features continues to grow, driving supply growth. According to a MarketsandMarkets's research report, global smartphones market grew 59.3% in 2010 over 2009 to reach US$85.1 billion and is expected to reach US$258.9 billion in 2015.

As young users move towards a rich mobile technological experience made of communication, entertainment, and productivity services, we envisage the demand for smart phones to expand.

Tapping on Core Competences

In addition, being one of the pioneers in offering outsourced laser drilling services to meet the new generation of multi-layer PCBs fused in products such as smart phones and tablet PCs, we have as such established a firm foothold in Taiwan, with strong partnerships with major industry players. This advantage gives a competitive edge over our competitors, and secures better pricing and orders during the peak season traditionally during the later part of the year.

Our success is also a result of a dedicated team. During the downturn, we underwent internal restructuring. We engaged external professionals to conduct seminars to educate our employees not only on skills training, but also on efficiency management. An employee recognition scheme has been in place to reward employees who had gone the extra mile.

Strategy and Outlook

With strong demand from the smart phone and tablet PC sectors, HDI board supply has shown signs of shortage since the third quarter of 2010. Laser drilling and electroplating equipment as well as capacity at PCB drilling service providers were also experiencing supply shortages.

Manufacturing equipment for capacity expansion is hard to come by, particularly laser drills, which have a six-month waiting time frame. Plans are underway to acquire more drilling equipments in 2011 to capitalise on the demand for these drilling services.

However, despite the improvements in FY2010, we will still be cautious and manage increasing costs (such as copper metal and labour costs in China) and currency fluctuations.

Broad economic fundamentals augur well for us. Technology research firm Gartner projects that global smart phone shipments will reach 384 million units in 2011, up 40% from 2010 and the tablet PC market will increase from 15 million units in 2010 to 45 million units in 2011, while some analysts expect worldwide tablet PC shipments to total 70 million units.

According to Aon Hewitt, a global human capital consulting company, average salaries covering all major industries in China rose 8.4 % in 2010, up 2.6% from a year earlier and it is forecasted that the country's overall salary increase will grow at a rate of 9.1% by 2011. One of the most crucial factors behind this is redistributive government policies increasingly favouring workers and their rights, in order to generate more social balance across all socio-economic levels.

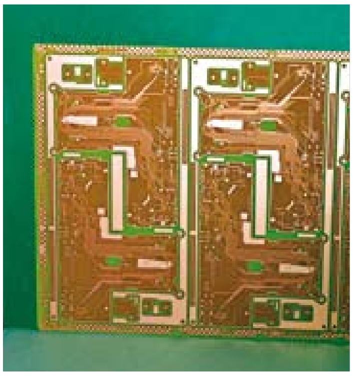
As for currency risk, there are plans to switch our transaction currency to Euros with our international clients while keeping Renminbi for our Chinese clients to alleviate the volatile impact of US dollars.

Looking ahead, we will continue to explore new opportunities especially in the alternative energy products industry while focusing on our core competencies and strengthening our financial structure. We are optimistic about the growth in the laser drilling sector. In ensuring effectiveness, we will also continue to focus on internal training, as well as invest in capital expenditure.

Acknowledgements

At this juncture, on behalf of the Board and the management, I would like to express my heartfelt appreciation to our employees and our customers and business associates for their unwavering support and our valued shareholders for their firm belief. We would also like to take this opportunity to thank Mr Chen Ming-Hsing for his past contributions to the Group. We wish him all the best in his future endeavours. We will continue to ensure growth and enhance shareholder value.

Wen Yao-Long
Executive Chairman and CEO



Operations Review

PCB Operations

In FY2010, PCB operations continued to be the major contributor to the Group's revenue, accounting for 70% of our Group's revenue. PCB revenue managed to make a turnaround, resulting in a 35% increase from $60.4 million in FY2009 to $81.6 million in FY2010. The revenue growth was in line with global recovery, coupled with internal restructuring exercise.

In addition, successful transition from the direct sales model to OEM customers and the rapidly developing 3G network products industry further boosted our growth in this sector.

Mechanical Drilling And Routing Services

During the year in review, revenue from mechanical drilling and routing services increased by 81% from $8.3 million in FY2009 to $15.0 million in FY2010. The revenue growth was in line with global recovery, coupled with our internal restructuring exercise.

Laser Drilling

One of our major highlights in FY2010 was the expansion in the laser drilling sector. Revenue generated from laser drilling services increased by 118% from $9.2 million in FY2009 to $20.1 million in FY2010. This significant improvement was boosted by global electronics demand as a result of strong recovery in the underlying markets and increasing demand for more advanced technological devices such as smart phones and tablet PCs which require new capacity with leading-edge capabilities.

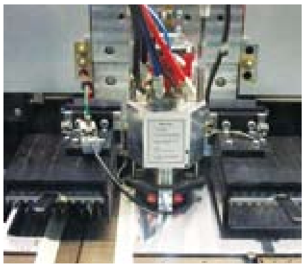
Geographical Markets

China operations remained the key contributor to the Group's revenue for FY2010. However, revenue from China operations dropped by 6% from 93% in FY2009 to 87% in FY2010. This shift was in line with the change in consumer demand for more advanced technologies in mobile phone handsets and PCs, which in turn require more sophisticated parts manufactured through our Taiwan-based laser drilling processes.

In Taiwan, operations in laser drilling services continued to be our strategic focus. Although laser drilling business commands a higher margin, the market demand in this area is inherently more volatile as compared to our PCB business. The Group's strategy is to concurrently focus on both laser drilling services in Taiwan and PCB business in China, with PCB business providing revenue stability for the Group.

Driving Growth

During the year, our relentless efforts paid off as we stepped out of the shadows of the financial crisis, posting a net profit of $1.2 million with improved cash position of $15.2 million. The most significant improvement is the 118% increase in revenue from the laser drilling segment over the year. Going forward, with the dynamic shift of consumer preference for high-end technology devices such as touch screen devices and tablet PCs, we can expect greater potential in the laser drilling segment in the near future. With our strong fundamentals, we are well-positioned to benefit from this trend.



Managing Costs

While in the process of driving growth, we are also cautious about our operating costs. During the year, with higher production levels and increases in revenue, we incurred higher operating expenses, in terms of sales commission payable to sales representatives in processing sales for PCB manufacturing and related delivery costs. At the same time, we also faced increasing cost (such as copper metal and labour costs in China) and currency fluctuations with Renminbi growing stronger against the US dollar.

We will continue to focus on containing operational expenses while improving the Group's operational efficiency. During the year, we engaged external professionals to provide training seminars for our employees to upgrade their skills so as to achieve greater productivity. Moreover, there are plans to adopt Euros as our transaction currency for international customers from US dollars, so as to minimise foreign exchange loss.

Expanding Our Capabilities

With the popularisation of 4G technologies and the enormous market demand for smart phones and tablet PCs, demand for more complex drilling services for the production of sophisticated PCBs is set to increase. Plans to acquire more laser drilling equipments in 2011 to tap on this growing market are underway. We believe that we are well-poised to capture the opportunities ahead of us. Going forward, we are confident that equipped with the right skills and strategies, we can deliver greater value and generate long-term returns for our stakeholders.

With the popularisation of 4G technologies and the enormous market demand for smart phones and tablet PCs, demand for more complex drilling services for the production of sophisticated PCBs is set to increase.

Board of Directors

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 20 years of experience in the PCB industry.

WEN YAO-CHOU

Co-Founder and Executive Director

With more than 20 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.

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 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. Mr Chen resigned on 24 February 2011.

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 Tokio Marine Life Insurance Singapore Ltd and a member of the Board of Emirates National Oil Company (Singapore) Pte Ltd, Innovalues Limited, Sunningdale Tech Limited and Tokio Marine Insurance Singapore Ltd. Mr Ong also serves as an Advisory Board Member of the School of Accountancy at the Singapore Management University. He is an Advocate and Solicitor of the Supreme Court of Singapore, a Barrister-at-Law of Lincoln's Inn, a Fellow of the Institute of Certified Public Accountants in Singapore and a member of the Singapore Institute of Directors.

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 Fastube Limited and Sound Global Ltd.

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, 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. 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

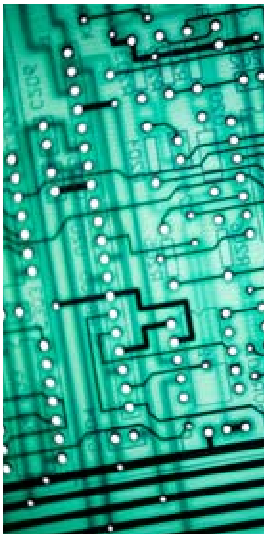
Vice General Manager of Shanghai Zhuo Kai

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.

TAY AI LI

Group Accountant

Ms Tay'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 2009 and has over 4 years of auditing experiences in one of the Big 4 accounting firm. She is a Certified Public Accountant with the Institute of Certified Public Accountants of Singapore and holds a Bachelor Degree in Accountancy from Nanyang Technological University, Singapore.



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.

WU YUN-HAI

Operation Manager of Shanghai Yaolong, Shanghai Zeng Kang and Shanghai Lian Han Xin

Mr Wu heads the operations of Shanghai Yaolong, Shanghai Zeng Kang and Shanghai Lian Han Xin. His responsibilities includes sales and marketing, as well as production functions. He is one of the pioneers having joined Shanghai Yaolong in 2001 as the Assistant Operation Manager, and was involved in the setting up of Shanghai Yaolong. He was promoted to his current position in 2003. Since 2009, he is also the Operation Manager of Shanghai Zeng Kang and Shanghai Lian Han Xin. Mr Wu is a high school graduate.

Subsidiaries

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

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

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

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

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

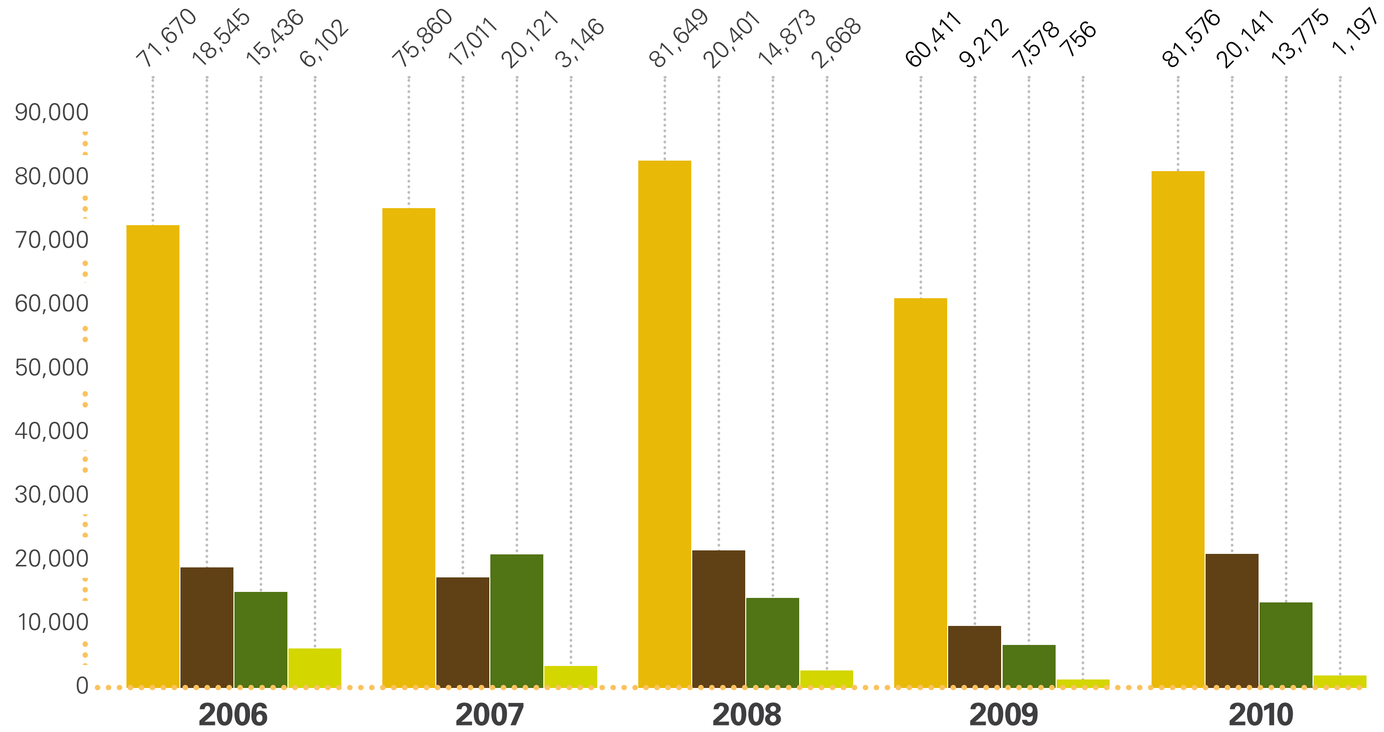
LGANG Optronics Technology Co., Ltd
Offers laser drilling services to PCB manufacturers in Taiwan

Group Structure

5 Year Financial Highlights

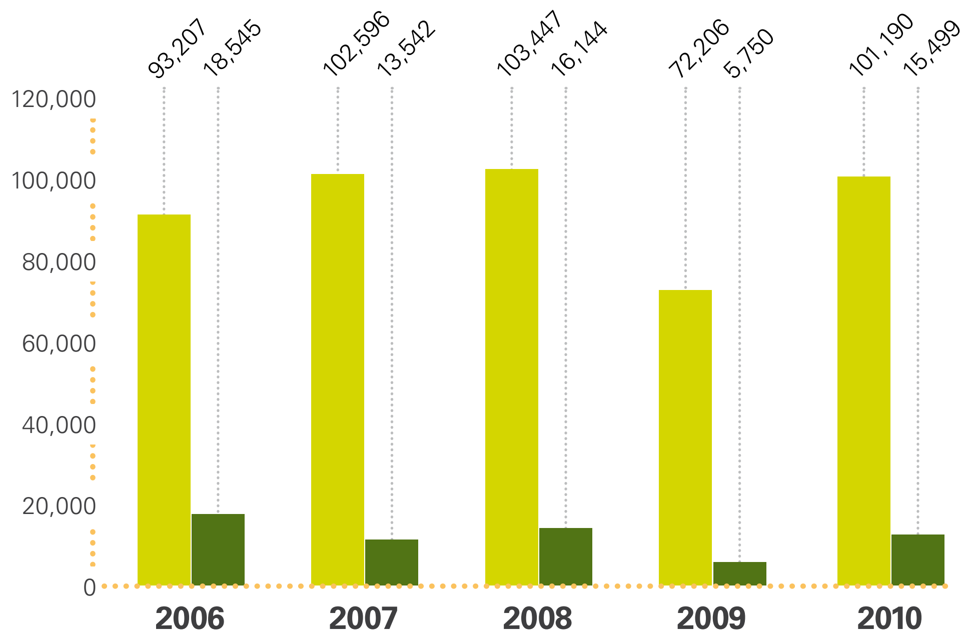
Group Profit & Loss ($'m) (for the year ended December 31)	**2010**	**2009**	**2008**	**2007**	**2006**
Revenue	116.7	78.0	119.6	116.1	111.8
Gross profit	21.1	3.4	11.9	18.7	35.0
Profit (Loss) before tax	2.4	(13.1)	(11.1)	7.3	16.4
Profit (Loss) attributable to shareholders	1.2	(12.8)	(10.7)	6.6	15.3
Group Balance Sheet ($'m) (for the year ended December 31)					
Property, plant and equipment	85.0	103.9	125.9	129.4	117.3
Cash and banks	15.2	9.2	24.2	27.1	20.0
Other assets	59.2	52.8	52.2	78.9	55.5
Total Assets	159.4	165.9	202.3	235.4	192.8
Equity attributable to owners of the company	67.3	71.0	84.9	92.8	91.0
Total borrowings	33.5	39.1	65.7	84.9	55.3
Other liabilities	50.1	50.0	45.4	51.3	46.5
Non-controlling interests	8.5	5.8	6.3	6.4	-
Total Liabilities And Equity	159.4	165.9	202.3	235.4	192.8
Financial Ratios					
Return on shareholders' equity (%)	3.6	(18.5)	(13.1)	7.9	17.6
Return on assets (%)	0.8	(7.7)	(5.3)	3.4	8.8
Net gearing ratio	0.3	0.5	0.5	0.6	0.4
Working capital ratio	0.9	0.6	0.7	0.9	0.8
Per Share Data (Cents)					
Earnings after tax	0.16	(2.20)	(1.88)	1.16	2.69
Net assets	11.42	12.06	14.50	15.60	15.28

Financial Charts



Revenue Mix by Segment

PCB manufacturing | Laser drilling | Mechanical drilling | Routing



Revenue Mix by Geographical

China
Taiwan

Corporate Information

BOARD OF DIRECTORS

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

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
Ong Sim Ho

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Tan Cheng Siew

REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS

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#11-02 Parkway Parade
Singapore 449269
Tel: (65) 6345 6078
Fax: (65) 6345 6079
Website: www.euconholding.com

SHARE REGISTRAR

Boardroom Corporate &
Advisory Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

AUDITORS

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

Partner-in-charge: Ng Peck Hoon
Date of Appointment: 29 April 2009

Financial Contents

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 (Nominating Committee, Remuneration Committee and Audit Committee), 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 professional organizations to update them on relevant new laws and regulations relating to their duties and responsibilities as directors.

Corporate Governance Report

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

DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

Period covering January to December 2010

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Name of Director	**No. Held**	**Attended**	**No. Held**	**Attended**	**No. Held**	**Attended**	**No. Held**	**Attended**
Wen Yao-Long	6	6	–	–	–	–	–	–
Wen Yao-Chou	6	4	–	–	–	–	–	–
Chen Ming-Hsing (Resigned on 24 February 2011)	6	1	–	–	1	1	–	–
Ong Sim Ho	6	6	6	6	–	–	2	2
Seow Han Chiang, Winston	6	6	6	6	1	1	2	2
Er Kwong Wah	6	6	6	6	1	1	2	2

Principle 2: Board Composition and Guidance

Currently, the Board has five directors comprising two executive directors and three independent non-executive directors. They are Wen Yao-Long (Executive Chairman/CEO), Wen Yao-Chou, 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 Group's Executive Chairman and 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; lead the Board to ensure its effectiveness on all aspects of its role and set its agenda; ensure that the directors receive accurate, timely and clear information; ensure effective communication with shareholders; encourage constructive relations between the Board and management; facilitate the effective contribution of non-executive directors in particular; encourage constructive relations between executive directors and non-executive directors; and promote high standard of corporate governance. The Chairman also advises on the Group's business strategy.

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

Principle 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 Ong Sim Ho, all of whom 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 director, 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 shortlisting process. Interviews are conducted with potential candidates to assist NC members to make their recommendation to the Board.

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

Corporate Governance Report

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

Name of Director	Current appointment	Date of initial appointment	Date of last re-election	Due for re-election at next AGM
Wen Yao-Long	Executive	2 January 2003	28 April 2008	Retirement by Rotation (Article 89)
Wen Yao-Chou	Executive	2 January 2003	27 April 2010	NA
Ong Sim Ho	Non-Executive / Independent	19 July 2004	29 April 2009	NA
Seow Han Chiang, Winston	Non-Executive / Independent	7 July 2005	28 April 2008	Retirement by Rotation (Article 89)
Er Kwong Wah	Non-Executive / Independent	8 September 2006	27 April 2010	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. The NC has adopted an open discussion approach which has facilitated their cohesive approach towards a common goal and contributed well towards better performance of the Company.

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. Quarterly reports, as well as ongoing reports of the Group’s financial and operational performance are 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.

Where a physical board meeting is not possible, timely communication with members of the Board is effected through other means, such as electronic mail and teleconferencing.

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/CEO 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/CEO, 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.

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 packages for employees related to directors, CEO or substantial shareholders of the Company is in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes, levels of responsibilities and levels of performance,

- reviewing the remuneration of senior management, and

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

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

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

The executive directors do not receive directors' fees. The executive directors' service contracts have recently been renewed and they took effect from 1 July 2010. The executive directors' remuneration 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.

Corporate Governance Report

A breakdown, showing the level and mix of each individual director's remuneration payable for the financial year ended 31 December 2010, is as follows:-

Remuneration	Directors' Fees (%)	Salary (%)	Variable Incentive Bonus (%)	Total (%)
S$1,000,000 – S$1,249,999				
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 (Resigned on 24 February 2011)	100	–	–	100
Er Kwong Wah	100	–	–	100

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

The remuneration of the senior key executives of the Group (who are not directors) for the financial year ended 31 December 2010 is shown in the following bands:-

Remuneration	Salary (%)	Bonus (%)	Other employment benefits (%)	Total (%)
S$250,000 to S$499,999				
Chien Wan-Hsin	80	15	5	100
Below S$250,000				
Chan Hui-Chung (1)	86	14	–	100
Lee Tung-Chen	92	8	–	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 2010 is S$229,100.

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.

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 deemed fit. The press releases 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 with the external auditors and the respective internal assessment personnel, 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 co-operation 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 conducts annual review of the Whistle Blowing Policy.

Principle 12: Internal Controls

The Company's internal 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 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 audit function reports primarily to the Chairman of the AC.

The internal auditors plan 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 auditors meet or exceed the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

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.

Principle 14: Communication with Shareholders
Principle 15: Greater Shareholder Participation

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 will be present and available at the general meetings to address queries raised by shareholders. The external auditors will also be present to address shareholders' queries relating to the conduct of the audit and the preparation and content of their auditors' report.

The Articles of Association of the Company allow a shareholder to appoint one or two proxies to attend and vote on his/her behalf.

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.

RISK MANAGEMENT

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures, and highlights all significant matters to the AC and Board.

DEALING IN SECURITIES

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

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

INTERESTED PERSON TRANSACTIONS

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

The aggregate value of all interested person transactions entered into during the financial year ended 31 December 2010 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 and finance leases guarantees provided by Mr Wen Yao-Long, Mr Wen Yao-Chou and Ms Chan Hui-Chung to various financial institutions to secure credit facilities for the Group	Total facilities granted as at 31.12.2010: S$40.2 million Amount outstanding as at 31.12.2010: S$27.9 million	–
Loan from Sunny Worldwide Int'l Ltd (Amount outstanding as at 31.12.2010 is S$6.8 million)	Interest for the 12 months ended 31.12.2010: S$0.25 million	–
Loan from Mr Wen Yao-Long (Amount outstanding as at 31.12.2010 is S$5.5 million)	Interest-free loan	–

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 statement of financial position and statement of changes in equity of the company for the financial year ended December 31, 2010.

1 DIRECTORS

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

Wen Yao-Long
Wen Yao-Chou
Ong Sim Ho
Seow Han Chiang, Winston
Er Kwong Wah

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Shareholdings registered in the name of the directors		Shareholdings in which the directors are deemed to have interests	
Name of directors and companies which interests are held	**At January 1, 2010**	**At December 31, 2010**	**At January 1, 2010**	**At December 31, 2010**
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	4,797,643	–	–
Chen Ming-Hsing (resigned on February 24, 2011)	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.

The directors' interests in the shares of the company as at January 21, 2011 were the same at December 31, 2010.

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:

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

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

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

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

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

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

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

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

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

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

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

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

6 AUDIT COMMITTEE

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

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

The Audit Committee has met three 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 of the group's system of internal accounting controls;

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

iii. the statement of financial position 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 group and the company; 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 of the company.

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 29, 2011

Statement of Directors

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 34 to 80 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, 2010, 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 29, 2011

Independent Auditors' Report

To The Members of Eucon Holding Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Eucon Holding Limited (the "company") and its subsidiaries (the "group") which comprise the statements of financial position of the group and the company as at December 31, 2010, and the profit and loss statement, statement of comprehensive income, statement of changes in equity and statement of cash flows 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 34 to 80.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for 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.

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 about 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 of financial statements that give a true and fair view 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 management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the group and the statement of financial position 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, 2010 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.

Independent Auditors' Report

To The Members of Eucon Holding Limited

Report on Other Legal and Regulatory Requirements

In our opinion, 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

Singapore
March 29, 2011

Statements of Financial Position

December 31, 2010

	Note	Group		Company	
		2010	2009	2010	2009
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	14,579	8,748	1,062	165
Pledged bank deposits	7	628	460	–	–
Trade receivables	8	39,740	34,415	–	–
Other receivables and prepayments	9	1,477	1,558	11,978	19,499
Financial assets at fair value through profit or loss	10	752	–	–	–
Inventories	11	7,688	7,743	–	–
Land use rights	12	90	94	–	–
Total current assets		64,954	53,018	13,040	19,664
Non-current assets					
Other receivables	9	1,697	961	–	–
Land use rights	12	4,044	4,337	–	–
Investment in subsidiaries	13	–	–	67,308	73,873
Property, plant and equipment	14	85,021	103,886	731	781
Goodwill	15	2,226	2,226	–	–
Deferred tax assets	16	1,469	1,488	–	–
Total non-current assets		94,457	112,898	68,039	74,654
Total assets		159,411	165,916	81,079	94,318
LIABILITIES AND EQUITY					
Current liabilities					
Derivative financial instruments	17	–	527	–	349
Trade and other payables	18	50,111	49,502	21,713	20,784
Borrowings	19	22,062	31,705	3,498	6,958
Current portion of finance leases	20	1,473	2,660	–	614
Total current liabilities		73,646	84,394	25,211	28,705
Non-current liabilities					
Borrowings	19	8,552	4,367	164	2,290
Finance leases	20	1,432	398	–	–
Total non-current liabilities		9,984	4,765	164	2,290
Capital, reserves and non-controlling interests					
Share capital	21	56,127	56,127	56,127	56,127
Reserves		11,195	14,869	(423)	7,196
Equity attributable to the owners of the company		67,322	70,996	55,704	63,323
Non-controlling interests		8,459	5,761	–	–
Total equity		75,781	76,757	55,704	63,323
Total liabilities and equity		159,411	165,916	81,079	94,318

See accompanying notes to financial statements.

Consolidated Profit and Loss Statement

Year Ended December 31, 2010

	Note	Group 2010 $'000	Group 2009 $'000
Revenue	24	116,689	77,956
Cost of service and sales		(95,564)	(74,572)
Gross profit		21,125	3,384
Other income	25	805	1,035
Distribution costs		(4,508)	(2,669)
Administrative expenses		(10,719)	(9,866)
Other expenses		(2,142)	(1,529)
Finance costs	26	(2,170)	(3,414)
Profit (Loss) before income tax		2,391	(13,059)
Income tax (expense) credit	27	(1,222)	265
Profit (Loss) for the year	28	1,169	(12,794)
Attributable to:			
Owners of the company		921	(12,539)
Non-controlling interests		248	(255)
Profit (Loss) for the year		1,169	(12,794)
Profit (Loss) per share (cents):			
- Basic	29	0.16	(2.20)
- Diluted	29	0.16	(2.20)

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

Year Ended December 31, 2010

	Note	Group 2010 $'000	2009 $'000
Profit (Loss) for the year		1,169	(12,794)
Other comprehensive income:			
Foreign currency translation		(2,601)	(1,503)
Cash flow hedges	17	456	(76)
Other comprehensive loss for the year		(2,145)	(1,579)
Total comprehensive loss for the year		(976)	(14,373)
Total comprehensive loss attributable to:			
Owners of the company		(681)	(13,880)
Non-controlling interest		(295)	(493)
		(976)	(14,373)

See accompanying notes to financial statements.

Statements of Changes in Equity

Year Ended December 31, 2010

	Share capital $'000	Currency translation reserves $'000	Hedging reserves $'000	Statutory reserves $'000 (Note 22)	Equity reserve $'000 (Note 23)	Accumulated profits $'000	Attributable to owners of the company $'000	Non-controlling interests $'000	Total $'000
Group									
Balance at January 1, 2009	56,127	(4,262)	(380)	5,735	–	27,656	84,876	6,254	91,130
Total comprehensive loss for the year	–	(1,340)	(76)	–	–	(12,464)	(13,880)	(493)	(14,373)
Balance at December 31, 2009	56,127	(5,602)	(456)	5,735	–	15,192	70,996	5,761	76,757
Effects of disposing part of a subsidiary to non-controlling interests (Note 13)	–	–	–	–	(2,993)	–	(2,993)	2,993	–
Total comprehensive loss for the year	–	(2,058)	456	1,759	–	(838)	(681)	(295)	(976)
Balance at December 31, 2010	56,127	(7,660)	–	7,494	(2,993)	14,354	67,322	8,459	75,781

	Share capital $'000	Currency translation reserve $'000	Hedging reserves $'000	Accumulated profits (losses) $'000	Total $'000
Company					
Balance at January 1, 2009	56,127	3,262	(380)	(22,774)	36,235
Total comprehensive income for the year	–	(1,713)	(76)	28,877	27,088
Balance at December 31, 2009	56,127	1,549	(456)	6,103	63,323
Total comprehensive loss for the year	–	(3,038)	456	(5,037)	(7,619)
Balance at December 31, 2010	56,127	(1,489)	–	1,066	55,704

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year Ended December 31, 2010

	Group	
	2010	2009
	$'000	$'000
Operating activities		
Profit (Loss) before income tax	2,391	(13,059)
Adjustments for:		
Depreciation expense	17,664	19,990
Allowance for doubtful receivables	334	1,468
Allowance for inventories	169	561
Amortisation of land use rights	87	98
Fair value gain on derivative financial instrument	(71)	(512)
Loss on fair value of financial assets at fair value through profit or loss	31	–
Reclassification of fair value gain on derivative financial instruments	(456)	–
Interest income	(38)	(86)
Interest expense	2,170	3,414
Net foreign exchange loss	1,308	644
Property, plant and equipment written off	65	184
(Gain) Loss on disposal of property, plant and equipment	(76)	1,145
Operating profit before working capital changes	23,578	13,847
Trade receivables	(5,659)	(527)
Other receivables and prepayments	(657)	(349)
Inventories	(114)	(1,465)
Trade payables	1,870	(1,207)
Other payables	(1,013)	3,701
Cash generated from operations	18,005	14,000
Interest received	38	86
Interest paid	(2,170)	(3,414)
Income tax paid	(1,203)	(229)
Net cash from operating activities	14,670	10,443
Investing activities		
Purchase of property, plant and equipment	(2,648)	(6,756)
Purchase of financial assets at fair value through profit or loss	(783)	–
Proceeds from disposal of subsidiary	2	–
Proceeds on disposal of property, plant and equipment	187	51
Net cash used in investing activities	(3,242)	(6,705)

Consolidated Statement of Cash Flows

Year Ended December 31, 2010

	Group	
	2010	2009
	$'000	$'000
Financing activities		
(Increase) Decrease in pledged bank deposits	(168)	547
Decrease in notes payables	(3,413)	–
New bank loans raised	47,348	36,955
Repayment of bank loans	(49,392)	(53,924)
New finance lease obligations	1,391	–
Repayment of finance lease obligations	(1,544)	(5,093)
New loans from shareholders	799	6,214
Repayment to shareholders	(1,047)	(2,595)
Net cash used in financing activities	(6,026)	(17,896)
Net increase (decrease) in cash and cash equivalents	5,402	(14,158)
Cash and cash equivalents at beginning of year	8,748	23,152
Effect of exchange rate changes on the balances of cash held in foreign currencies	429	(246)
Cash and cash equivalents at end of year	14,579	8,748

See accompanying notes to financial statements.

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 13 to the financial statements.

The group's and company's current liabilities exceed its current assets by $8,692,000 (2009 : $31,376,000) and $12,171,000 (2009 : $9,041,000) respectively as at December 31, 2010.

The prior year 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 and company to continue as going concerns was much dependent on:

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

Management has considered the following factors, amongst others, and reviewed the business plans and outlook for the next twelve months as part of their re-evaluation of the use of the going concern assumption in the preparation for the current year financial statements:

- The consolidated profit for the year was $1,169,000 (2009 : loss of $12,794,000).
- Some financial convenants of certain bank loans were in breach since 2008, but the group and the company have since fully repaid these bank loans during the year.

Management is of the opinion that the going concern 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 and the company from its lenders and the group and the company will be able to generate cash flows from future operations to meet its liabilities as and when they fall due.

Should the group and company be unable to continue in operational existence in the foreseeable future, the group and the company 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 statements of financial position. 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 statement of financial position and statement of changes in equity of the company for the year ended December 31, 2010 were authorised for issue by the Board of Directors on March 29, 2011.

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been 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, 2010. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group’s and company’s accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

FRS 27 (2009) Consolidated and Separate Financial Statements

FRS 27 (2009) has been adopted for periods beginning on or after January 1, 2010 and has been applied retrospectively (subject to specified exceptions) in accordance with the relevant transitional provisions. The revised standard has affected the group’s accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control. Specifically, the adoption of the revised standard has affected the accounting for the group’s disposal of part of its interests in Shanghai Zhuo Kai Electronic Technology Co., Ltd in the current year.

In prior years, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets/liabilities disposed off was recognised in profit or loss. Under FRS 27 (2009), all such increases or decreases are dealt within an equity reserve (see Note 23), with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires that the group derecognise all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss.

In respect of the disposal of part of the group’s interests in Shanghai Zhuo Kai Electronic Technology Co., Ltd during the year, the change in policy has resulted in the difference of $2,993,000 between the consideration received and the non-controlling interests derecognised being included in equity reserve (see Note 23), instead of to profit or loss. Therefore, the change in accounting policy has resulted in an increase in profit or loss for the year of $2,993,000.

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the group and company were issued but not effective:

Improvements to Financial Reporting Standards (issued in October 2010)

FRS 24	-	Related Party Disclosures (Revised)
FRS 39	-	Financial Instruments: Recognition and Measurement (Amendments relating to Embedded Derivatives)

Management anticipates that the adoption of the above FRSs amendments to FRS in future periods will not have a material impact on the financial statements of the group and of the company in the period of their initial application.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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 or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the group to the former owners of the acquiree, and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 Financial Instruments: Recognition and Measurement, or FRS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Notes to Financial Statements

December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Where a business combination is achieved in stages, the group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 Income Taxes and FRS 19 Employee Benefits respectively;

- liabilities or equity instruments related to the replacement by the group of an acquiree's share-based payment awards are measured in accordance with FRS 102 Share-based Payment; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the group's and company's statements of financial position when the group and the company become 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

All financial assets 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 or loss which are initially measured at fair value.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets at fair value through profit or loss ("FVTPL")

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

A financial asset is classified as held for trading if:

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

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in 'other gains and losses' line in the consolidated profit and loss statement.

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 method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. 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 financial asset 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 and other receivables where the carrying amount is reduced through the use of an allowance account. When a 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 or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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 substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks 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 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 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 17 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 the end of each reporting period. The resulting gain or loss is recognised in the profit and loss immediately, except for those designated as hedging instruments (see below).

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 17 to the financial statements contain details of the fair values of the derivative instruments used for hedging purposes and details of the movements in the hedging reserve.

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 recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other gains and losses.

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the profit and loss statement as the recognised hedged item. 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 accumulated 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 gain or loss accumulated in equity at that time remains in equity and when the forecast transaction is ultimately recognised in profit or loss, such gains or losses are recognised in profit or loss, or transferred from equity and included in the initial measurement of the cost of the asset or liability as described above. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

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

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	-	5 to 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 or loss.

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

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Goodwill is not amortised but is reviewed for impairment at least annually. 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 its carrying amount, 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 or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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 or loss.

IMPAIRMENT OF ASSETS (EXCLUDING GOODWILL) - At the end of each reporting period, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). 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 profit or loss.

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 profit or loss.

PROVISIONS - Provisions are recognised when the group has a present obligation (legal or constructive) 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 end of the reporting period, 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Rendering of services

Revenue from provision of services for short duration is recognised when the services have been rendered.

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.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

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.

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 or loss 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 end of the reporting period.

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 the end of each reporting period 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), 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.

The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are presented in Singapore dollar. 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 the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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 at the end of the reporting period. 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 recognised in other comprehensive income and accumulated in the group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

STATUTORY 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 reach 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.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents comprise cash and bank balances and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the entity's accounting policies

In the application of the group's accounting policies, which are described in Note 2, the following are the critical judgements, apart from those involving estimations (see below), that management has made that have a significant effect on the amounts recognised in the consolidated financial statements.

a) Going concern assumption

As highlighted in Note 1 to the financial statements, management has prepared the financial statements on a going concern basis as management is able to obtain continued financing from lenders and management is of the view that the group is able to generate cash flows from future operations to meet its liabilities as and when they fall due.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Critical judgements in applying the entity's accounting policies (cont'd)

b) Accounting for right granted under Sale and Purchase agreement

As highlighted in Note 13 to the financial statements, as part of the company's divestment of 19.5% equity interest of a subsidiary group, the company has granted a third party ("Hongta") the option to require the company to purchase back its investment at the end of the 5 years period ending October 2015 if this subsidiary group did not achieve a certain stipulated milestone. The consideration payable at the end of the vesting period if the milestone is not met is estimated to be RMB102.5 million ($20.1 million).

Management is of the view that as at the reporting date, any settlement of the possible obligation is remote and accordingly, no liability has been recognised.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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 receivables

The policy for allowance of doubtful receivables of the group is based on the evaluation of collectibility and aging analysis of accounts and on management's judgement based on past experience. 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 end of the reporting period 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 end of the reporting period is disclosed in Note 11 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. Based on the recoverable amounts determined, management concluded that there is no impairment charge required in respect of property, plant and equipment during the year. The carrying amount of property, plant and equipment at the end of the reporting period is disclosed in Note 14 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

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. Based on the recoverable amounts determined from the same value-in-use calculations in (c) above, management concluded that there is no impairment charge required in respect of goodwill recorded during the year. The carrying amount of goodwill at the end of the reporting period is disclosed in Note 15 to the financial statements.

e) Impairment for investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the recoverable amount of the investment in subsidiaries as at end of the reporting period. Management has estimated the recoverable amount based on the same value-in-use calculations in (c) above. The value-in-use calculations require 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 13 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Financial assets				
Loan and receivables (including cash and bank balances)	56,468	45,653	13,022	19,640
Financial assets at fair value through profit or loss	752	–	–	–
Financial liabilities				
Payables and borrowings at amortised cost	83,630	88,632	25,375	30,646
Derivative financial instruments	–	527	–	349

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) 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.

Foreign currency risk management

The group transacts business in various foreign currencies, including the United States dollar, Singapore dollar and Japanese yen and therefore is exposed to foreign exchange risk.

The carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies at the end of the reporting period are as follows:

	Liabilities		Assets	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Group				
United States dollar	31,637	38,360	35,370	20,283
Singapore dollar	1,727	1,857	156	100
Japanese yen	3,439	6,427	15	4,231
Company				
United States dollar	15,668	14,934	8,414	12,401
Singapore dollar	1,727	1,857	156	100
Japanese yen	3,439	6,427	15	4,231

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. Further details on the forward foreign currency exchange contracts are disclosed in Note 17 to the financial statements.

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.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

Foreign currency sensitivity

The following table details the sensitivity to a 5% fluctuation in foreign currencies against the functional currencies of the respective entities. 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 end of the reporting 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.

If the relevant foreign currency strengthens against functional currencies of the respective entities by 5% (2009 : 5%) with all other variables held constant, profit or loss will increase (decrease) by:

	United States dollar		Singapore dollar		Japanese Yen	
	2010	2009	2010	2009	2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Profit (Loss) for the year	(187)	(904)	(79)	(88)	(171)	(110)
Company						
Profit (Loss) for the year	(363)	(127)	(79)	(88)	(171)	(110)

There will be a similar and corresponding opposite impact if the relevant foreign currency weakens against functional currencies of the respective entities by 5% (2009 : 5%).

This is mainly attributable to the exposure outstanding on receivables and payables at the end of the reporting period 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 and cash equivalents with reputable financial institutions.

The group and company has borrowings at variable rates totalling $12,071,000 (2009 : $8,588,000) and $223,000 (2009 : $2,829,000) respectively and is therefore exposed to interest rate risks arising from the variability of cash flows.

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (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 end of the reporting period 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 profit for the year ended December 31, 2010 would decrease/increase by $175,000 (2009 : loss for the year increase/decrease by $106,000) and $18,000 (2009 : loss for the year increase/decrease by $40,000) 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.

The top 3 customers of the group accounted for approximately 30% (2009 : 41%) of the total revenue of the group in 2010. Ongoing credit evaluation is performed on the financial condition of accounts receivables.

Other than the top 3 customers, 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 Note 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 $8,692,000 (2009 : $31,376,000) and $12,171,000 (2009 : $9,041,000) respectively as at December 31, 2010. Liquidity risk is managed by matching the payment and receipt cycle and by obtaining continual revolving credit facilities from financial institution (Note 19) to fund its working capital requirements.

Undrawn facilities are disclosed in Note 19 to the financial statements.

Notes to Financial Statements

December 31, 2010

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

Liquidity and interest risk analyses

Non-derivative financial liabilities

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

	Effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Group						
2010						
Non-interest bearing	–	43,329	–	–	–	43,329
Variable interest rate instruments	2.7–6.0	9,759	2,413	–	(101)	12,071
Fixed interest rate instruments	3.5–5.8	19,085	6,530	–	(290)	25,325
Finance lease liability (fixed rate)	6.0–9.0	1,473	1,706	–	(274)	2,905
		73,646	10,649	–	(665)	83,630
2009						
Non-interest bearing	–	43,403	–	–	–	43,403
Variable interest rate instruments	0.8–7.4	6,676	3,662	226	(1,976)	8,588
Fixed interest rate instruments	4.3–7.4	31,128	2,548	–	(93)	33,583
Finance lease liability (fixed rate)	5.2–10.0	2,660	555	–	(157)	3,058
		83,867	6,765	226	(2,226)	88,632

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

Non-derivative financial liabilities (cont'd)

	Effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
Company						
2010						
Non-interest bearing	–	14,931	–	–	–	14,931
Variable interest rate instruments	5.6–6.0	59	173	–	(9)	223
Fixed interest rate instruments	4.5	10,221	–	–	–	10,221
		25,211	173	–	(9)	25,375
2009						
Non-interest bearing	–	14,251	–	–	–	14,251
Variable interest rate instruments	0.8–6.0	2,611	219	–	(1)	2,829
Fixed interest rate instruments	4.5	10,880	2,165	–	(93)	12,952
Finance lease liability (fixed rate)	9.0–9.4	614	–	–	–	614
		28,356	2,384	–	(94)	30,646

Non-derivative financial assets

Other than the other receivables of the group amounting to $1,697,000 (2009 : $961,000) due within 2 to 5 years which are non-interest bearing, the non-derivative financial assets of the group and company are all on demand or due within 1 year.

Derivative financial instruments

The derivative financial instruments are all due within 12 months and the maturity analysis are disclosed in Note 17 to the financial statements.

Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, 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.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

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 using prices from observable current market transactions and dealer quotes for similar instruments; and

- the fair value of derivative instruments (Note 17) are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

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

The group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The group's and company's derivative financial instruments measured at fair value are all classified as Level 2.

(c) Capital risk management policies and objectives

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the group consists of equity attributable to owners of the parent, comprising issued capital and reserves.

The group monitors capital via the net gearing ratio which is calculated as the total bank borrowings less cash and cash equivalents divided by equity. Equity is the "equity attributable to owners of the company" as shown in the consolidated statement of financial position.

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 2009.

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 28 to the financial statements.

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Cash and bank balances	14,579	8,748	1,062	165

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

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
United States dollar	3,852	1,741	45	81
Singapore dollar	140	76	140	76
Japanese yen	15	8	15	8

7 PLEDGED BANK DEPOSITS

As at December 31, 2010, the group has bank deposits amounting to $628,000 (2009 : $460,000) that were pledged to certain banks as security for banking facilities (Note 19). The deposits carry fixed interest rate at 0.10% (2009 : 0.10% to 1.98%) per annum with an original maturity of twelve months or less (2009 : three months or less).

8 TRADE RECEIVABLES

	Group 2010 $'000	Group 2009 $'000
Outside parties	44,378	38,719
Less allowance for doubtful debts	(4,638)	(4,304)
Net	39,740	34,415

Movement in the allowance for doubtful debts:	2010 $'000	2009 $'000
Balance at beginning of the year	4,304	2,836
Increase in allowance recognised in profit or loss	334	1,468
Balance at end of the year	4,638	4,304

Certain receivables from outside parties amounting to $6,696,000 (2009 : $2,685,000) are pledged to secure banking facilities (Note 19).

The credit period on sales of goods ranges from 45 to 150 days (2009 : 45 to 150 days). No interest is charged on overdue trade receivables.

There is no significant change in credit quality of trade receivables that are neither past due nor impaired and the amounts are considered recoverable.

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 $7,473,000 (2009 : $9,635,000) 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 as at December 31:

	Group 2010 $'000	Group 2009 $'000
Not past due and not impaired	32,267	24,780
Past due but not impaired (i)	7,473	9,635
	39,740	34,415
Impaired receivables – collectively assessed (ii)	4,638	4,304
Less: allowance for impairment	(4,638)	(4,304)
	–	–
Total trade receivables – net	39,740	34,415

8 TRADE RECEIVABLES (cont'd)

(i) Ageing of trade receivables that are past due but not impaired:

	Group 2010 $'000	Group 2009 $'000
45 to 90 days	755	184
91 to 149 days	1,847	2,974
>150 days	4,871	6,477
Total	7,473	9,635

(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 2010 $'000	Group 2009 $'000
United States dollar	23,149	5,754

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Deposits for acquisition of property, plant and equipment	166	1	1	1
Prepayments	1,487	488	17	23
Subsidiaries (Note 13)	–	–	11,960	19,475
Other receivables	1,521	2,030	–	–
Total	3,174	2,519	11,978	19,499
Presentation in statements of financial position:				
Current assets	1,477	1,558	11,978	19,499
Non-current assets	1,697	961	–	–
Total	3,174	2,519	11,978	19,499

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand. No allowance for the amounts due from subsidiaries was made, reflecting the net recoverable amounts from subsidiaries.

No allowance has been provided for other receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Notes to Financial Statements

December 31, 2010

9 OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

The other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
United States dollar	8,369	12,788	8,369	12,320
Singapore dollar	16	24	16	24
Japanese yen	–	4,223	–	4,223

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2010	**2009**
	$'000	**$'000**
Quoted equity investments, at fair value	752	–

The fair values of quoted equity investments classified as financial assets at fair value through profit or loss offer the group the opportunity for return through fair value gains. They have no fixed maturity or coupon rate.

The group's financial assets at fair value through profit and loss are denominated in the functional currencies of the respective entities.

11 INVENTORIES

	Group	
	2010	**2009**
	$'000	**$'000**
Finished goods	2,271	1,848
Work in process	2,722	2,918
Raw materials and consumable supplies	2,695	2,977
Total	7,688	7,743

Movement in allowances for inventories:	**2010**	**2009**
	$'000	**$'000**
Balance of beginning of the year	2,149	1,588
Increase in allowance	169	561
Balance of end of the year	2,318	2,149

The cost of inventories recognised as an expense includes $169,000 (2009 : $561,000) in respect of write downs of inventories to net realisable value. The allowance for inventories as at December 31, 2010 is $2,318,000 (2009 : $2,149,000).

12 LAND USE RIGHTS

	Group 2010 $'000	Group 2009 $'000
Cost:		
At January 1	4,714	4,833
Exchange difference	(227)	(119)
At December 31	4,487	4,714
Accumulated amortisation:		
At January 1	283	193
Amortisation	87	98
Exchange difference	(17)	(8)
At December 31	353	283
Carrying amount	4,134	4,431
Presentation in statements of financial position:		
Current assets	90	94
Non-current assets	4,044	4,337
Total	4,134	4,431

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 $3,722,000 (2009 : $3,995,000) are pledged to secure bank loans (Note 19).

13 INVESTMENT IN SUBSIDIARIES

	Company 2010 $'000	Company 2009 $'000
Unquoted equity shares/capital, at cost	74,717	81,656
Impairment loss	(7,409)	(7,783)
Net	67,308	73,873

Notes to Financial Statements

December 31, 2010

13 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 by Group		Cost of investment		Principal activities/ Country of incorporation and operation
	2010	2009	2010	2009	
	%	%	$'000	$'000	
LGANG Optronics Technology Co., Ltd	100	100	10,298	10,819	Provision of laser drilling services to PCB manufacturers/ Taiwan
Shanghai Zeng Kang Electronic Co., Ltd	89.275	93.125	7,767	8,159	Provision of drilling and routing services to PCB manufacturers/People's Republic of China
Shanghai Yaolong Electronic Technology Co., Ltd	89.275	93.125	5,621	5,906	Provision of drilling and routing services to PCB manufacturers/People's Republic of China
Shanghai Zhuo Kai Electronic Technology Co., Ltd	80.5	87.5	34,605	39,516	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	89.275	93.125	9,430	9,907	Provision of processing laminating services on PCB boards/People's Republic of China
Shanghai Lian Han Xin Electronic Technology Co., Ltd	89.275	93.125	6,996	7,349	Provision of drilling and routing services to PCB manufacturers/People's Republic of China
			74,717	81,656	

The subsidiaries are audited by overseas practices of Deloitte Touche Tohmatsu Limited for consolidation purposes.

In 2007, the company entered into an agreement with a third party ("Hongta") for the divestment of 12.5% equity interest of Shanghai Zhuo Kai Electronic Technology Co., Ltd ("Zhuo Kai") which also holds 55% shareholdings of other subsidiaries in the People's Republic of China ("subsidiary group"). Pursuant to the sale, the company had also granted Hongta the option to require the company to purchase back its investment during the 3 years period ended October 2010 if this subsidiary group did not achieve a certain stipulated milestone and profit targets.

13 INVESTMENT IN SUBSIDIARIES (cont'd)

In September 2010, the company entered into a supplementary agreement with Hongta which amends the buy-back option clause in the initial agreement. Under the supplementary agreement, the company will transfer an additional 7% of its shareholding in Zhuo Kai to Hongta. In addition, Hongta has the option to require the company to purchase back its investment if Zhuo Kai fails to meet the milestone by the end of a 5 year period ending October 2015. The consideration payable at the end of the vesting period if the milestone is not met is estimated to be RMB102.5 million ($20.1 million).

14 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, 2009	2,779	26,047	2,330	172,644	146	206	204,152
Additions	–	21	66	320	111	743	1,261
Transfer	–	(139)	32	988	(106)	(775)	–
Disposals	–	–	(146)	(1,809)	(103)	–	(2,058)
Exchange differences	(26)	(594)	(49)	(3,484)	–	(5)	(4,158)
At December 31, 2009	2,753	25,335	2,233	168,659	48	169	199,197
Additions	–	295	192	2,004	–	157	2,648
Transfer	–	–	30	139	–	(169)	–
Disposals	–	–	(57)	(849)	(32)	–	(938)
Write-off	–	–	(6)	(265)	–	–	(271)
Exchange differences	57	(648)	148	(5,457)	1	(8)	(5,907)
At December 31, 2010	2,810	24,982	2,540	164,231	17	149	194,729
Accumulated depreciation:							
At January 1, 2009	–	6,272	1,313	68,305	123	–	76,013
Depreciation	–	1,699	360	17,921	10	–	19,990
Disposals	–	–	(126)	(456)	(96)	–	(678)
Exchange differences	–	(536)	(34)	(1,664)	1	–	(2,233)
At December 31, 2009	–	7,435	1,513	84,106	38	–	93,092
Depreciation	–	1,629	307	15,725	3	–	17,664
Disposals	–	–	(46)	(753)	(28)	–	(827)
Write-off	–	–	(4)	(202)	–	–	(206)
Exchange differences	–	135	10	(2,349)	–	–	(2,204)
At December 31, 2010	–	9,199	1,780	96,527	13	–	107,519
Accumulated impairment:							
At January 1, 2009	–	–	–	2,278	–	–	2,278
Exchange differences	–	–	–	(59)	–	–	(59)
At December 31, 2009	–	–	–	2,219	–	–	2,219
Exchange differences	–	–	–	(30)	–	–	(30)
At December 31, 2010	–	–	–	2,189	–	–	2,189
Carrying amount:							
At December 31, 2010	2,810	15,783	760	65,515	4	149	85,021
At December 31, 2009	2,753	17,900	720	82,334	10	169	103,886

14 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Leasehold buildings and improvement $'000	Fixtures and equipment $'000	Total $'000
Cost:			
At January 1, 2009	876	120	996
Exchange differences	(21)	(3)	(24)
At December 31, 2009	855	117	972
Additions	–	1	1
Exchange differences	(41)	(6)	(47)
At December 31, 2010	814	112	926
Accumulated depreciation:			
At January 1, 2009	61	100	161
Depreciation	13	18	31
Exchange differences	–	(1)	(1)
At December 31, 2009	74	117	191
Depreciation	14	1	15
Exchange differences	(5)	(6)	(11)
At December 31, 2010	83	112	195
Carrying amount:			
At December 31, 2010	731	–	731
At December 31, 2009	781	–	781

The carrying amount of the group's property, plant and equipment includes an amount of $5,723,000 (2009 : $2,579,000) secured in respect of assets held under finance leases.

For the group and company, property, plant and equipment with carrying amount of $10,594,000 (2009 : $52,150,000) and $697,000 (2009: $707,000) are pledged to secure bank loans (Note 19).

15 GOODWILL

	Group	
	2010 $'000	2009 $'000
At beginning of year and end of year	2,226	2,226

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	
	2010 $'000	2009 $'000
Drilling and routing services (comprise several CGUs)	2,144	2,144
Printed circuit board production (single CGU)	82	82
Total	2,226	2,226

15 GOODWILL (cont'd)

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

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. 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 budget approved by management for financial year ending December 31, 2011, derived from past financial years result. The forecast is then projected at zero growth rate up to the expected end of lives of the key assets of each CGU.

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 rates used to discount the respective cash flows ranges from 6.27% to 8.29% (2009 : 5.90% to 8.79%) per annum.

As at December 31, 2010, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs.

Based on the cash flow forecasts prepared, management is of the view that no impairment is required for the financial year ended December 31, 2010.

16 DEFERRED TAX ASSETS

	Group	
	2010 $'000	2009 $'000
Deferred tax assets	1,469	1,488

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, 2009	489	513	95	1,097
Credit (Charge) to profit or loss	–	409	(18)	391
At December 31, 2009	489	922	77	1,488
Credit (Charge) to profit or loss	(13)	32	(38)	(19)
At December 31, 2010	476	954	39	1,469

The above investment tax credits and tax losses will expire by 2012 and 2019 respectively.

At the reporting date, temporary differences associated with the undistributed earnings of one subsidiary for which deferred tax liabilities have not been recognised is $1.1 million (2009 : $0.8 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.

Notes to Financial Statements

December 31, 2010

17 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
At fair value:				
Cross currency rate swap contracts	–	349	–	349
Forward foreign exchange contracts	–	178	–	–
Total	–	527	–	349

Forward foreign exchange contracts

The group utilises currency derivatives to hedge significant future transactions and cash flows. The instruments purchased are primarily denominated in the currencies of the group's principal markets.

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

	Group	
	2010	2009
	$'000	$'000
Forward foreign exchange contracts		
- sell US$ (within one year)	–	18,001

Changes in the fair value of currency derivatives designated as a fair value hedge amounting to a loss of $512,000 have been charged to the profit and loss in 2009.

In 2010, all the forward foreign exchange contracts have expired and there is no existing contract as at the end of the reporting period.

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 (denominated in United States dollar) 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 $350,000 (2009 : $384,000) has been offset against hedged interest payments made in the year.

17 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Cross currency rate swap contracts (cont'd)

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	
		2010	2009
	%	$'000	$'000
Cross currency rate swap contracts	5.3	–	2,552
Analysed as follows:			
Within one year		–	2,552
After one but within two years		–	–
Total		–	2,552

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 accumulated in equity is recognised in profit or loss over the loan period.

In 2009, the fair value of the currency rate swap contracts that were designated and effective as cash flow hedges amounting to $95,000 was recognised in other comprehensive income.

Movement of the cash flow hedge in other comprehensive income:

	Group and Company	
	2010	2009
	$'000	$'000
Gain (Loss) on cash flow hedge:		
Fair value gain arising during the year	–	95
Reclassification to profit or loss from equity	456	(171)
Net gain (loss) on cash flow hedge	456	(76)

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Trade payables	27,292	25,421	–	–
Due to shareholders	12,284	12,532	12,284	12,532
Accruals	5,078	4,175	1,504	1,580
Other payables	5,457	7,374	3,384	6,490
Subsidiaries (Note 13)	–	–	4,541	182
Total	50,111	49,502	21,713	20,784

The balance due to a shareholder, Sunny Worldwide International Limited, amounting to $6,782,000 (2009 : $6,533,000) as at December 31, 2010, is unsecured, repayable on demand and bears fixed interest at 4.5% (2009 : 4.5%) per annum.

The balance due to another shareholder, Wen Yao-Long, amounting to $5,502,000 (2009 : $5,999,000) as at December 31, 2010, is unsecured, interest-free and on repayment on demand terms.

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

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Singapore dollar	1,504	1,580	1,504	1,580
United States dollar	31,637	35,374	15,668	12,382

19 BORROWINGS

	Effective interest rate		Group		Company	
	2010	2009	2010	2009	2010	2009
			$'000	$'000	$'000	$'000
Bank loans						
Current (Secured): (i)						
Fixed rate	3.5% to 5.8%	4.3% to 7.4%	8,864	20,248	–	–
Floating rate	2.7% to 6.0%	0.8% to 7.4%	9,759	6,676	59	2,611
			18,623	26,924	59	2,611
Non-current (Secured): (i)						
Fixed rate	3.5% to 5.8%	4.3% to 7.4%	6,240	384	–	–
Floating rate	2.7% to 6.0%	0.8% to 7.4%	2,312	1,911	164	218
			8,552	2,295	164	218
Total bank loans			27,175	29,219	223	2,829
Notes payables						
Current (Secured): (i)						
Fixed rate	4.5%	4.5%	3,439	4,347	3,439	4,347
Current (Unsecured)						
Non interest-bearing	–	–	–	434	–	–
Non-current (Secured): (i)						
Fixed rate	–	4.5%	–	2,072	–	2,072
Total notes payables			3,439	6,853	3,439	6,419
Total			30,614	36,072	3,662	9,248
The borrowings are repayable as follows:						
Within one year			22,062	31,705	3,498	6,958
After one but within two years			1,194	3,149	164	2,131
After two but within five years			7,358	1,087	–	159
More than five years			–	131	–	–
Total			30,614	36,072	3,662	9,248
Presentation in statements of financial position:						
Current liabilities			22,062	31,705	3,498	6,958
Non-current liabilities			8,552	4,367	164	2,290
Total			30,614	36,072	3,662	9,248

(i) The group's borrowings are primarily secured by personal guarantees from directors, pledged bank deposits, property, plant and equipment, land use rights and trade receivables.

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.

Notes to Financial Statements

December 31, 2010

19 BORROWINGS (cont'd)

Pledged assets

The following assets have been pledged for the facilities obtained from financial institutions:

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Pledged bank deposits	628	460	–	–
Trade receivables	6,696	2,685	–	–
Land use rights	3,722	3,995	–	–
Carrying amount of property, plant and equipment (Note 14)	10,594	52,150	697	707

The bank loans amounting to $25.0 million (2009 : $17.2 million) as at December 31, 2010 are also secured by personal guarantees from the directors.

At December 31, 2010, the group and company have approximately available $8,400,000 (2009 : $15,878,000) and $Nil (2009 : $7,795,000) of undrawn committed borrowing facilities respectively which are secured by personal guarantees from the directors.

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

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
United States dollar	–	2,986	–	2,552
Singapore dollar	223	277	223	277
Japanese yen	3,439	6,427	3,439	6,427

20 FINANCE LEASES

	Minimum lease payments		Fair value of minimum lease payments	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Group				
Within one year	1,473	2,660	1,473	2,660
In the second to fifth year inclusive	1,706	555	1,432	398
Total	3,179	3,215	2,905	3,058
Less: Future finance charges	(274)	(157)	NA	NA
Present value of lease obligations	2,905	3,058	2,905	3,058
Less: Amount due within 12 months			(1,473)	(2,660)
Amount due after 12 months			1,432	398

20 FINANCE LEASES (cont'd)

	Minimum lease payments 2010 $'000	Minimum lease payments 2009 $'000	Fair value of minimum lease payments 2010 $'000	Fair value of minimum lease payments 2009 $'000
Company				
Within one year	–	636	–	614
In the second to fifth year inclusive	–	–	–	–
Total	–	636	–	614
Less: Future finance charges	–	(22)	–	NA
Present value of lease obligations	–	614	–	614
Less: Amount due within 12 months			–	(614)
Amount due after 12 months			–	–

a) The average lease term is 3 years. The average effective borrowing rate was 6.0% to 9.0% (2009 : 5.2% to 10.0%) per annum for the group and 9.0% to 9.4% per annum in 2009 for the company. 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 $2,905,000 (2009 : $2,424,000) 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 amounts.

21 SHARE CAPITAL

	2010 Number of ordinary shares '000	2009 Number of ordinary shares '000	2010 $'000	2009 $'000
Group and Company				
Issued and paid up:				
At beginning and end of year	570,000	570,000	56,127	56,127

Fully paid ordinary shares, which has no par value, carry one vote per share and carry a right to dividends as and when declared by the company.

22 STATUTORY RESERVES

	Legal and special reserves $'000	Reserve fund $'000	Total $'000
Group			
Balance at January 1, 2009 and at December 31, 2009	1,873	3,862	5,735
Transfer from accumulated profits	456	1,303	1,759
Balance at December 31, 2010	2,329	5,165	7,494

23 EQUITY RESERVE

The equity reserve represents the effects of changes in ownership interests in subsidiaries when there is no change in control (see Note 13).

24 REVENUE

	Group	
	2010 $'000	2009 $'000
Rendering of services	116,689	77,956

25 OTHER INCOME

	Group	
	2010 $'000	2009 $'000
Gain on disposal of property, plant and machinery	76	–
Interest income	38	86
Other income	691	949
Total	805	1,035

26 FINANCE COSTS

	Group	
	2010 $'000	2009 $'000
Interest expense on:		
Bank loans	1,682	2,418
Finance leases	239	747
Amount due to a shareholder	249	249
Total	2,170	3,414

27 INCOME TAX EXPENSE (CREDIT)

	Group 2010 $'000	Group 2009 $'000
Current	1,203	126
Deferred	19	(391)
Income tax expense (credit)	1,222	(265)

Domestic income tax is calculated at 17% (2009 : 17%) of the estimated assessable loss 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 profit (loss) as follows:

	Group 2010 $'000	Group 2009 $'000
Profit (Loss) before income tax	2,391	(13,059)
Tax at statutory rate of 17% (2009 : 17%)	406	(2,220)
Non-deductible expenses	1,750	2,726
Tax exempt income	(855)	(127)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(79)	(644)
Income tax (credit) expense	1,222	(265)

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% (2009 : 25%).

28 PROFIT (LOSS) FOR THE YEAR

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

	Group	
	2010	2009
	$'000	$'000
Depreciation of property, plant and equipment	17,664	19,990
Amortisation of land use rights*	87	98
Total depreciation and amortisation	17,751	20,088
Directors' remuneration	1,425	1,048
Directors' fees	170	170
Total directors' expense	1,595	1,218
Defined contribution plans	147	142
Other staff costs	17,116	12,506
Total employee benefits expense	17,263	12,648
Allowance for doubtful receivables*	334	1,468
Allowance for inventories	169	561
Total allowance loss	503	2,029
Net foreign currency exchange loss	2,009	797
Cost of inventories recognised as expense in cost of sales	64,635	48,209

* Included in administrative expenses

Compensation of directors and key management personnel

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

	Group	
	2010	2009
	$'000	$'000
Short-term benefits	2,235	1,710
Post-employment benefits	31	30
	2,266	1,740

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

29 PROFIT (LOSS) PER SHARE

	Group	
	2010	2009
Profit (Loss) attributable to owners of the company ($'000)	921	(12,539)
Number of ordinary shares ('000)	570,000	570,000
Earnings per share (cents)	0.16	(2.20)

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

30 COMMITMENTS AND CONTINGENT LIABILITIES

	Group	
	2010 $'000	2009 $'000
Commitments for product warranties	13	13
Corporate guarantee given to third party	98	206

31 OPERATING LEASE ARRANGEMENTS

	Group	
	2010 $'000	2009 $'000
Minimum lease payments under operating leases recognised as an expense during the year	791	769

At the end of the reporting period, the group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2010 $'000	2009 $'000
Within one year	937	847
In the second to fifth years inclusive	2,474	2,905
After five years	93	639
Total	3,504	4,391

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.

32 SEGMENT INFORMATION

For management purposes, the group is organised into three major reportable segments – laser drilling services, mechanical 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 to its chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(a) Analysis by Reportable Segment

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

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

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

Information regarding the group's reportable segments prepared based on measurement principles of FRS is presented below.

Revenue and Expenses (by reportable segments)	**Laser drilling services**		**Mechanical drilling and routing services**		**PCB operations**		**Total**	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Segment revenue to external parties	20,141	9,212	14,972	8,333	81,576	60,411	116,689	77,956
Segment results	6,297	(5,548)	1,613	(629)	(790)	(2,290)	7,120	(8,467)
Other income							805	1,035
Unallocated corporate expenses							(3,364)	(2,213)
Finance costs							(2,170)	(3,414)
Profit (loss) before income tax							2,391	(13,059)
Assets and liabilities								
Segment assets	26,514	25,267	37,253	43,057	91,034	92,666	154,801	160,990
Unallocated corporate assets							4,610	4,926
Consolidated total assets							159,411	165,916
Segment liabilities	14,852	10,442	3,992	6,563	43,673	41,399	62,517	58,404
Unallocated corporate liabilities							21,113	30,755
Consolidated total liabilities							83,630	89,159

32 SEGMENT INFORMATION (cont'd)

(a) Analysis by Reportable Segment (cont'd)

Revenue and Expenses (by reportable segments)	**Laser drilling services**		**Mechanical drilling and routing services**		**PCB operations**		**Total**	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Capital expenditure:								
- Property, plant and equipment	1,451	14	491	1,131	706	116	2,648	1,261
Depreciation	5,750	7,239	5,095	5,871	6,805	6,846	17,650	19,956
Amortisation of land use rights	–	–	9	13	78	85	87	98
Allowance for inventories	–	–	–	45	169	516	169	561
Allowance for doubtful receivables	–	–	5	–	329	1,468	334	1,468
Unallocated corporate expenditure:								
Depreciation							14	34

(b) Analysis By Geographical Information

Segment revenue is analysed based on the location of customers.

Total revenue and non-current assets (excluding financial assets and goodwill) are analysed based on the location of those assets.

	Segment revenue		**Segment non-current assets**	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
People's Republic of China	101,190	72,206	73,099	88,440
Taiwan	15,499	5,750	17,461	21,228
Singapore	–	–	731	781
Total	116,689	77,956	91,291	110,449

Information about major customers

Included in revenues of the PCB operations are revenues of approximately $17,980,000, $12,189,000 and $5,416,000 (2009 : $14,218,000, $9,688,000 and $8,286,000) which arose from sales to the group's three largest customers.

Summary of Properties

Held by	Location and description	Tenure	Usage of property
Eucon Holding Limited	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.	Leasehold 50 years commencing from December 2006	Manufacturing Plant
Shanghai Zhuo Kai Electronic Technology Co., Ltd	399 Baoqian Road Xuhang Industrial Park Jiading District Shanghai 201809.PRC.	Leasehold 50 years commencing from December 2006	Manufacturing Plant
Shanghai EuYa Electronic Technology Co., Ltd	419 Baoqian Road Xuhang Industrial Park Jiading District Shanghai 201809.PRC.	Leasehold 50 years commencing from December 2006	Manufacturing Plant

Statistics of Shareholders

As at March 18, 2011

Issued share capital	:	SGD56,127,017/-
Number of shares	:	570,000,000
Number/percentage of treasury shares	:	Nil
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	214	6.40	105,211	0.02
1,000 – 10,000	1,278	38.21	6,443,260	1.13
10,001 – 1,000,000	1,794	53.63	161,859,054	28.40
1,000,001 AND ABOVE	59	1.76	401,592,475	70.45
TOTAL	3,345	100.00	570,000,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SUNNY WORLDWIDE INTERNATIONAL LTD	108,362,000	19.01
2	UNITED OVERSEAS BANK NOMINEES PTE LTD	37,584,085	6.59
3	CHEN MING-HSING	33,723,000	5.92
4	WEN YAO-LONG	24,224,747	4.25
5	CHEN CHU-TSU	12,365,600	2.17
6	MERRILL LYNCH (SINGAPORE) PTE LTD	10,669,800	1.87
7	KIM ENG SECURITIES PTE. LTD.	9,624,600	1.69
8	HUANG SHIH-AN	9,540,200	1.67
9	CHEN CHENG HSIUNG	8,136,800	1.43
10	HSUEH PAI CHUN	7,627,200	1.34
11	HUANG CHUANG SHUEH-OU	7,620,800	1.34
12	LEE YING-CHI	7,140,000	1.25
13	KWA CHING TZE	6,250,000	1.10
14	JENG HUANG FONG MAAN	6,188,800	1.09
15	CITIBANK NOMINEES SINGAPORE PTE LTD	5,525,000	0.97
16	PHILLIP SECURITIES PTE LTD	5,445,800	0.96
17	WEN YAO-CHOU	4,794,643	0.84
18	LIE TJOEI TJOE	4,600,000	0.81
19	KO TSAI HSIU CHUN LISA	4,416,340	0.77
20	OCBC SECURITIES PRIVATE LTD	4,332,000	0.76
	TOTAL	318,171,415	55.83

Statistics of Shareholders

As at March 18, 2011

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	33,072,085	–
Europtronic Group Ltd (2)	30,515	33,072,085
Huang Shih-An (3)	9,540,200	40,723,400
Huang Chuang Shueh-Ou (4)	7,620,800	42,642,800

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 24.30% 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 22.34% direct interest in ETGL.

Percentage of Shareholding in Public's Hand

Based on information available to the Company as at 18 March 2011, approximately 60.95% 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.

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of Eucon Holding Limited (the "Company") will be held at The Gallery, Level 4, Paramount Hotel, 25 Marine Parade, Singapore 449536 on Wednesday, 27 April 2011 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 Financial Statements of the Company for the financial year ended 31 December 2010 together with the Auditors' Report thereon. **[Resolution 1]**

2. To approve the Directors' Fees of S$170,000/- for the financial year ended 31 December 2010 (2009 : S$170,000/-). **[Resolution 2]**

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

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

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

   Mr Seow Han Chiang, Winston will, upon re-election as Director of the Company, remain as a Member of the Audit Committee and will be considered independent for the purposes of Rule 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 Resolution 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 persons 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."
   [See Explanatory Note] **[Resolution 5]**

BY ORDER OF THE BOARD

Tan Cheng Siew
Company Secretary
Singapore, 8 April 2011

Notice of Annual General Meeting

EXPLANATORY NOTE ON SPECIAL BUSINESS TO BE TRANSACTED:

The proposed Resolution 5, if passed, will empower the Directors of the Company 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 total number of issued shares excluding treasury shares in the capital of the Company at the time of the passing of this Resolution after adjusting for:

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

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

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

EUCON HOLDING LIMITED

(Company Registration No.: 200107762R)
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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.

PROXY FORM

I/We ____

of ____

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

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

and/or (delete as appropriate)

as my/our proxy/proxies to vote for me/us on my/our behalf at the Ninth Annual General Meeting of the Company to be held at the The Gallery, Level 4, Paramount Hotel, 25 Marine Parade, Singapore 449536 on Wednesday, 27 April 2011 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 Report of the Directors and Audited Financial Statements for the financial year ended 31 December 2010 together with the Auditors' Report thereon.		
2.	To approve payment of Directors' Fees.		
3.	(a) To re-elect Mr Wen Yao-Long as a Director.		
	(b) To re-elect Mr Seow Han Chiang, Winston as a Director.		
4.	To re-appoint Messrs Deloitte & Touche 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.		

Signed this ____________ day of ________________ 2011

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

____

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

Notes:

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

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

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

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

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

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

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

EUCON HOLDING LIMITED

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