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PSC CORPORATION LTD

The new corporate logo of PSC Corporation Ltd represents the Group's strides into potential new growth areas in the region to build on the goodwill of the PSC name in Singapore. The dark blue colour stands for the blue sky above and the blue sea below, depicting the Group's widening reach.

The double-linked knot surrounded by a circle of red is reminiscent of the ancient Chinese seal. This symbol of power, strength and authority embodies PSC Corporation's ability to stay attuned to the times, yet remain anchored to the deep sense of sound and exemplary values that have guided the Group over the years.

The knot also symbolises a united front in tackling a world without borders, as seen by the red circle that has no boundaries. The fire, passion and energy of the colour red embody both courage and zeal and denotes wealth.

Finally, the arc of energy represents a fluid movement forward to depict the Group's growth path as well as the flow and transfer of information and ideas between people.



Executive Chairman's Message 执行董事主席献词



Allan Yap *Executive Chairman*

Dear Valued Shareholder,

I am pleased to present PSC Corporation Ltd's Annual Report for 2003. The Group performed creditably amidst a difficult year for many companies operating in Asia. The global economic slowdown, war in Iraq and the outbreak of the SARS virus were among the many factors that contributed to a sluggish business environment across Asia. Despite the challenging conditions, the Group managed to report a strong turnaround in profits for the financial year ended December 31, 2003.

The main focus of the Group's new leadership during the period under review was to implement key initiatives aimed at strengthening and enhancing our management capabilities, operating structure and competitive edge so as to position the Group to capitalise on an upturn in business activity within the Asian region.

In July, the Group marked an important corporate milestone with the change of its name to PSC Corporation Ltd. A new corporate logo was also adopted to symbolise the Group's vision to build on the goodwill of the PSC name in Singapore and transform itself into an international player by venturing into potential new growth areas.

To add more breadth and depth to our management team, experienced professionals were also recruited to help steer PSC forward. Considerable effort and resources were also expended to enhance the Group's operating structure, including the upgrading of our IT infrastructure, the establishment of a legal department, and the improvement of our operating policies and human resource management.

亲爱的股东，

我很荣幸地向各位股东呈报本集团2003年的年度报告。对许多在亚洲做生意的公司来说，2003年是困难的一年。整个亚洲商界因为全球经济放缓，伊拉克战争开打，还有非典型肺炎爆发，而陷入一片不景气。但是，集团的表现却没有因此受影响，反而交出了令人骄傲的成绩单。在截至2003年12月31日的财政年里，集团的表现大幅度好转，业绩转亏为盈。

在2003年，集团的新领导层把注意力放在加强集团的管理能力、业务结构，还有竞争优势上，目的是要做好准备抓紧亚洲经济复苏所带来的商机。

在2003年7月，集团写下了一个重要的里程碑，那就是把集团的名字改为“普威集团有限公司”。同时，我们也采用了新标志；这个新标志代表着集团要利用“普威”在新加坡建立的声誉为基础，进军新的增长领域，转型成为一家国际企业。

配合这个计划，集团引进了一批经验丰富的专业人才，加强管理层的资历。同时，我们投入可观的资源 and 精力强化集团的营运结构。这包括提升我们的资讯科技基础设施，成立法律部门，还有改善我们的运作方式和人力资源管理。

Strategic restructuring for the future

The Group has identified consumer products, manufacturing, logistics, retail franchising, healthcare consultancy and services and education business as core activities that PSC will be tapping into to add value to its existing competencies.

During the year, the Group embarked on a strategy of both organic growth as well as synergistic acquisition. As consumer needs and tastes continue to evolve, the Group must also develop to respond to this evolution. Recognising these trends, the Group strengthened its grocery retail operations with the introduction of the i-econ concept and the launch of its new franchise system, Clazzic Butchery.

The Group also formally established our logistics business to leverage on its vast experience in the distribution business and strengthen its operations. In the last quarter of 2003, the Group formed a joint-venture partnership with UK-based Tibbett & Britten Group Plc to provide warehousing, distribution and supply chain management services in Singapore.

In December, the Group acquired a strategic and substantial stake in Intraco Limited, a Singapore-listed company that is poised to enter a new phase of growth. Going forward, the Group intends to tap on Intraco's enormously strong brand name and extensive global network to broaden its reach. Besides enhancing our supply chain capabilities, we are positive that immense synergies can be derived from Intraco that will benefit the Group in the long run.

Thanks to the foresight, dedication and commitment of the Group's leadership and management, PSC is now shifting into a position to confidently face the future and to continue creating value for our shareholders.

Plans to boost growth

While 2004 is expected to be a challenging year for PSC, the Group intends to continue building on the strengths of its three core divisions, particularly its key consumer business. Amidst strong competition in the consumer business scene, we intend to leverage on our strengths in various aspects of the supply chain to expand our customer base.

策略重组 放眼未来

消费产品、制造、物流、零售特许经营、保健咨询服务、教育，是集团决心要大事发展的核心业务。我们也希望这些核心业务能够与我们原有的业务取得相得益彰的效果。

在这一年里，集团除了争取原有业务的增长，也进行了能够与现有业务起相辅相成作用的收购计划。配合消费者不断改变的需求和口味，集团推出了“i-econ”的新零售概念，以及新的特许经营计划“Clazzic Butchery”。这两个新概念将会加强其食品杂货零售业务。

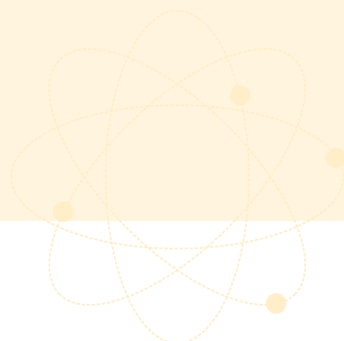
集团也凭着在分销业的丰富经验正式进军物流业。在2003年第四季，集团与英国Tibbett & Britten集团成立联营公司，在新加坡从事储仓、分销以及供应链管理服务工作。

在2003年12月，集团买下蓄势待发的新加坡上市公司国际贸易有限公司的显著股权。展望未来，集团计划利用国际贸易公司强大的品牌以及广泛的国际网络来扩大其业务触角。除了提升供应链管理方面的能力，我们有信心国际贸易能够带来无限的相辅相成效益，让集团长期受惠。

集团领导层和管理层的远见、献身和投入，使普威集团能够很有信心地面对未来，并且继续为我们的股东创造价值。

发展计划

今年，集团计划利用三大核心业务、尤其是消费产品方面的优势来应对充满挑战的2004年。消费产品是个竞争激烈的市场，我们准备利用我们在供应链的强处，扩大我们的客户网络。



The Group remains optimistic about the potential to be realised in the healthcare sector. Life expectancy continues to increase and with that there will be an ever-growing demand for healthcare services. In the coming year, the Group will further focus on identifying attractive opportunities in this area to reap positive growth in our healthcare business segment.

To achieve these goals, the Group raised approximately \$26 million by placing out 220 million new PSC shares at \$0.12 each to four investors in early March 2004. Besides providing us with additional capital to embark on our expansion and investment plans, PSC considers this as an opportunity to explore any business synergies that some of these investors may be able to bring to the Group.

Appreciation

To express our gratitude to our valued shareholders for their continued support, the Group has proposed a total dividend of 0.4 cents per share for the period under review.

As the Group moves forward, our Board of Directors will also continue to be mindful of their responsibility to enhance shareholder value and the need to exercise prudence when recommending dividends. The Group's intention is to utilize all our assets and resources to provide beneficial results for all shareholders. This entails striking the right balance between dividend payouts, and investing for a better future to ensure PSC Corporation's continued growth and expansion.

I would also like to take this opportunity to thank our Customers, Principals and Business Partners for their unwavering support and encouragement. To our Board of Directors, management team and staff, I extend my deepest appreciation for the commitment they have shown during this challenging period for our business.

Allan Yap
Executive Chairman

集团对于保健业务的发展潜能依然乐观，因为人们的寿命越来越长，对保健服务的需求将会跟着增加。在新的一年里，集团会进一步投入精力在这个领域寻找成长机会。

在2004年3月初，集团以每股\$0.12配售2亿2000万股新普威股票给四家投资公司/机构，筹集到2600万元的资金。这笔新资金除了让我们有充裕的资金落实我们的发展和投资计划，也让我们有机会引进一批能够为我们的业务发展作出贡献的新投资者。

致意

集团在2003年将派发每股0.4分的股息，感谢股东对我们不懈的支持。

董事局今后在建议股息派发率时，会遵循为股东创造价值以及谨慎行事的原则。因此，集团会投入全部的资产和资源来发展业务，并且让所有股东享受业务发展的成果。这也意味着我们必须在股息派发率，以及为普威集团今后的持续成长和发展作出投资之间求取平衡。

我要谨此感谢我们的股东、代理委托商和商业伙伴坚定不移的支持和鼓励。我也要真诚地感激董事局、管理层和员工，在这个充满挑战的时期对公司所做的贡献。

Allan Yap
执行董事主席



The Managing Director & CEO's Message 董事经理兼总裁献词



Foo Der Rong *Managing Director & CEO*

Dear Shareholder,

2003 marked an important and significant year for PSC Corporation. With a new leadership at the helm and a strengthened management team, it was a year of revitalisation as we embarked on several key initiatives that aim to reinforce our market position.

I am delighted to share with you a review of our business performance for 2003, as well as an insight of our strategic thrust to steer PSC on a rewarding path of continued growth and success in the years ahead.

Financial Review

In 2003, Group turnover fell marginally by 3.5% to \$149.76 million, compared to \$155.13 million in 2002. The stronger Australian dollar benefited our Hotel Division but it was not enough to mitigate the lower turnover in our Consumer and Healthcare Divisions. However, we still managed to improve our gross margin to 27.7%, from 26.5% in the previous year.

At the operating level, profits before finance costs improved 76.1% due to the disposal of quoted equities, currency gains, a higher dividend income and the streamlining of our operations. As a result, we achieved a turnaround in our financial performance with a profit before tax of \$8.90 million, compared to a loss of \$1.55 million previously. Net profit was recorded at \$6.18 million, compared to a loss of \$3.72 million previously.

亲爱的股东，

普威集团在2003年翻开了重要的新篇章。新领导层联同更具资历和经验的管理层，领导普威集团开展了几项业务计划，目标是要为集团注入新的活力，并且巩固本身在市场的地位。

在这里，我很荣幸与您分享我们2003年的业务表现，以及向您解释我们今后会如何带领普威集团走上持续增长和成功的道路。

财务表现

集团2003年的营业额是1亿4976万元，比2002年的1亿5513万元稍微减少3.5%。在这一年里，强劲的澳元虽然提高了酒店业务的营业额，但是，却不足以抵销消费产品和保健业务营业额的下跌幅度。至于毛利润率，则从2002年的26.5%提高到27.7%。

营业方面，脱售上市股票赚取的利润，加上外汇收益、股息收入增加和精简业务带来的开支节省，带动未扣除融资费用前的盈利增加了76.1%。我们因此成功扭亏为盈，从2002年的155万元亏损，扭转为890万元的税前盈利。净利润则从372万元的亏损转为618万元的盈利。

Business Review

Consumer Business

During the year, we reorganised our Consumer Business segment into four business units – Franchising, Marketing & Sales, Manufacturing and Logistics – to reinforce our long-term competitive advantages. Accounting for 83.4% of our revenue, this Division continues to be the major contributor to our business with a turnover of \$124.91 million.

Turnover from this Division fell by a marginal \$1.25 million, due to the drop in the number of Econ minimarts, which resulted in lower sales. However, our continual efforts to enhance our services and support for current **Econ Minimart** owners have reaped results. While competition in Singapore's grocery retail industry remains high, the number of **Econ Minimart** stores have stabilised with fewer withdrawals seen in 2003.

We retain our focus on providing greater value to our customers and serving them better. In September 2003, our new i-econ concept was launched in our endeavour to enhance our customers' grocery shopping experience. Boasting an expanded product and service offering, **i-econ** also features an intelligent inventory system and marketing know-how to manage a successful grocery store. Aggressively pursuing opportunities in the grocery retail market, we also conceptualised and launched an exciting butchery store concept, **Clazzic Butchery** in January 2004. Both **i-econ** and **Clazzic Butchery** are expected to meet the demands of the new generation shopper and complement our existing grocery retail business.

In our manufacturing business, Fortune Food has performed remarkably well after turning profitable in 2002. Our own brands, **Fortune** and **SOBE**, are now renowned household names. An effective marketing campaign that was implemented last year boosted the returns from this HACCP certified company.

业务回顾

消费产品

为了加强我们的长期竞争优势，我们在这一年中重组了消费产品核心业务，把这个核心业务分为四个部门，即特许经营、市场营销、制造和物流。消费产品业务的营业额为1亿2491万元，占总营业额的83.4%，为集团营业额的最主要来源。

由于宜康自助市场的加盟店数目有所减少，所带来的营业额因此下跌，消费产品部门的营业额也因而减少了125万元。新加坡食品杂货零售业的竞争虽然更臻白热化，在2003年退出计划的宜康自助市场加盟店却减少了，令加盟店总数目维持平稳。这要归功于我们所推行的应对策略，那就是不间断地为加盟店提供更完善的服务及支持。

在2003年9月，我们推出了形象焕然一新、属于新零售概念的“i-econ”。“i-econ”不只有更多元化和物有所值的产品，我们在服务方面也下了一番功夫，让顾客更加享受在我们加盟店购物的乐趣。同时，我们也利用现代化的智能存货系统，以及我们在市场营销方面的经验，来提升加盟店的运作水平。另外，我们在2004年1月推出了另一个新颖的零售概念“Clazzic Butchery”肉类专门店。“i-econ”和“Clazzic Butchery”都是以新一代的消费者为对象，在配合他们现代生活方式的同时，也将我们原有的食品杂货零售业务推上更高的台阶。

在制造业方面，鸿运食品在2002年开始赚取盈利后，表现稳健。现在，鸿运食品自创的品牌“鸿运”和“SOBE”，都已经是家喻户晓的品牌。去年，这家获得HACCP (Hazard Analysis and Critical Control Point 危害分析和关键控制点) 认证的公司，也在市场营销方面加大力度，展开了一个成绩颇令人满意的行销计划，回报率因此提高。

Our Malaysian subsidiary, Tips Industry, a leading consumer paper product manufacturer, also unveiled an exceptional performance. As a result of the strong demand for paper products, Tips has started importing products from other OEM manufacturers and is planning for additional manufacturing capacity.

With our extensive distribution network of more than 1,700 restaurants, supermarkets, retailers, hotels and wholesalers in Singapore, we continue to grow the portfolio of international brands we market, such as *Mentos*, *Fruit-tella*, *3M* and *Kikkoman*. Going forward, we are committed to expanding our portfolio so as to further broaden our customer base.

As we evolve, we continue to make measured investments in information technology, infrastructure and our people. We are currently investing in a dynamic wireless Sales Mobile System – *SalesExpress* – to boost the productivity of our sales teams.

Given our extensive experience in supporting the logistic needs of our core businesses, we established our Logistics Business unit in January 2004 to better improve our logistics operations and tap on new and existing business opportunities.

In November 2003, we formed a partnership with UK's Tibbett & Britten Group Plc, an international logistics and supply chain management services provider. The new joint-venture company, PSC Tibbett & Britten Logistics Pte Ltd, will be a specialist in the provision of warehousing, distribution and supply chain management services in Singapore. The combined effect of Tibbett & Britten's extensive expertise in the logistics field coupled with our established core business competencies is promising, as it enables us to strengthen our operations and increase cost efficiencies.

而我们的马来西亚子公司百佳工业，表现也相当优异。市场对百佳的产品需求殷切，令这家在市场居领先地位的消费纸类产品制造商，须要向其他制造商引进产品。同时，作为长期发展计划的一部份，百佳已经在策划增加产能。

在产品分销部门方面，我们日益壮大的本地分销网络现在拥有超过1700家餐馆、超级市场、零售商、酒店和批发商为客户。拥有它们的鼎力支持，我们所分销的国际品牌，例如 *Mentos*、*Fruit-tella*、*3M* 和 *Kikkoman*，销售成绩是更上一层楼。这也为我们奠下稳固的基础，让我们今后更具实力争取更多的国际品牌分销权，以及扩大我们的客户基础。

为了确保业务不断地发展，在软件和硬件方面的投资是不能少的。因此，我们继续有计划地投资在资讯科技、设备和我们的人员上。目前，我们正为销售人员添置无线流动销售系统“*SalesExpress*”，以便提高他们的的生产力。

鉴于我们为核心业务提供物流服务而累积了丰富的经验，我们在2004年1月成立物流部门。这个新部门将让我们进一步提升我们的物流服务水平，也为我们寻找新的发展机会开启了一道大门。

物流部门的发展在2003年11月跨前了一大步。我们与英国国际物流和供应链管理服务公司 *Tibbett & Britten* 建立合作伙伴关系。两家公司合资组成的 *PSC Tibbett & Britten* 私人有限公司，将在新加坡提供储仓、分销和供应链管理服务。*Tibbett & Britten* 是一家在物流运作领域拥有全面专长的公司，而我们在核心业务已经建立了实力，两家公司联手开拓新领域，必定能够让我们更添实力，同时也给我们带来成本效益。

Healthcare

Revenue from Health Solutions, our healthcare consultancy arm was \$6.57 million, representing a 52.3% decline from the previous year. This was mainly due to the lower contributions from the turnkey project for the Setiu Hospital in Terengganu State in Malaysia, which was completed on schedule and officially handed over to the authorities in July 2003. Health Solutions' first-rate work and timely delivery has won strong endorsements from the country's health authorities.

Health Solutions has also made excellent progress in the Philippines. Our hospital management projects with the De Los Santos Medical Center in Manila recorded a better-than-expected performance in the first year.

In the United States of America, we are exploring an opportunity with the Orange County District Hospital in California to regularise and maintain the IT systems in various public hospitals.

Prospects for healthcare services in the region remain promising with significant opportunities emerging in the markets of China, Vietnam, the Philippines, India, Indonesia and Nepal.

Within South Asia, we are finalising our contract for healthcare planning in Nepal and are in preliminary discussions for turnkey and management projects in India.

Backed by our strong track record, we are confident that our Healthcare Division will make further inroads into existing and new markets in 2004.

保健

我们的保健咨询公司Health Solutions的营业额下跌52.3%，减少到657万元。这主要是因为我们负责总承包工程的马来西亚丁加奴州Setiu Hospital如期在2003年7月完工后，已经正式移交给有关当局，它所带来的贡献因而减少。这项工程获得马来西亚政府卫生机构给予高度的认可，因为Health Solutions不只准时完工，而且工程水准是备受赞许的。

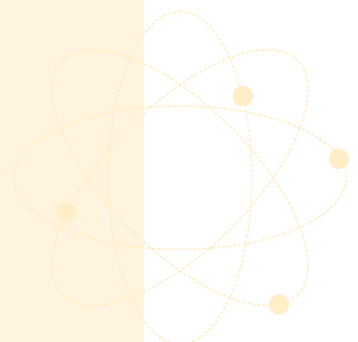
Health Solutions在菲律宾的业务也有很显著的进展。我们管理的马尼拉De Los Santos Medical Center第一年的表现就比预期好许多。

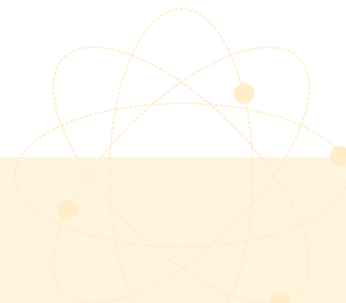
而在美国，我们正在探讨替加利福尼亚州橙县区的多家公共医院规划和维持它们的资讯科技系统。

除了在美国寻找发展机会，我们相信本区域的保健服务业是个很有发展潜能的市场，其中，中国、越南、菲律宾、印度、印尼和尼泊尔会有不少深具潜能的发展机会。

在南亚一带，我们承接尼泊尔一份保健策划的合同已经进入最后定案的阶段。而在印度，我们正在为承接总承包和管理合同进行初步商谈。

有过去优异的纪录作为我们的后盾，我们有信心保健部门在2004年能够进一步进军原有的市场，同时开拓新市场。





Hotel & Education

Despite the very tough situation in Adelaide's hospitality sector, our hotel operations also turned in a commendable performance. Thanks to the stronger Australian dollar, a turnover of \$18.10 million was achieved, compared to \$15.21 million in 2002. We are proud that The Radisson Playford Hotel (The Playford), our joint venture with the Sparr Group, outperformed other hotels in Adelaide in terms of both its occupancy rate and its higher average room rate.

The Playford also won numerous accolades from the industry, most notably its third straight award of the prestigious South Australian Tourism Award for 'Best Luxury Accommodation' and recently, the Australian Tourism Award 2003-04 for the best luxury accommodation in Australia. This paved the way for its inaugural entry into the 'Tourism Hall of Fame'. We plan to leverage on The Playford's strong branding to boost the hotel's market position in Adelaide.

Another highlight was marked by our entry into the educational services business. In April, our new subsidiary, Education Solutions International Pte Ltd (ESI), acquired Cornell Education Group Pte Ltd (Cornell).

Cornell, a training and continuing education service provider, is a pioneer in logistics training. Over the years, it has carved a reputation amongst corporations for its corporate training workshops and seminars related to the logistics sector. This complements our strategy to focus on logistics as a core business.

Our strategy is to grow ESI progressively. Besides aligning our curriculum to the rapidly evolving market, we look forward to creating partnerships with more overseas universities or education institutions to sharpen our competitive edge.

酒店和教育

阿得雷德的酒店服务业在2003年处在一片不景气，但是，我们的酒店业务表现却是可圈可点。由于澳元币值升高，我们的营业额从2002年的1521万元增加到1810万元。除此之外，让我们引以为傲的是我们与Sparr Group合资的The Radisson Playford Hotel (The Playford)，在住客率和平均客房收费方面，都比阿得雷德的其他酒店来得好。

The Playford的优异营业表现，也获得了澳洲旅游机构的肯定，赢得了澳洲旅游业的数个大奖，其中，最突出的是连续第三年获得声望崇高的“南澳旅游奖”中的“最佳豪华住宿奖”，以及最近获评选为“2003-2004澳洲旅游奖”中的“最佳豪华住宿奖”。这个奖项让我们首度有资格进入“旅游业荣誉榜”。接下来，我们计划利用The Playford已经建立的良好声誉为基础，进一步巩固它在阿得雷德的市场地位。

进军教育服务行业是我们这一年里的另外一个重大发展。在四月份，我们新成立的子公司Education Solutions International Pte Ltd (ESI)收购了Cornell Education Group Pte Ltd (Cornell)。

Cornell是一家提供延续教育服务的公司，也是最早开始提供物流业培训的教育服务公司之一。这些年来，它提供的物流业企业培训研习班和讲座备受许多企业的承认，成功地在物流业培训方面建立起声誉。Cornell在物流业培训方面的专长，正好配合我们要把物流业发展成为核心业务的策略。

展望未来，我们会按部就班地发展ESI。除了不断检讨和改进我们的课程内容，以便与时并进以外，我们也准备与更多海外大学和教育机构合作，从而加强我们的竞争优势。

Strategic Acquisition

In December, we seized an exceptional opportunity to acquire a substantial stake in Intraco Limited, an international trading and distribution group with an established track record of more than 30 years.

Established in 1968, Intraco has successfully grown its business on a global scale under five core areas – commodities trading, food and food processing, engineering and projects, semiconductors and info communications. Intraco's portfolio of businesses includes its subsidiary, Teledata (S) Ltd. Listed on the SGX-ST, Teledata is a communications network specialist and systems integrator of data, voice and network infrastructure solutions and services.

With a market presence in more than 80 countries, Intraco's well-established name and extensive network of international contacts will offer immense synergies for PSC Corporation as we embark on our new growth strategy.

Conclusion

Following the transformations that we have emplaced in 2003, we are making excellent progress to achieving a greater presence in the region. With our healthy balance sheet, focused strategy for growth, strong management commitment and unwavering support of our shareholders, we are fully prepared to take on new and exciting challenges.

In closing, I would like to thank our staff, customers, suppliers and banks for the unwavering support they have given us over the years. I look forward to your continued support as PSC Corporation moves on to expand our business and reach.

Foo Der Rong
Managing Director & CEO

策略收购

我们在12月抓紧了一个难逢的机会，收购了有30年历史的国际贸易和分销集团国际贸易有限公司的显著股权。

成立于1968年，国际贸易公司这30多年来成功地以全球为市场、建立起五大核心业务，即商品贸易、食品与食品加工、工程与项目、半导体和资讯通讯。国际贸易本身是一家新加坡上市公司，它旗下的其中一家子公司电传数据有限公司，也在新加坡证券交易所挂牌。电传数据的专长是通讯网络系统、数据和语音系统结合，以及提供网络基础设施方案和服务。

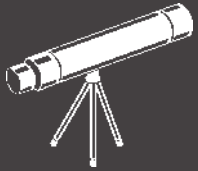
国际贸易公司拥有遍布全球超过80个国家的业务网络，再加上其响当当的名声和广泛的国际联系网，将伴随着普威集团并肩迈上新的成长征途，相互带来无限的相辅相成效益。

总结

我们在2003年落实的一系列转型策略，为的是实现我们要在本区域商界有更加显著地位的目标。我们现在已经朝这个目标迈进了一大步。拥有健全的财务、专注的发展策略，管理层的全心投入，以及股东坚定不移的支持，我们已经准备就绪迎接未来的挑战。

最后，我要谨此感谢我们的员工、客户、供应商和银行，这些年来给予我们坚定不移的支持。随着普威集团今后继续扩展业务和伸展触角，我期望您们能够继续支持我们。

符德荣
董事经理兼总裁



Positioned for Long-Term Growth

Given our extensive distribution network and wide range of high quality products, PSC has established a significant presence in all aspects of the supply chain - from sourcing, manufacturing, logistics, distribution, marketing, to retailing; from food products to non-food products; and from dried long-shelf-life products to chilled and fresh food products.





Consumer Business Division 消费产品部门



As the heart of our business, the Consumer Business Division continues to remain the area where most of our energies are channeled.

In 2003, we reorganised this division into four business units to sharpen its strategic focus and reinforce our market position. Now comprised of Franchising, Marketing & Sales, Manufacturing and Logistics, this Division is responsible for franchise development and management, marketing and sales of fast-moving-consumer-goods (FMCGs), manufacturing of food and non-food products and logistics and supply-chain management services.

Given our extensive distribution network and wide range of high quality products, we have established a significant presence in all aspects of the supply chain – from sourcing, manufacturing, logistics, distribution, marketing, to retailing; from food products to non-food products; and from dried long-shelf-life products to chilled and fresh food products. The scope and depth of the Division's activities give us a strong edge over competitors.

消费产品部门是我们的骨干业务，也是我们一直以来投入最多精力致力于发展的部门。

我们在2003年重组这个部门，把业务分为四大分支部门，分别是特许经营、市场营销、制造和物流。重组的目的，是要使这个部门的业务重点更加集中，并且巩固我们在市场的地位。现在，这个部门的工作集中于特许经营的开发和管理、高销量消费用品的市场营销、食品及非食品的生产、物流和供应链管理服务等。

由于我们拥有广大的分销网络和多样化的高品质产品，我们已经成功地在各个供应链的环节建立了显著的市场地位。不管是食品、还是非食品，或者是保存期长的干粮、还是冷冻、新鲜食品，我们在采购、生产、物流、分销、行销和零售各个方面，都拥有丰富的经验。这个部门的业务范围之广和深，让我们领先其他的竞争对手。





Consumer Business Divison 消费产品部门



Franchising

Our Franchising Business unit owns the franchise to **Econ Minimart**, which was launched in 1983. As the largest minimart chain in Singapore, the key to *Econ Minimart*'s success lies in its ability to provide franchisees savings in terms of economic groupings under a common identity. Besides enhancing our existing franchise, our Franchising Business unit aims to leverage on our track record to develop new franchisable businesses.

A major highlight was the launch of our new modern retailing concept, **i-econ**, in September 2003. A step up in grocery store retailing, *i-econ* was launched to get closer to our customers' modern lifestyle. Featuring an expanded product and service offering, it also provides an intelligent inventory system and marketing know-how to manage a successful grocery store.

Efforts to capture opportunities in the grocery retail market continued. In January 2004, **Clazzic Butchery** was conceptualised and launched to meet the needs of customers desiring a neighbourhood store with a professional butcher on hand to consult, without jostling with the crowds. As we had done with the *Econ Minimart* and *i-econ* concepts, we look forward to enlivening suburban neighbourhood retailing through *Clazzic Butchery*.

At the same time, we strive to further enhance our services for current *Econ Minimart* owners to serve our customers with high-quality everyday essentials.

特许经营

我们的特许经营部门拥有宜康迷你自助市场的特许经营权。自1983年推出这个特许经营计划以来，宜康迷你自助市场已经发展成为新加坡最大的连锁迷你自助市场。宜康迷你自助市场的概念能够成功，归功于它把参与的商店纳入同一个品牌旗舰下，让它们享受加入经济组合所带来的好处。特许经营部门定下目标，要借助我们在这方面的成绩和经验，开拓新的特许经营计划。

2003年9月推出的现代化零售概念“i-econ”，是我们这一年的重点项目。“i-econ”把食品杂货零售带入更高层次，而且更加贴近顾客的现代化生活。除了有更多的产品和服务，在幕后，现代化的智能存货系统和市场行销知识是它的成功要素。

我们开拓食品杂货零售市场的努力是毫不待懈的。我们在2004年1月推出了新零售概念“Clazzic Butchery”，满足了顾客希望在住家附近悠闲地为准备三餐购买肉类，而且店里还有专人指导的需求。我们的目标是把“Clazzic Butchery”发展成为像宜康迷你自助市场和“i-econ”一样，为住宅区购物注入活力。

同时，我们也继续提升我们给予现有宜康迷你自助市场店主的服务，让他们继续供应高品质的日常用品给顾客。



Manufacturing

Our manufacturing business continued to enjoy strong growth despite the dampened consumer outlook in the first half of 2003.

Fortune Food Manufacturing Pte Ltd, a HACCP certified company, is fast becoming a leading player in the chilled-food industry in Singapore. Over the years, our own brands, **Fortune** and **SOBE**, have grown into highly successful household names. Chilled tofu, noodles, chin chow and pasteurised soymilk are just a few examples of the myriad of products they manufacture. This resounding success underscores our unmatched product quality, high safety standards and business know-how in manufacturing.



In 2003, we embarked on an aggressive marketing and sales programme to boost the returns from Fortune Food. We also further strengthened our management team to ensure that we are better positioned to capitalise on market opportunities in Singapore and Malaysia.

Our Malaysian subsidiary, Tips Industry is a leading consumer paper product manufacturer and achieved close to full capacity in 2003, especially during the second half of the year. Stimulated by high volumes of demand, Tips Industry started importing products from other OEM manufacturers as well as commissioned plans to expand its factory output.

Another household brand produced by Tips is **Beautex**, which has a wide variety of paper products such as facial tissue, napkins, pocket-handkerchiefs, toilet rolls and hand towels.

制造

虽然消费市场在2003年上半年的表现疲弱，但是，我们的制造业务还是继续取得强劲的增长。

拥有HACCP合格认可证的鸿运食品制造公司，迅速地发展成为新加坡冷冻食品业的佼佼者。这些年来，我们自创的品牌，“鸿运”和“SOBE”，已经成为家喻户晓的牌子。它们生产的众多产品，包括了冻豆腐、面条、仙草、豆奶饮料等等。这些产品的优异销售成绩，印证了我们在产品品质、安全标准和食品生产的商业知识方面无可匹敌的水准。

我们在2003年积极地展开了市场营销和销售计划，目的是要刺激鸿运食品的表现。我们也进一步加强了我们的管理层，确保我们能够更好地抓紧新加坡和马来西亚市场出现的商机。

我们的马来西亚子公司百佳工业，是一家在市场居领先地位的消费纸类产品制造商。在2003年，尤其是在下半年，百佳的产量几乎达到产能的百分之百。由于需求很高，百佳除了向其他代工制造商进口产品以外，也开展增加产量的计划。

百佳生产的“Beautex”是另外一个家喻户晓的品牌。它的产品种类多样化，包括了化妆面纸、餐巾、迷你纸巾、卷筒卫生纸和手纸巾。





Consumer Business Divison 消费产品部门



Marketing and Sales

Our strengths in distribution, sales and marketing have positioned us well as a leading player in the FMCG industry. Having built numerous successful brands, we have also honed a distribution service for our own products and other international brands in Singapore and Malaysia. With our dynamic approach, our far-reaching distribution channels now comprise more than 1,700 restaurants, supermarkets, retailers, hotels and wholesalers in Singapore.

To date, we have a stable of high quality products that are prominent household names in both Singapore and Malaysia – *Royal Umbrella Fragrant Rice*, *Golden Peony Fragrant Rice*, *Golden Circle Corn Oil*, *Soya Lite Soybean Oil*, a group of products under the *Harmuni* brand (specially tailored for the Muslim community), and a range of detergent products under the brands, *Sunny Fresh* and *Promax*. In addition, we market popular international brands such as *Mentos*, *Fruit-tella*, *Kikkoman Sauces* and *3M*.

To promote strong customer loyalty, we continue to run campaigns and promotions, such as our TV variety and game shows – *Cash Plus Holiday Delights* and *PSC Nites*. Well known for their entertaining game segments, *Cash Plus Holiday Delights* and *PSC Nites* have received overwhelming support and are now part of the everyday lives of our customers.

To bolster our operations, we remain committed to investing in information technology and in the development of our people. A wireless Sales Mobile System – *SalesExpress*, a sophisticated IT solution which enables the company to define new boundaries for order-taking and processing – will be implemented by the first half of 2004 to boost the productivity of our sales team.

市场行销

我们在分销和市场行销的优势，让我们在销量消费品市场中占有领先的地位。成功打响一些品牌的同时，我们也提升为本身和一些国际品牌在新加坡和马来西亚提供的分销服务水平。我们不断求新求变的经营方式，吸引了新加坡1700家餐馆、超级市场、零售商、酒店和批发商成为我们的顾客。

目前，由我们分销的高品质产品中，有许多是新加坡和马来西亚家喻户晓的牌子 – “皇族安培娜香米”、“金牡丹香米”、“金圈粟米油”、“素又丽黄豆油”、“Harmuni”品牌下的一系列产品（特别为回教社群而设）、“阳光”和“宝洁”系列的洗洁用品。我们也分销一些国际著名、深受欢迎的牌子，例如“Mentos”、“Fruit-tella”、“Kikkoman”酱料和“3M”。

为了稳固顾客对我们产品的忠诚度，我们继续主办多项促销活动，电视综艺游戏节目“赢万金游万里”和“普威之夜”是其中之一。“赢万金游万里”和“普威之夜”丰富的游戏和表演单元，让这两个节目深入人心，成为许多顾客生活的一部分。

我们不遗余力地投资在资讯科技和人员的培训，目的是要加强我们的业务运作。在2004年上半年，为了提高我们销售人员的生产力，我们将开始使用无线流动销售系统“SalesExpress”。这个先进的资讯科技方案将完全改变我们以往接收和处理订单的方式。

With our comprehensive sales channels, sizeable warehousing facility, experienced sales teams and proven successful marketing strategies, PSC Corporation has built a sound foundation for sustained growth.

Logistics

Throughout the years, we have built a strong logistics hub capable of supporting the needs of our core businesses in franchising, manufacturing, and sales and marketing.

The market is rapidly evolving. To improve our response to customer needs and further develop our capabilities in this area, we formally set up our Logistics Business unit in January 2004.



To jump-start and accelerate our learning curve, we established a 51:49 joint venture with UK-based international logistics and supply chain management services provider, Tibbett & Britten Group Plc. One of the world's leading logistics service providers, Tibbett & Britten has revenues of more than US\$2.2 billion in 2002. The new joint-venture company, PSC Tibbett & Britten Logistics Pte Ltd, will provide warehousing, distribution and supply chain management services to major manufacturers and retailers of food & drinks, clothing & textiles, personal care products and other FMCGs, as well as PSC Corporation and its subsidiaries.

This joint venture will enable us to tap on Tibbett & Britten's expertise, strengthen our operation structure and enjoy even greater synergies between our core businesses.

广大的分销网络、庞大的储仓设施、经验丰富的销售人员和证明成功的行销策略，为普威集团的业务持续成长奠定了稳固的基石。

物流

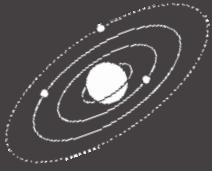
这些年来，我们已经建立起一个能够应付特许经营、制造、市场营销各个核心业务需求的强大物流中心。

由于市场的发展瞬息万变，我们在2004年1月正式成立物流业务部门，以便更好地满足客户的需要，还有进一步发展我们在这方面的能力。

为了协助我们更快的起跑，我们与以英国为基地的国际物流和供应链管理服务公司 Tibbett & Britten 集团成立了联营公司。我们拥有联营公司51%的股份，其余由这家2002年营业额超过22亿美元的全球首屈一指的物流服务公司之一拥有。联营公司名为 PSC Tibbett & Britten Logistics Pte Ltd，将为主要的食品、饮料、成衣、纺织、个人护理产品和其他高销量消费品制造商和零售商，以及普威集团和其子公司，提供储仓、分销和供应链管理服务。

成立这家联营公司后，我们就可以利用 Tibbett & Britten 的专长，加强我们的运作结构，让我们的核心业务能够起更大的相辅相成作用。





Adding Value for Shareholders

With our extensive capabilities and a wealth of experience to handle diverse healthcare projects, PSC has the ability to serve both public and private healthcare operators around the globe.





Healthcare 保健

Health Solutions Group

Our healthcare consultancy arm, Health Solutions, continues to grow from strength to strength. With our extensive capabilities and a wealth of experience to handle diverse healthcare projects, we have the ability to serve both public and private healthcare operators around the globe. Our operations in Malaysia and Singapore are well supported by an experienced team of consultants and state-of-the-art technologies. Our diverse portfolio includes hospital turnkey projects, consultancy projects, IT support, quality surveys and hospital management contracts.



In July 2003, we completed our turnkey contract for the Setiu Hospital in Terengganu State in Malaysia. The project was completed on schedule, within budget and in excellent order. In addition, our proposal for the development of the Women's and Children's Hospital as a Centre of Excellence within Kuala Lumpur General Hospital was well accepted by the Ministry of Health. Similarly, our proprietary IT solution, Total Hospital Information System, is the approved IT-related healthcare solution in Malaysia. These endorsements from the country's health authorities instill confidence in our healthcare services amongst hospital operators.



Health Solutions Group

我们的保健咨询公司Health Solutions的业务继续茁壮地成长。由于我们拥有全面的专长以及丰富的经验，我们有能力承接世界各地的公共和私人医疗保健项目。拥有一批经验丰富的咨询顾问和采用先进的科技，是支持我们新加坡和马来西亚业务发展的栋梁。我们所承接过的项目范围很广，包括医院总承包、咨询、资讯科技支援、品质调查和医院管理。

我们在2003年7月完成了马来西亚丁加奴州“Setiu”医院的项目。我们不只如期完工，而且是在预算内完善地处理整个工程。同时，马来西亚卫生部也接受了我们提呈的建议，同意把设在吉隆坡中央医院内的妇幼医院发展成为医治妇幼病的卓越中心。另外，我们开发的全面医疗保健资讯科技系统“Total Hospital Information System”，也是马来西亚认可的医疗保健资讯科技系统。有了当地医疗政府机构的认可，将让医院管理机构对我们的医疗保健服务更具信心。





Healthcare 保健



Our hospital management projects in Philippines have also done brilliantly. The De Los Santos Medical Center in Manila recorded a profit of 100% above the targeted value within the first year of contract. Likewise, the Fatima Medical Center in Manila attained an operational turnaround well ahead of schedule. We are into our seventh year of managing the Peel Health Campus under a 21-year contract with the Government of Western Australia. We believe that our proven expertise in hospital management will earn us more such contracts.

Within the United States of America, we are exploring an opportunity with the Orange County District Hospital in California to regularise and maintain the IT systems in various public hospitals.

The prospects for regional healthcare services are growing. Apart from Malaysia where we expect to secure a number of projects this year, we see significant opportunities arising in China, Vietnam, Philippines and India and intend to penetrate new markets such as Indonesia and Nepal.

在菲律宾方面，我们管理的医院表现也同样杰出。马尼拉“The De Los Santos Medical Centre”在合同的第一年就赚取比目标高出一倍的盈利。同样地，马尼拉Fatima Medical Centre比预期中提早许多转亏为盈。我们同西澳政府有一份21年合同，负责管理当地的Peel Health Campus；这份合同目前已经进入第七年。我们有信心我们在医院管理领域的专长和表现，今后能够给我们带来更多合同。

在美国，我们正在探讨为加利福尼亚州橙县区的多家公共医院规划和维持它们的资讯科技系统的机会。

本区域的保健服务业是个发展潜能不断增长的行业。今年我们预料会在马来西亚争取到数个新项目。除此之外，中国、越南、菲律宾和印度也充满发展机会。我们也打算开拓新兴市场，例如印尼和尼泊尔。





The first of our Primary Healthcare Clinics is targeted to commence operations in Ho Chi Minh City, Vietnam by mid 2004.

In South Asia, we are finalising our contract for healthcare planning in Nepal and exploring turnkey and management projects in India.

Given our sound domain expertise and strong track record in the healthcare industry, we are primed to tap the growing healthcare industry and make further inroads into existing markets.

我们的第一家基本保健诊所预定在2004年中在越南胡志明市投入服务。

在南亚一带，一份在尼泊尔进行保健策划的合同已经进入最后定案的阶段。我们也在印度寻找总承包和管理合同。

我们在保健业丰富的知识和优异的记录，为我们开拓这个成长中的行业和进一步打开现有市场，打好了稳固的基础。





Working Towards a Common Goal

To grow ESI progressively, PSC will focus our efforts on developing Cornell's operations by reviewing and aligning our curriculum to meet the changing demands of the business environment. We will also be exploring opportunities to form partnerships with more overseas universities or education institutions to sharpen our competitive edge.





Hotel and Education 酒店和教育



The Radisson Playford Hotel

Despite the battle scars suffered by the global travel industry in 2003 caused by the SARS outbreak and Iraq war, our hotel operations turned in a commendable performance last year. The Radisson Playford Hotel (The Playford), our joint venture with the Sparr Group, delivered an outstanding performance, achieving a turnover of \$18.10 million.

The slump in tourist arrivals, coupled with intensifying competition in Adelaide's hospitality industry in recent years, has put downward pressure on hotel occupancy rates in the city. However, The Playford outperformed other hotels in Adelaide by achieving an occupancy rate of 83.6%, far exceeding the industry average of 70.8%. The Playford also enjoyed a higher average room rate than the industry average of AUD\$123.03. As a further testament to our competency in hotel management, The Playford registered a REVPAR (yield) of AUD\$109.90 last year, which was about 26% higher than the industry average of AUD\$87.12.¹

The Radisson Playford Hotel

尽管全球旅游业在2003年遭受非典型肺炎疫情和伊拉克战争的双重打击，不过，我们的酒店业务表现还是值得赞许。我们同Sparr集团联营的The Radisson Playford Hotel的表现优异，营业额达到1810万元。

到访的旅客人数减少，再加上近几年来阿德雷德的酒店服务业竞争加剧，市区一带的酒店住客率都面对下跌压力。不过，The Playford的住客率还是达到83.6%，远远超越其他同行70.8%的平均住客率。同时，The Playford的平均客房租金也比同业的平均澳元123.03来得高。而The Playford的平均产值在去年达到澳元109.90，比同业的平均产值87.12¹高出26%，这再一次证明我们在酒店管理方面具备特出专长。

¹ Figures are based on the results of a survey of five star hotels in Adelaide conducted by Deloitte and Touche.

¹ 根据Deloitte and Touche的阿德雷德五星级酒店调查结果。



Hotel and Education 酒店和教育



Corporate travellers continue to form the cornerstone market for The Playford's client base. The Playford's unparalleled quality of service, fully furnished facilities and opulent accommodation have struck a chord with sophisticated business travellers in Adelaide.

For the third year running, The Playford won the prestigious South Australian Tourism Award for 'Best Luxury Accommodation', paving the way for its inaugural entry into the 'Tourism Hall of Fame' under this category. Last year, The Playford was also awarded the 'Best Marketed Hotel' and 'Best Conference Venue – Under 500 Delegates' in Australia, which were conferred by The Australian Hotels Association and Meetings Industry Association of Australia respectively. This year, The Playford was selected as Australia's best hotel, winning the Australian Tourism Award 2003-04 for the best luxury accommodation in Australia.

拥有连竞争对手都同声赞美的高素质服务、完善的设施以及豪华的客房，The Playford吸引了许多到阿得雷德公干的商务旅客。因此，商务旅客继续是The Playford的主要客户群。

The Playford 连续第三年获得声望崇高的“南澳旅游奖”的“最佳豪华住宿奖”。这为The Playford首度进入这个组别的“旅游荣誉榜”铺平了道路。去年，The Playford 也分别获得澳洲酒店协会颁发“营销策略最佳酒店奖”和澳洲会议协会颁发的“500人以下的最佳会议地点奖”。The Playford今年也获评选为澳洲的最佳酒店，获颁“2003—2004澳洲旅游奖”中的“最佳豪华住宿奖。”

Education Solutions International Pte Ltd

In line with our corporate strategy to exploit growing businesses, we identified educational services as a core activity and set up a new subsidiary called Education Solutions International Pte Ltd (ESI). In April 2003, ESI acquired Cornell Education Group Pte Ltd (Cornell), a training and continuing education service provider.

Cornell is a pioneer in logistics training and is widely recognised amongst corporations for its corporate training workshops and seminars related to the logistics sector. Given our plans to focus on logistics as a core business, Cornell's strength in logistics training fits in well with this strategy.

Targeted at mature students and business organisations, our new Division is focused on training, education and continuous learning. Examples of our activities include specialised logistics training, programmes related to construction and building maintenance, corporate training workshops and seminars, management development programmes, personal development programmes, academic courses and a full range of child-education and development programmes.

We intend to grow ESI progressively. For a start, we will focus our efforts on developing Cornell's operations. Besides on-going efforts in reviewing and aligning our curriculum to meet the changing demands of the business environment, we will also explore opportunities to form partnerships with more overseas universities or education institutions to sharpen our competitive edge.

Education Solutions International Pte Ltd

配合我们要开发新成长业务的发展策略，我们选定教育服务为我们的核心业务之一，并因此成立了 Education Solutions International Pte Ltd (ESI)。ESI在2003年4月收购了培训及延续教育服务公司Cornell Education Group Pte Ltd (Cornell)。

Cornell是物流业培训的先锋。它所提供的物流业企业培训研习班和讲座备受许多企业的承认。物流业是我们的核心业务，因此Cornell在物流培训方面的强处正好配合我们的策略。

这个新部门专注于培训、教育和延续学习，对象是成年学生和商业机构。我们主办的课程包括专业物流培训，同建筑和建筑物管理有关的课程，企业培训研习班和讲座，管理发展课程，个人发展课程，专业学术课程以及全面的儿童教育和发展课程。

我们准备按部就班地发展ESI。作为第一步，我们将集中于提升Cornell的运作。除了持续检讨和改进我们的课程内容，以便更好地配合商业环境不断改变的需求，我们也会探讨与更多海外大学和教育机构合作的机会，从而加强我们的竞争优势。





Board of Directors



Dr Allan Yap

Executive Chairman

Dr Yap, who joined PSC Corporation Ltd in September 2002, was appointed its Executive Chairman in February 2003. He has over 21 years of experience in finance, investment and banking and is also the Managing Director of Hongkong-listed Hanny Holdings Limited as well as Vice Chairman of China Strategic Holdings Limited, China Enterprises Limited and Dong Fang Gas Holdings Limited. Dr Yap is also an Executive Director of Wing On Travel (Holdings) Limited and the Chairman and Chief Executive Officer of Burcon NutraScience Corporation, a Canada-listed company.



Mr Foo Der Rong

Managing Director and Chief Executive Officer

Mr Foo has been with PSC Corporation Ltd for the past 22 years. Prior to that, he was with the Diners Travel Group and a Hong Kong electronics company. He was a director with the National Crime Prevention Council from 1989 to 1999 and a member of the Board of Trustees of ISCOS (Industrial and Services Co-operatives Society Limited) from 1994 to 2001.



Dr John Chen Seow Phun

Deputy Chairman/Non-Executive Director

Dr John Chen is the Managing Director of JCL Business Development Pte Ltd and sits on the Board of a number of publicly listed companies. He has been a Member of Parliament since September 1988 and between 1997 to 2002, during which he served as a Minister of State or Minister. Dr Chen was also the Assistant Secretary General of the National Trades Union Congress (NTUC) from 1991 to 1997. He has also served as a Board member of the Economic Development Board, the Housing & Development Board, the Port of Singapore Authority and Singapore Power Ltd.



Mr Richard Lui Siu Tsuen

Executive Director

Mr Lui is the Deputy Managing Director of Hongkong-listed Hanny Holdings Ltd. He is also an alternate director to Dr Allan Yap in China Strategic Holdings Limited and an Executive Director of Wing On Travel (Holdings) Limited. A qualified accountant, he has worked for an international accounting firm for over 11 years and held senior financial positions in both private and public listed companies.

**Mr Chan Yeuk Wai***Executive Director*

Mr Chan was appointed as an Executive Director of PSC Corporation Ltd in August 2002. He is currently the Chairman of Singapore-listed companies, PDC Corp Limited and See Hup Seng Limited. Mr Chan is also the owner and director of Ananda Travel in Singapore. He has over 20 years of experience in international business transactions, investments and finance, particularly in Hong Kong and China.

**Mr Tao Yeoh Chi***Non-Executive Director*

Mr Tao is the founding member and the Director of Global Resources Consultants Pte Ltd. He has a strong background in human resources management with over twenty years of experience in the print media, high end manufacturing sector and media.

**Mr Chee Teck Kwong Patrick***Non-Executive Director*

Mr Chee has been an independent director of PSC Corporation Ltd since 1990 and is the current Audit Committee Chairman. He is also the Managing Partner of M/s Chee & Teo Advocates & Solicitors. Mr Chee is a Notary Public and a Commissioner for Oaths and has been in private legal practice since 1981. He is a member of Singapore Institute of Arbitrators and Singapore Institute of Directors. Mr Chee is the recipient of the National Day Awards 2003 – The Public Service Medal (Pingat Bakti Masyarakat) from the President of Republic of Singapore.

**Mr Chua Keng Hiang***Non-Executive Director*

Mr Chua is a partner at KK Chua & Co and the co-founder and principal consultant of CF Consulting Pte Ltd. He also sits on the Board of a number of Singapore public listed companies and is a director of CF Consulting Pte Ltd. With over 20 years of experience in public accounting, merchant banking and industrial management, Mr Chua is a practicing member of the Institute of Certified Public Accountants of Singapore as well as a fellow member of the Association of Chartered Certified Accountants (UK).

Constitution of the Board Committees**1. Audit Committee**

- Mr Chee Teck Kwong Patrick (*Chairman*)
- Dr John Chen Seow Phun
- Mr Tao Yeoh Chi
- Mr Chua Keng Hiang

2. Nominating Committee

- Mr Chua Keng Hiang (*Chairman*)
- Dr John Chen Seow Phun
- Mr Chee Teck Kwong Patrick

3. Remuneration Committee

- Mr Tao Yeoh Chi (*Chairman*)
- Dr John Chen Seow Phun
- Mr Chee Teck Kwong Patrick



Senior Executives of PSC Corporation Ltd



Mr Chris Oo Hoe Hee

Executive Vice President

Group Consumer Business

Mr Oo joined PSC Corporation Ltd in May 2003. With an extensive background in the consumer business in Singapore and the Asia region, he oversees the Group's consumer business. Prior to that, Mr Oo was the Director and General Manager of one of the largest fast moving consumer goods trading houses in Singapore. He holds a Diploma in Marketing from the Chartered Institute of Marketing of the United Kingdom.



Ms Lena Teo Wai Leng

Senior Vice President

Group Human Resource/Corporate Services
Public Relations/Service Quality

Ms Teo joined PSC Corporation Ltd in February 2003. Her responsibilities range from the management of key operations in Group Human Resource/Corporate Services, MIS, Service Quality to Public Relations and Facilities. Ms Teo has over 14 years of experience in human resource, business development and general management at MNCs in the manufacturing and marine industries. She holds a Bachelor of Commerce (HRM & IR) degree from the Curtin University of Technology in Australia.



Mr Alan Tang Yick Chong

Senior Vice President

Corporate Planning/Business Development

Mr Tang joined PSC Corporation Ltd in May 2003 to spearhead its corporate planning and business development. He has more than 20 years of experience in food manufacturing, distribution, international business, and franchising with MNCs and SMEs. He holds a Bachelor of Commerce degree from Nanyang University and an MBA from Henley Management College of the United Kingdom.



Ms Wong Juan Meng

Financial Controller

Ms Wong, who joined PSC Corporation Ltd in October 2003, is responsible for the Group's finance and accounting functions. She has more than 20 years of regional experience in audit, finance, treasury and risk management in industries ranging from fast moving consumer goods to food and beverages, property and hospitality. She holds a Bachelor of Accountancy degree from the University of Singapore and is a non-practicing member of the Institute of Certified Public Accountants of Singapore.



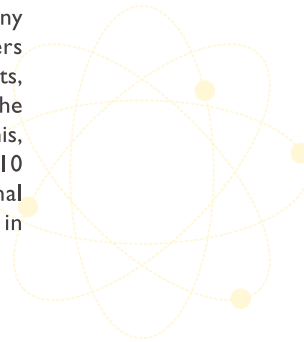
Senior Executives of PSC Corporation Ltd



Ms Angela Chan Mui Chin

*Company Secretary
Vice President
Group Legal*

Ms Chan joined PSC Corporation Ltd in June 2003. As the Vice President - Group Legal and Company Secretary, she oversees the Group's legal matters and is in charge of mergers and acquisitions/projects, legal risk management, compliance and managing the Group's intellectual property portfolio. Prior to this, Ms Chan was a legal practitioner for more than 10 years. She holds a law degree from the National University of Singapore and is called to the bar in Singapore, West Malaysia and New York.



Senior Executives of PSC's Subsidiaries



Mr Desmond Foo Der Chyang

*Executive Director
Health Solutions Group*

Mr Foo is an Executive Director of Health Solutions Group since 1996. With extensive international experience, he oversees the operations of the Group's business in Asia. Prior to this, he was with Fraser and Neave (S) Pte Ltd, Alexander Proudfoot Productivity Services Pte Ltd and listed Goldtron Ltd. He holds an Honours degree in Commerce from the University of Windsor, Ontario, Canada.



Mr Bill Sparr

*General Manager and Executive Director
Playford Hotel and Suites*

Mr Sparr is the General Manager and Executive Director of Playford Hotel and Suites since July 1998. A veteran of the hospitality industry since 1972, he is renowned in the hotel industry. As a well-recognised consultant in the hospitality area, he has invaluable experience in managing and marketing hotel operations.



Corporate Data

Board of Directors

Allan Yap
Executive Chairman

Foo Der Rong
Managing Director / CEO

Chan Yeuk Wai
Executive Director

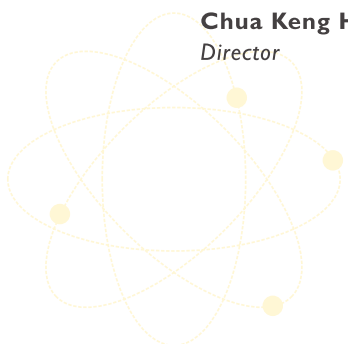
Richard Lui Siu Tsuen
Executive Director

John Chen Seow Phun
Deputy Chairman

Chee Teck Kwong Patrick
Director

Tao Yeoh Chi
Director

Chua Keng Hiang
Director



Company Secretary

Angela Chan Mui Chin

Registered Office
348 Jalan Boon Lay
Singapore 619529
Tel: 6268 4822

Share Registrar
M&C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

Auditors
KPMG
Certified Public Accountants
(Partner in charge —
Eng Chin Chin, since FY2001)
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

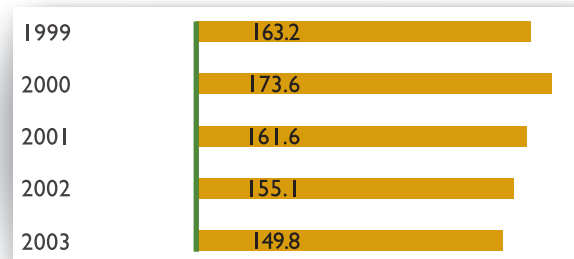
Bankers

- United Overseas Bank Limited
- Development Bank of Singapore Limited
- Standard Chartered Bank
- The Hong Kong and Shanghai Banking Corporation Limited

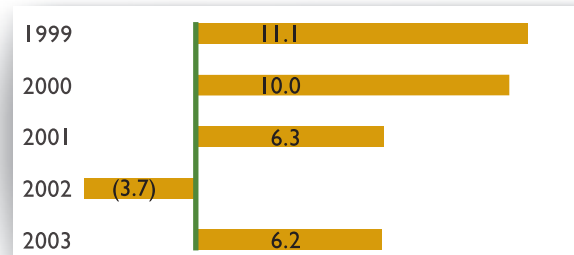


Group Financial Summary

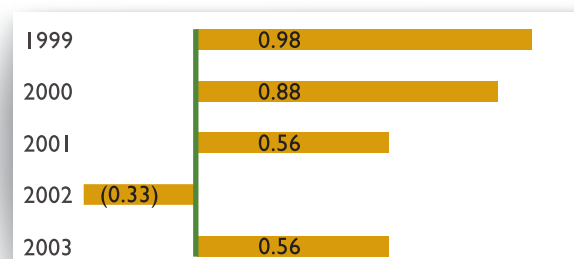
Turnover (\$ million)



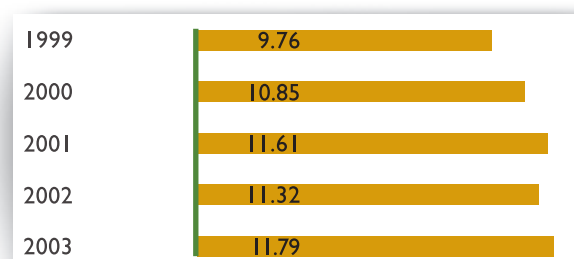
Profit/(Loss) after taxation and minority interest (\$ million)



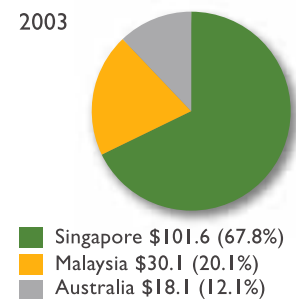
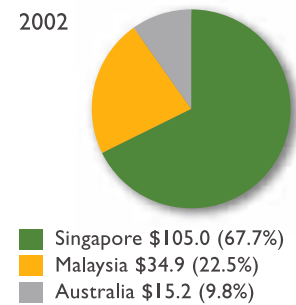
Basic Earning/(Loss) (cents)



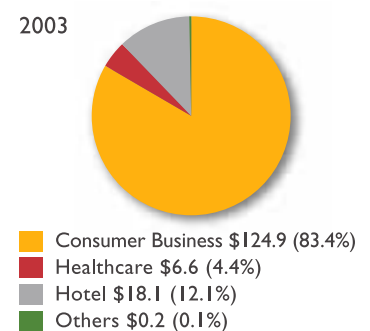
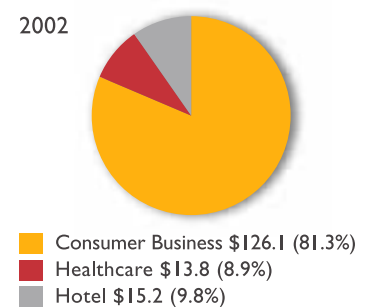
NTA per share (cents)



Turnover by geographical segments (\$ million)




Turnover by business segments (\$ million)





Financial

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CORPORATE GOVERNANCE STATEMENT

The Company is committed to complying with the Code of Corporate Governance ("Code") issued by the Corporate Governance Committee in March 2001 so as to ensure greater transparency and to safeguard the interests of shareholders. This statement highlights the main corporate governance practices that were in place during the financial year. The Company aims to improve its corporate governance systems and processes in line with the Code.

I. Board of Directors

Role of the Board

The Board of Directors currently comprises 4 Executive Directors, and 4 Non-Executive Directors. 3 of the Non-Executive Directors are Independent Directors. Its primary role is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises executive management. To fulfil this role, the Board is responsible for the overall corporate governance of the Group including setting its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Board Processes

The Board of Directors has established Board Committees such as the Audit Committee, Nominating Committee and the Remuneration Committee to assist it in carrying out its responsibilities. These committees have written mandates and operating procedures, which are reviewed and monitored regularly. The minutes of the meeting of these committees are circulated among the Board.

During the year, the Board held 2 meetings to review the Group's operations, conduct strategic review of the businesses and address other specific significant matters that arose. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information relating to the proposed transaction.

The agenda for meetings is prepared in consultation with the Chairman and Chief Executive Officer. The agenda and submissions are circulated in advance of the scheduled meetings.

Directors' meeting held in FY 2003

The number of meetings attended by each member of the Board during the financial year is as follows:

| Name of director | Board meetings attended |
|---|--------------------------------|
| Dr. Allan Yap | 1 |
| Mr. Foo Der Rong | 2 |
| Mr. Chan Yeuk Wai | 1 |
| Mr. Richard Lui Siu Tsuen | 2 |
| Dr. John Chen Seow Phun (Appointed on 9 June 2003) | 1 |
| Mr. Chee Teck Kwong Patrick | 2 |
| Mr. Tao Yeoh Chi | 2 |
| Mr. Chua Keng Hiang (Appointed on 27 February 2003) | 2 |
| Mr. S Chandra Das (Resigned on 2 July 2003) | 1 |

I.1 Matters Requiring Board Approval

The directors have identified a few areas for which the Board has direct responsibility for decision making such as the following:

- approval of the half-year and full year results announcements;
- approval of the annual report and accounts;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;
- approval of corporate strategy; and
- authorisation of major transactions.

CORPORATE GOVERNANCE STATEMENT

1.2 Training of Directors

Our directors are provided with extensive background information about our Group's history and business operations. The Company also provides ongoing education on Board processes and best practices. Directors also have the opportunity to visit the Group's operational facilities and meet with management to gain a better understanding of the business operations.

1.3 Board Composition and Balance

The current Board comprises members with diverse expertise and experience in business and management, accounting, finance, human resources and law.

As at the date of this report, the Board comprises 8 suitably qualified members:

| Name of director | Date of appointment/ Date of last re-election | Functions | Directorships in other listed companies and other major appointments | Past directorships in other listed companies and other major appointment over the preceding three years | Academic and professional qualifications |
|-------------------------|--|---|---|---|---|
| Dr. Allan Yap | 10 May 2002/ 30 May 2003 | Executive Chairman | Executive Chairman of Intraco Limited Managing Director of Hanny Holdings Limited Executive Director of Wing On Travel (Holdings) Limited Vice Chairman and Director of China Strategic Holdings Limited and China Enterprises Limited Vice Chairman of Dong Fang Gas Holdings Ltd Chairman, CEO and Director of Burcon NutraScience Corporation | Executive Director of ITC Corporation Ltd | Honorary Doctor of Laws from University of Victoria |
| Mr. Foo Der Rong | 1 August 1990/ 11 May 2002 | Managing Director & Chief Executive Officer | Executive Director of Intraco Limited | Director of Green World Holdings Ltd | Bachelor of Commerce from Nanyang University of Singapore |

CORPORATE GOVERNANCE STATEMENT

I.3 Board Composition and Balance (cont'd)

| Name of director | Date of appointment/ Date of last re-election | Functions | Directorships in other listed companies and other major appointments | Academic and professional qualifications |
|------------------------------------|--|---|---|--|
| Mr. Chan Yeuk Wai | 10 May 2002/ 30 May 2003 | Executive Director | Honorary Chairman of Wing On Travel (Holdings) Limited Executive Chairman of See Hup Seng Limited and PDC Corp Limited | |
| Mr. Richard Lui Siu Tsuen | 10 May 2002/ 30 May 2003 | Executive Director | Deputy Managing Director of Hanny Holdings Limited Alternate Director (to Dr Allan Yap) of China Strategic Holdings Limited Executive Director of Wing On Travel (Holdings) Limited | Member of The Chartered Institute of Management Accountants Master of Business Administration from The University of Adelaide |
| Mr. Chee Teck Kwong Patrick | 1 August 1990/ 16 May 2001 | Non-Executive/ Independent Director, Chairman of Audit Committee, Member of Nominating and Remuneration Committee | Chairman of CSC Holdings Limited Director of King's Safetywear Limited | Bachelor of Laws (Honours) from the University of Singapore |
| Mr. Tao Yeoh Chi | 13 November 1997/ 30 May 2003 | Non-Executive/ Independent Director, Chairman of Nominating Committee (up to 9 July 2003), Chairman of Remuneration Committee, Member of Audit Committee | | Bachelor of Arts (Economics) from University of Newcastle Bachelor of Engineering (Mechanical)(Honours), from University of Newcastle |
| Mr. Chua Keng Hiang | 27 February 2003/ 30 May 2003 | Non-Executive/ Independent Director, Chairman of Nominating Committee (appointed 9 July 2003) and Member of Audit Committee | Director of Jadasson Enterprises Ltd, First Engineering Limited, Tat Seng Packaging Group Ltd and Ocean Sky International Limited | Member of Chartered Association of Certified Public Accountants, UK Bachelor of Accountancy (Honours) from University of Singapore |
| Dr. John Chen Seow Phun | 9 June 2003 | Non-Executive Director, Member of Audit, Nominating and Remuneration Committee (all appointed on 9 July 2003) | Director of Matex International Ltd, Thai Village Holdings Ltd, OKP Holdings Ltd, Hiap Seng Engineering Ltd, Hongguo International Holdings Limited and Intraco Limited | PhD in Electrical Engineering from the University of Waterloo, Canada |

CORPORATE GOVERNANCE STATEMENT

1.3 Board Composition and Balance (cont'd)

The composition of the Board is determined in accordance with the following principles:

- the Board should comprise 8 to 10 directors. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified;
- the Board should comprise at least one-third of non-executive independent directors;
- the Board should have enough directors to serve on various committees of the Board without over-burdening the directors or making it difficult for them to fully discharge their responsibilities;
- the Board should comprise directors with a broad range of expertise both nationally and internationally;
- directors appointed by the Board are subject to election by shareholders at the following Annual General Meeting ("AGM") and thereafter, directors are subject to re-election according to the provisions of the Articles of Association. The relevant Article states that one third of the directors shall retire from office by rotation with the exception of the director holding office as Managing Director.

The Board regularly examines its size and, with a view to determining the impact of its number upon effectiveness, decides on what it considers an appropriate size for itself. The composition of the Board is reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills and knowledge, the Committee, in consultation with the Board, determines the selection criteria for the position based on the skills and knowledge deemed necessary for the Board to best carry out its responsibilities. The Committee then selects candidates with the appropriate expertise and experience. Potential candidates are identified by the Committee and the Board then appoints the most suitable candidate who must stand for election at the next AGM of shareholders.

Particulars of interests of directors who held office at the end of the financial year in shares and share options in the Company and in related corporations (other than wholly owned subsidiaries) are set out in the Directors' Report.

1.4 Independent Members of the Board of Directors

The Board of Directors has 3 independent members, representing more than one third of the Board: Mr. Chee Teck Kwong Patrick, Mr. Tao Yeoh Chi and Mr. Chua Keng Hiang. The criteria for independence is based on the definition given in the Code of Corporate Governance. The Board considers an 'independent' director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement.

1.5 Chairman and Chief Executive Officer

There is a distinct separation of responsibilities between the Executive Chairman and the CEO, which ensures that there is a balance of power and authority at the top of the Company. These posts are held by Dr. Allan Yap and Mr. Foo Der Rong, respectively.

The Board has delegated the daily operations of the Group to the CEO. The Chairman is primarily responsible for the effective working of the Board and exercises control over the quality, quantity and timeliness of information flow between the management and the Board.

CORPORATE GOVERNANCE STATEMENT

1.6 Board Membership

In appointing directors, the Board considers the range of skills and experience required in the light of:

- geographical spread and diversity of the Group's businesses;
- the strategic direction and progress of the Group;
- the current composition of the Board; and
- the need for independence.

The Board has delegated the functions of developing and maintaining a transparent and formal process for the appointment of new directors, making recommendations for directors who are due for retirement by rotation to seek re-election at general meeting, and determining the independent status of each director to the Nominating Committee ("NC").

The NC has 3 members the majority of whom (including the Chairman) is independent, comprising Mr. Chua Keng Hiang (Chairman, and Independent Director), Mr. Chee Teck Kwong Patrick (Independent Director) and Dr. John Chen Seow Phun (appointed on 9 July 2003). Mr. S Chandra Das who was a member during the year resigned on 2 July 2003. Mr. Tao Yeoh Chi who served as the Chairman of the NC during the year stepped down following the reshuffle and new constitution of the Board Committees on 9 July 2003.

The NC's functions are to develop and maintain a transparent and formal process for the appointment of new directors, the recommendation of directors who are due for retirement by rotation to seek re-election at general meeting, and the determination of status of independence of each director and the Board as a whole.

The roles of the NC are to oversee the appointment and induction process for directors. Candidates are selected for their character, judgement, business experience and acumen, technical expertise, and familiarity with national and international issues affecting business. Where a director has multiple board representations, the NC will evaluate whether or not a director is able to and has been adequately carrying out his duties as director of the Company.

The Company's Articles of Association provide that, at each AGM, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not more than one-third) shall retire from office by rotation. A retiring director is eligible for re-election by the shareholders of the Company at the AGM, and prior to nominating a retiring director for re-election, the NC will evaluate the director's contribution and performance taking into consideration factors such as attendance, preparedness, participation and candour.

Meetings and attendance during the year:

| Name of director | Appointment | Number of meetings attended |
|--|-----------------------------|-----------------------------|
| Mr. Tao Yeoh Chi (Chairman) (up to 9 July 2003) | Non-Executive / Independent | 1 |
| Mr. Chua Keng Hiang (Chairman) (appointed on 9 July 2003) | Non-Executive / Independent | — |
| Mr. Chee Teck Kwong Patrick | Non-Executive / Independent | 1 |
| Dr. John Chen Seow Phun (appointed on 9 July 2003) | Non-Executive | — |
| Mr. S Chandra Das (resigned on 2 July 2003) | Non-Executive | — |

CORPORATE GOVERNANCE STATEMENT

1.7 Board Performance

We believe that Board performance is ultimately reflected in the performance of the Group and the Company. The Board should ensure compliance with applicable laws and Board members should act in good faith, with due diligence and care in the best interests of the Group and the shareholders. In addition to these fiduciary duties, the Board is charged with two key responsibilities of setting strategic directions and ensuring that the Group is ably led. The Board, through the delegation of its authority to the NC, will review the Board's composition annually to ensure that the Board has the appropriate mix of expertise and experience to lead the Group.

The NC, in considering the re-appointment of any director, evaluates the performance of the director. The assessment parameters include attendance record at meetings of the Board and Board Committees, intensity of participation at meetings, the quality of interventions and special contributions.

The financial indicators set out in the Code as guides for the evaluation of directors are in our opinion more of a measure of management's performance and hence, less applicable to directors. Moreover, the financial indicators provide snapshots of the Group's performance and do not reflect a complete measure of long-term creation of shareholders' wealth.

The NC is currently reviewing an appropriate procedure to be adopted by the Company for evaluating the effectiveness of the Board and for assessing the contribution of each individual director to the effectiveness of the Board which will take into account the guidelines set out in the Code.

1.8 Access to Information

Directors receive a regular supply of information from management about the Group so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers are prepared for each meeting of the Board and are normally circulated a week in advance of each meeting. The Board papers provided include background or explanatory information relating to matters to be brought before the Board.

All directors have separate and independent access to the advice and services of the company secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Each director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as directors.

The company secretary attended all Board meetings during the year. The Board has independent access to the company secretary.

2 Remuneration Matters

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate directors and key management executives.

In 2003, the Remuneration Committee ("RC") had a majority of non-executive directors and currently comprises 3 members, Mr. Tao Yeoh Chi (Chairman, and Independent Director), Mr. Chee Teck Kwong Patrick (Independent Director) and Dr. John Chen Seow Phun (appointed on 9 July 2003). Mr. S Chandra Das who was a member during the year resigned on 2 July 2003.

The RC is responsible for recommending to the Board a framework of remuneration for the Board. The RC reviews and approves recommendations on remuneration policies and packages for directors in the interests of improved corporate performance. The review of remuneration packages takes into consideration the long-term interests of the Group and ensures that the interests of the directors align with that of the shareholders. The review covers all aspects of remuneration, including but not limited to directors' salaries, fees, allowances, bonuses, options, profit sharing, and benefits-in-kind.

The remuneration packages of the CEO and the executive directors are determined based on the framework recommended by the RC, in consultation with the Chairman of the Board, and are submitted for endorsement by the entire Board. All Directors are paid a Director's fee, with additional fees for serving as the chairman or member of a Board committee. These fees are recommended by the RC and submitted to the Board for endorsement. The Directors' fees to be paid for any one year are submitted for the shareholders' approval at the Annual General Meeting.

CORPORATE GOVERNANCE STATEMENT

2 Remuneration Matters (cont'd)

Meetings and attendance during the year:

| Name of director | Appointment | Number of meetings attended |
|---|-----------------------------|-----------------------------|
| Mr. Tao Yeoh Chi (Chairman) | Non-Executive / Independent | 1 |
| Mr. Chee Teck Kwong Patrick | Non-Executive / Independent | 1 |
| Dr. John Chen Seow Phun (appointed on 9 July 2003) | Non-Executive | 1 |
| Mr. S Chandra Das (resigned on 2 July 2003) | Non-Executive | — |

Summary compensation table of Company's Directors receiving remuneration from the Group for the financial year ended 31 December 2003:

| Directors | Salary | Bonus | Profit-Sharing | Director's Fees | Allowances and other benefits * | Ex-Gratia | Total |
|------------------------------------|--------|-------|----------------|-----------------|---------------------------------|-----------|-------|
| Range \$250,000 and below | | | | | | | |
| Mr. Chan Yeuk Wai | 77% | 0% | 0% | 16% | 7% | 0% | 100% |
| Mr. Richard Lui Siu Tsuen | 55% | 9% | 22% | 14% | 0% | 0% | 100% |
| Dr. John Chen Seow Phun | 0% | 0% | 0% | 100% | 0% | 0% | 100% |
| Mr. Chee Teck Kwong Patrick | 0% | 0% | 0% | 100% | 0% | 0% | 100% |
| Mr. Tao Yeoh Chi | 0% | 0% | 0% | 100% | 0% | 0% | 100% |
| Mr. S Chandra Das | 0% | 0% | 0% | 100% | 0% | 0% | 100% |
| Mr. Chua Keng Hiang | 0% | 0% | 0% | 100% | 0% | 0% | 100% |
| Range \$500,001 - \$750,000 | | | | | | | |
| Mr. Tan Ling San | 7% | 0% | 0% | 0% | 1% | 92% | 100% |
| Range \$750,000 & Above | | | | | | | |
| Dr. Allan Yap | 55% | 10% | 29% | 3% | 3% | 0% | 100% |
| Mr. Foo Der Rong | 56% | 9% | 22% | 8% | 5% | 0% | 100% |

* Employer's CPF contribution is included here.

2.1 Remuneration of Employees Related to Directors

As at 31 December 2003, we have an employee who is related to the CEO. He has been the Executive Director of a subsidiary since 1996. The remuneration of this employee is determined by the Executive Chairman and an Executive Director. The CEO abstains from all matters relating to the remuneration of this employee. The basis of determining the remuneration of this related employee is the same as the basis of determining the remuneration of other unrelated employees.

Summary compensation table of the executive who is related to the CEO for the financial year ended 31 December 2003:

| Remuneration Band | Salary | Bonus | Director's Fees | Allowances and other benefits * | Ex-Gratia | Total |
|-------------------------------|--------|-------|-----------------|---------------------------------|-----------|-------|
| Range S\$250,001 – S\$500,000 | 75% | 13% | 5% | 7% | 0% | 100% |

* Employer's CPF contribution is included here.

CORPORATE GOVERNANCE STATEMENT

2.2 Remuneration of Top 5 Key Management Executives

Disclosure of the top 5 key management executives' remuneration (who are not directors) in bands of \$250,000 (based on gross remuneration received) is set out below:

Below S\$250,000

Oo Hoe Hee
Tang Yick Chong
Teo Wai Leng, Lena
Wong Juan Meng
Angela Chan Mui Chin

The Company adopts a remuneration policy for staff comprising both a fixed and variable component. The fixed component is in the form of a base salary and allowances. The variable component is in the form of a variable bonus that is linked to the Company and each individual's performance.

The Company has implemented the PSC Executives' Share Option Scheme 2003 for the Company's executives, including its directors. Information on the Scheme is set out in the Director's Report. The RC is responsible for reviewing, approving and administering the Scheme.

3 Accountability and Audit

In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects.

3.1 Audit Committee

During 2003, the Audit Committee ("AC") had a majority of Non-Executive Independent Directors comprising Mr. Chee Teck Kwong Patrick (Chairman, and Independent Director), Mr. Tao Yeoh Chi (Independent Director), Mr. Chua Keng Hiang (Independent Director) (appointed on 27 February 2003) and Dr John Chen Seow Phun (appointed on 9 July 2003). Mr. Tan Ling San who was a member during the year resigned on 1 February 2003.

The AC, which is chaired by Mr. Chee Teck Kwong Patrick, a Non-Executive Independent Director, meets from time to time with the Group's external and internal auditors and the executive management to review accounting, auditing and financial reporting matters so as to provide the necessary checks and balances to ensure that an effective control environment is maintained in the Group.

The AC also studies proposed changes in accounting policies, examines the internal audit functions and discusses the accounting implications of major transactions. Furthermore, the AC advises the Board regarding the adequacy of the Group's internal controls and the contents and presentation of its interim and annual reports.

Specifically, the AC meets periodically to perform the following functions:

- (a) reviewing the audit plans of our external and internal auditors;
- (b) reviewing the external and internal auditors' reports;
- (c) reviewing the co-operation given by our officers to the external and internal auditors;
- (d) reviewing the adequacy of the internal audit function;
- (e) evaluating the effectiveness of our Group's system of internal controls, including financial, operational and compliance controls, and risk management, by reviewing written reports from internal and external auditors, and management responses and actions to correct any deficiencies;

CORPORATE GOVERNANCE STATEMENT

3.1 Audit Committee (cont'd)

- (f) reviewing the financial statements of our Company and our Group before their submission to the Board of Directors;
- (g) reviewing non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors;
- (h) nominating external auditors for appointment or re-appointment;
- (i) reviewing our Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, and by such amendments made thereto from time to time; and
- (j) reviewing interested person transactions (as defined in Chapter 9 of the Listing Manual) to ensure that they are on normal commercial terms and arms' length basis and not prejudicial to the interests of the Company or our shareholders in any way.

Apart from the duties listed above, the AC may commission and review the findings of internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore and other applicable law, rule or regulation which has or is likely to have material impact on our Company's or our Group's operating results and/or financial position.

The AC is also authorised to investigate any matter within its terms of reference and has full access to and co-operation of management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The AC meets annually with the internal auditors and the external auditors, without the presence of the Company's management. This is to review the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, and the independence and objectivity of the internal and external auditors.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

Meetings and attendance during the year:

| Name of director | Appointment | Number of meetings attended |
|--|-----------------------------|-----------------------------|
| Mr. Chee Teck Kwong Patrick (Chairman) | Non-executive / Independent | 4 |
| Mr. Tao Yeoh Chi | Non-executive / Independent | 4 |
| Mr. Chua Keng Hiang (appointed on 27 February 2003) | Non-executive / Independent | 3 |
| Dr. John Chen Seow Phun (appointed on 9 July 2003) | Non-executive | 2 |
| Mr. Tan Ling San (resigned on 1 February 2003) | Executive | — |

3.2 Internal Controls

The Board of Directors recognises that it is responsible for the overall internal control framework, but accepts that no cost effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The AC will:

- satisfy itself that adequate measures are in place to identify and mitigate any material business risks associated with the Group;
- ensure that a review of the effectiveness of the Group's material internal controls, including financial, operating and compliance controls and risk management, is conducted at least annually. Such review can be carried out by internal auditors/external auditors;
- ensure that the internal control recommendations made by internal and external auditors have been implemented by the management; and
- ensure the Board is in a position to comment on the adequacy of the internal controls of the Group.

CORPORATE GOVERNANCE STATEMENT

3.3 Internal Audit

The Group has an in-house internal audit function that is independent of the activities it audits. The aim of the internal audit function is to promote internal control in the Group and to monitor the performance and effective application of internal audit procedures. It supports the directors in assessing key internal controls through a structured review programme. The internal audit function is expected to meet or exceed the standard set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal audit function reports primarily to the Chairman of the AC. The AC ensures that the internal audit function has adequate resources and has appropriate standing within the Group. The AC, on an annual basis, assesses the effectiveness of the internal auditor by examining:

- the scope of the internal auditor's work;
- the quality of the reports;
- the relationship with the external auditors; and
- the independence of the areas reviewed.

4 Communication with our Shareholders

The Company firmly believes in high standards of transparent corporate disclosure, pursuant to the SGX-ST's Listing Rules and the Singapore Companies Act, whereby shareholders are informed of all major developments that affect the Group. Information is communicated to our shareholders on a timely basis. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is made through:

- annual reports that are prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments and other disclosures required by the Singapore Companies Act and Singapore Financial Reporting Standards;
- quarterly announcements containing a summary of the financial information and affairs of the Group for that period;
- notices of and explanatory memoranda for AGMs and Extraordinary General Meetings;
- press releases on major developments of the Company and the Group;
- disclosure to the SGX-ST; and
- the Company's website at <http://www.psc.com.sg> at which our shareholders can access information on the Group.

Moreover, our shareholders are encouraged to attend the AGM to ensure a high level of accountability and to be updated on the Company's strategies and goals. The notice of the AGM is sent to our shareholders, together with explanatory notes, appendices or a circular on items of special business, at least 14 days before the meeting. The Chairmen of the AC, NC and RC are normally present and available to address questions relating to the work of their respective committees at general meetings. Furthermore, the external auditors are present to assist our Board of Directors in addressing any relevant queries by our shareholders.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

5 Dealings in Securities

In accordance with the Best Practices Guide issued by SGX-ST, the Company notified all employees that they are prohibited from trading in the Company's shares one month prior to the announcement of the Company's quarterly and full year results.

The Company has also issued a policy on Insider Trading to all employees which advises them on the relevant laws relating to insider trading which are applicable at all times.

DIRECTORS' REPORT for the year ended 31 December 2003

Directors' Report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2003.

Directors

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

Allan Yap
 Foo Der Rong
 Chan Yeuk Wai
 Richard Lui Siu Tsuen
 Chee Teck Kwong Patrick
 Tao Yeoh Chi
 Chua Keng Hiang (Appointed on 27 February 2003)
 John Chen Seow Phun (Appointed on 9 June 2003)

Change of Name

The Company changed its name from Provisions Suppliers Corporation Limited to PSC Corporation Ltd with effect from 8 July 2003.

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

| Name of director and corporation in which interests are held | Holdings at beginning of the year/date of appointment | Holdings at end of the year |
|--|---|-----------------------------|
| Allan Yap PSC Corporation Ltd | | |
| - options to subscribe for ordinary shares of \$0.05 each at \$0.105 between 20/8/04 and 19/8/13 | — | 5,000,000 |
| Foo Der Rong PSC Corporation Ltd | | |
| - ordinary shares of \$0.05 each fully paid | 2,087,500 | 2,087,500 |
| - options to subscribe for ordinary shares of \$0.05 each at \$0.105 between 20/8/04 and 19/8/13 | — | 4,000,000 |
| Chan Yeuk Wai PSC Corporation Ltd | | |
| - options to subscribe for ordinary shares of \$0.05 each at \$0.105 between 20/8/04 and 19/8/13 | — | 1,000,000 |
| Richard Lui Siu Tsuen PSC Corporation Ltd | | |
| - options to subscribe for ordinary shares of \$0.05 each at \$0.105 between 20/8/04 and 19/8/13 | — | 2,000,000 |
| Chee Teck Kwong Patrick PSC Corporation Ltd | | |
| - options to subscribe for ordinary shares of \$0.05 each at \$0.105 between 20/8/04 and 19/8/08 | — | 1,000,000 |

DIRECTORS' REPORT for the year ended 31 December 2003

Directors' Interests (cont'd)

| Name of director and corporation in which interests are held | Holdings at beginning of the year/date of appointment | Holdings at end of the year |
|---|---|-----------------------------|
| Tao Yeoh Chi PSC Corporation Ltd - options to subscribe for ordinary shares of \$0.05 each at \$0.105 between 20/8/04 and 19/8/08 | – | 1,000,000 |
| Chua Keng Hiang PSC Corporation Ltd - options to subscribe for ordinary shares of \$0.05 each at \$0.105 between 20/8/04 and 19/8/08 | – | 1,000,000 |
| John Chen Seow Phun PSC Corporation Ltd - options to subscribe for ordinary shares of \$0.05 each at \$0.105 between 20/8/04 and 19/8/08 | – | 2,000,000 |

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

There was no change in any of the above-mentioned interests in the Company, in respect of directors holding office at the end of the financial year, between the end of the financial year and 21 January 2004.

Except as disclosed under the "Share Options" section of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except as disclosed in this report and in Notes 24 and 30 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit 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.

Share Options

The PSC Executives' Share Option Scheme 2003 (the "Scheme") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 8 July 2003. The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Tao Yeoh Chi (Chairman), Chee Teck Kwong Patrick and John Chen Seow Phun.

Other information regarding the Scheme is set out below:

- The maximum number of shares issued or to be issued for options under the Scheme is 10% of the issued share capital of the Company.
- Options may be granted at the average of the closing price of the Company's shares on the Singapore Exchange Securities Trading Limited for the 5 business days immediately preceding the date of grant ("**Market Price**") or at a price of up to 20% discount of the Market Price. None of the options offered in the financial year was granted at a discount.
- Under the Scheme, a non-discounted option vests 1 year after the date of grant and a discounted option vests 2 years after the date of grant.
- Unless they are cancelled or lapsed prior to the expiry date, Options granted will expire 120 months after the date of grant, except for options granted to non-executive directors which will expire 60 months after the date of grant.

DIRECTORS' REPORT for the year ended 31 December 2003

Share Options (cont'd)

As at the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of \$0.05 each of the Company are as follows:

| Date of grant of options | Exercise price per share | Options granted | Options cancelled | Options outstanding at 31/12/2003 | Number of option holders at 31/12/2003 | Exercise period |
|--------------------------|--------------------------|-----------------|-------------------|-----------------------------------|--|-----------------------|
| 20/8/2003 | \$0.105 | 24,350,000 | (1,000,000) | 23,350,000 | 31 | 20/8/2004 - 19/8/2013 |
| 20/8/2003 | \$0.105 | 5,000,000 | — | 5,000,000 | 4 | 20/8/2004 - 19/8/2008 |
| | | 29,350,000 | (1,000,000) | 28,350,000 | 35 | |

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Details of options granted to directors of the Company under the Scheme are as follows:

| Name of director | Options granted for financial year ended 31 December 2003 | Aggregate options granted since commencement of Scheme to 31 December 2003 | Aggregate options exercised since commencement of Scheme to 31 December 2003 | Aggregate options outstanding as at 31 December 2003 |
|-------------------------|---|--|--|--|
| Allan Yap | 5,000,000 | 5,000,000 | — | 5,000,000 |
| Foo Der Rong | 4,000,000 | 4,000,000 | — | 4,000,000 |
| Chan Yeuk Wai | 1,000,000 | 1,000,000 | — | 1,000,000 |
| Richard Lui Siu Tsuen | 2,000,000 | 2,000,000 | — | 2,000,000 |
| Chee Teck Kwong Patrick | 1,000,000 | 1,000,000 | — | 1,000,000 |
| Tao Yeoh Chi | 1,000,000 | 1,000,000 | — | 1,000,000 |
| Chua Keng Hiang | 1,000,000 | 1,000,000 | — | 1,000,000 |
| John Chen Seow Phun | 2,000,000 | 2,000,000 | — | 2,000,000 |
| Total | 17,000,000 | 17,000,000 | — | 17,000,000 |

Since the commencement of the Scheme, no participants under the Scheme has been granted 5% or more of the total options available under the Scheme.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

DIRECTORS' REPORT for the year ended 31 December 2003

Audit Committee

The members of the Audit Committee at the date of this report are:

- Chee Teck Kwong Patrick (Chairman), Non-Executive Independent Director
- Tao Yeoh Chi, Non-Executive Independent Director
- Chua Keng Hiang, Non-Executive Independent Director (appointed on 27 February 2003)
- John Chen Seow Phun, Non-Executive Director (appointed on 9 July 2003)

The Audit Committee performs the functions specified in section 201B of the Companies Act, the Listing Manual and the Code of Corporate Governance.

The Audit Committee held 4 meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Allan Yap

Director

Foo Der Rong

Director

Singapore

12 March 2004

STATEMENT BY DIRECTORS for the year ended 31 December 2003

Statement by Directors

In our opinion:

- (a) the financial statements set out on pages 49 to 85 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 31 December 2003 and of the results, changes in equity and cash flows of the Group and of the changes in equity of the Company for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Allan Yap

Director

Foo Der Rong

Director

**Singapore
12 March 2004**

REPORT OF THE AUDITORS TO THE MEMBERS OF PSC CORPORATION LTD

We have audited the accompanying financial statements of PSC Corporation Ltd for the year ended 31 December 2003 as set out on pages 49 to 85. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2003 and of the results, changes in equity and cash flows of the Group and of the changes in equity of the Company for the year ended on that date; and
- (b) the accounting and other records (excluding registers) required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all the subsidiaries of which we have not acted as auditors, and also considered the financial statements of those subsidiaries which are not required by the laws of their countries of incorporation to be audited, being financial statements that have been included in the consolidated financial statements of the Group. The names of these subsidiaries are stated in Note 4 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements of the Group and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification, and in respect of the subsidiaries incorporated in Singapore, did not include any comment made under Section 207(3) of the Act.

KPMG

Certified Public Accountants

Singapore
12 March 2004

BALANCE SHEETS as at 31 December 2003

| | Note | Group | | Company | |
|--------------------------------|------|-------------|-------------|-------------|-------------|
| | | 2003 | 2002 | 2003 | 2002 |
| | | \$ | \$ | \$ | \$ |
| Non-current assets | | | | | |
| Property, plant and equipment | 3 | 63,964,742 | 57,691,506 | 10,387,609 | 9,734,920 |
| Subsidiaries | 4 | — | — | 24,704,185 | 23,204,181 |
| Associates | 5 | 32,456,370 | 11,963,593 | 18,594,530 | — |
| Other financial assets | 6 | 7,703,480 | 11,556,414 | 1,995,620 | 2,994,620 |
| Intangible assets | 7 | 131,454 | — | — | — |
| Deferred tax assets | 8 | 351,461 | 645,000 | — | — |
| | | 104,607,507 | 81,856,513 | 55,681,944 | 35,933,721 |
| Current assets | | | | | |
| Other financial assets | 6 | 17,655,990 | 8,998,526 | 10,648,200 | 4,830,694 |
| Non-financial assets | 9 | 410,176 | 418,948 | 90,000 | 90,000 |
| Property held for development | 10 | 604,498 | 629,409 | — | — |
| Inventories | 11 | 15,719,438 | 17,205,357 | 9,934,555 | 11,719,514 |
| Trade and other receivables | 13 | 40,110,905 | 41,358,340 | 41,771,676 | 41,459,678 |
| Cash and cash equivalents | 17 | 16,345,828 | 48,614,197 | 11,833,722 | 28,666,558 |
| | | 90,846,835 | 117,224,777 | 74,278,153 | 86,766,444 |
| Less: | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 18 | 27,021,033 | 32,476,140 | 27,480,502 | 19,560,641 |
| Interest-bearing liabilities | 19 | 3,408,050 | 11,800,115 | — | 94,883 |
| Current tax payable | | 1,846,468 | 2,965,738 | 1,240,254 | 2,007,976 |
| | | 32,275,551 | 47,241,993 | 28,720,756 | 21,663,500 |
| Net current assets | | 58,571,284 | 69,982,784 | 45,557,397 | 65,102,944 |
| Less: | | | | | |
| Non-current liabilities | | | | | |
| Interest-bearing liabilities | 19 | 27,653,844 | 22,213,906 | — | — |
| Deferred tax liabilities | 8 | 230,030 | 154,570 | 22,000 | — |
| | | 27,883,874 | 22,368,476 | 22,000 | — |
| | | 135,294,917 | 129,470,821 | 101,217,341 | 101,036,665 |
| | | (3,830,317) | (3,452,773) | — | — |
| Minority interests | | | | | |
| | | 131,464,600 | 126,018,048 | 101,217,341 | 101,036,665 |
| Net assets | | | | | |
| Share capital | 20 | 55,676,994 | 55,676,994 | 55,676,994 | 55,676,994 |
| Reserves | 22 | 75,787,606 | 70,341,054 | 45,540,347 | 45,359,671 |
| Shareholders' equity | | 131,464,600 | 126,018,048 | 101,217,341 | 101,036,665 |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2003

| | | Group | |
|---|-------------|---------------|---------------|
| | Note | 2003 | 2002 |
| | | \$ | \$ |
| Revenue | 23 | 149,762,755 | 155,129,625 |
| Cost of sales | | (108,285,347) | (114,047,213) |
| Gross profit | | 41,477,408 | 41,082,412 |
| Other operating income | | 7,341,025 | 3,558,249 |
| Distribution expenses | | (13,370,475) | (13,120,841) |
| Administrative expenses | | (25,625,031) | (23,215,953) |
| Other operating expenses | | (553,721) | (3,041,550) |
| Profit from operations | 24 | 9,269,206 | 5,262,317 |
| Finance costs | 25 | (2,120,528) | (2,351,486) |
| Loss on disposal of investment in an associate | | – | (6,909,590) |
| Share of results of associates | | 1,753,171 | 2,445,805 |
| Profit/(loss) from ordinary activities before taxation | | 8,901,849 | (1,552,954) |
| Income tax expense | 26 | (2,425,414) | (1,945,500) |
| Profit/(loss) from ordinary activities after taxation | | 6,476,435 | (3,498,454) |
| Minority interests | | (294,246) | (220,153) |
| Net profit/(loss) for the year | | 6,182,189 | (3,718,607) |
| Earnings/(loss) per share | 27 | | |
| Basic | | 0.56 cents | (0.33 cents) |
| Diluted | | 0.55 cents | – |

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY for the year ended 31 December 2003

| Group | Share capital \$ | Share premium \$ | Other capital reserves \$ | Currency translation reserve \$ | Accumulated profits \$ | Total \$ |
|--|---------------------|---------------------|------------------------------|------------------------------------|---------------------------|-------------|
| At 1 January 2002 | 55,676,994 | 29,706,655 | 2,735,056 | (3,385,356) | 44,569,439 | 129,302,788 |
| Realised exchange loss on disposal of investment in an associate | — | — | — | 2,235,970 | — | 2,235,970 |
| Exchange differences on translation of financial statements of | | | | | | |
| - subsidiaries | — | — | — | (403,024) | — | (403,024) |
| - associates | — | — | — | 772,323 | — | 772,323 |
| Net gains recognised directly in equity | — | — | — | 369,299 | — | 369,299 |
| Net loss for the year | — | — | — | — | (3,718,607) | (3,718,607) |
| Final dividend paid of 0.25 cents per share less tax at 22% in respect of 2001 | — | — | — | — | (2,171,402) | (2,171,402) |
| At 31 December 2002 | 55,676,994 | 29,706,655 | 2,735,056 | (780,087) | 38,679,430 | 126,018,048 |
| Realised exchange gain on disposal of a subsidiary | — | — | — | (377,472) | — | (377,472) |
| Exchange differences on translation of financial statements of | | | | | | |
| - subsidiaries | — | — | — | 2,697,413 | — | 2,697,413 |
| - associates | — | — | — | 418,366 | — | 418,366 |
| Net gains recognised directly in equity | — | — | — | 3,115,779 | — | 3,115,779 |
| Net profit for the year | — | — | — | — | 6,182,189 | 6,182,189 |
| Final dividend paid of 0.25 cents per share less tax at 22% in respect of 2002 | — | — | — | — | (2,171,402) | (2,171,402) |
| Special dividend paid of 0.15 cents per share less tax at 22% in respect of 2002 | — | — | — | — | (1,302,841) | (1,302,841) |
| Increase in share premium on issuance of shares for employee share options by an associate | — | 299 | — | — | — | 299 |
| At 31 December 2003 | 55,676,994 | 29,706,954 | 2,735,056 | 1,958,220 | 41,387,376 | 131,464,600 |

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY for the year ended 31 December 2003

| | Share capital \$ | Share premium \$ | Other capital reserves \$ | Accumulated profit \$ | Total \$ |
|--|------------------------|------------------------|------------------------------------|-----------------------------|-------------|
| Company | | | | | |
| At 1 January 2002 | 55,676,994 | 29,356,168 | 610,950 | 16,270,375 | 101,914,487 |
| Net profit for the year | — | — | — | 1,293,580 | 1,293,580 |
| Final dividend paid of 0.25 cents per share less tax at 22% in respect of year 2001 | — | — | — | (2,171,402) | (2,171,402) |
| At 31 December 2002 | 55,676,994 | 29,356,168 | 610,950 | 15,392,553 | 101,036,665 |
| Net profit for the year | — | — | — | 3,654,919 | 3,654,919 |
| Final dividend paid of 0.25 cents per share less tax at 22% in respect of year 2002 | — | — | — | (2,171,402) | (2,171,402) |
| Special dividend paid of 0.15 cents per share less tax at 22% in respect of 2002 | — | — | — | (1,302,841) | (1,302,841) |
| At 31 December 2003 | 55,676,994 | 29,356,168 | 610,950 | 15,573,229 | 101,217,341 |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2003

| | Group | |
|--|------------------|-------------------|
| | 2003 | 2002 |
| | \$ | \$ |
| Operating activities | | |
| Profit/(loss) from ordinary activities before taxation | 8,901,849 | (1,552,954) |
| Adjustments for: | | |
| Decrease in carrying amount of: | | |
| - quoted equity securities stated at market value | 13,976 | 1,512,610 |
| - unquoted debt securities stated at cost | 413,600 | — |
| Depreciation and amortisation | 3,558,643 | 3,705,348 |
| Dividend income | (463,416) | (5,381) |
| Gain on dilution of interest in a subsidiary | — | (4,282) |
| Gain on disposal of property, plant and equipment | (111,136) | (122,292) |
| Gain on disposal of quoted debt securities | — | (11,000) |
| Gain on disposal of quoted equity securities | (1,810,238) | — |
| Gain on disposal of a subsidiary | (767,380) | — |
| Impairment loss on property, plant and equipment | 73,364 | 685,950 |
| Impairment loss on an associate | — | 680,000 |
| Inventories written off | 32,509 | 44,605 |
| Interest expense | 2,120,528 | 2,351,486 |
| Interest income | (954,601) | (974,746) |
| Loss on disposal of an associate | — | 6,909,590 |
| Property, plant and equipment written off | 3,027 | 12,054 |
| Share of results of associates | (1,753,171) | (2,445,805) |
| Operating profit before working capital changes | 9,257,554 | 10,785,183 |
| Changes in working capital: | | |
| Inventories | 1,429,099 | (517,687) |
| Trade and other receivables | (1,261,730) | 1,122,560 |
| Trade and other payables | (3,985,591) | 4,464,019 |
| Cash generated from operations | 5,439,332 | 15,854,075 |
| Income tax paid | (2,476,856) | (3,244,731) |
| Interest paid | (2,120,528) | (2,351,486) |
| Interest received | 869,336 | 983,511 |
| Cash flows from operating activities | 1,711,284 | 11,241,369 |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2003

| | | Group | |
|--|-------|---------------------|-------------------|
| | Note | 2003 | 2002 |
| | | \$ | \$ |
| Investing activities | | | |
| Cash proceeds from divestment of an associate | | 2,613,868 | 10,536,376 |
| Contribution to share capital of an associate | | — | (343) |
| Dividend income received | | 471,786 | 226,976 |
| Net cash outflow from acquisition of a subsidiary | 29(c) | (13,795) | — |
| Net cash inflow from disposal of a subsidiary | 29(d) | 99,867 | — |
| Proceeds from disposal of: | | | |
| - an associate | | 1 | 5 |
| - property, plant and equipment | | 788,839 | 321,514 |
| - quoted debt securities | | — | 10,011,000 |
| - quoted equity securities | | 6,640,932 | — |
| Purchase of interests in associates | | (19,020,589) | — |
| Purchase of property, plant and equipment | | (3,477,663) | (2,043,377) |
| Purchase of quoted equity securities | | — | (5,002,610) |
| Purchase of unquoted debt securities | | (10,062,800) | — |
| Cash flows from investing activities | | (21,959,554) | 14,049,541 |
| Financing activities | | | |
| Dividend paid | | (3,474,243) | (2,171,402) |
| Finance lease payables | | (254,833) | (220,681) |
| Proceeds from bank loans | | — | 5,105,242 |
| Repayment of bank loans | | (6,831,509) | (516,878) |
| Trust receipts | | (1,790,715) | (517,166) |
| Cash flows from financing activities | | (12,351,300) | 1,679,115 |
| Net (decrease)/increase in cash and cash equivalents | | (32,599,570) | 26,970,025 |
| Cash and cash equivalents at beginning of the year | | 47,470,797 | 20,480,861 |
| Effect of exchange rate changes on balances held in foreign currencies | | 138,615 | 19,911 |
| Cash and cash equivalents at end of the year | 17 | 15,009,842 | 47,470,797 |

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$3,670,646 (2002: \$2,115,402), of which \$192,983 (2002: \$72,025) was acquired by means of finance leases. Cash payments of \$3,477,663 (2002: \$2,043,377) were made to purchase property, plant and equipment.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 12 March 2004.

1. Domicile and Activities

PSC Corporation Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 348 Jalan Boon Lay, Singapore 619529.

The principal activities of the Company are those relating to the supply of provisions and household consumer products. The Company also provides management services to the Econ Minimart and I-Econ chain of stores. The principal activities of the subsidiaries are set out in Note 4 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the Group) and the Group's interests in associates.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS) including related Interpretations promulgated by the Council on Corporate Disclosure and Governance (CCDG).

The financial statements were previously prepared in accordance with Singapore Statements of Accounting Standard (SAS). There is no effect on the financial statements due to the transition from SAS to FRS.

The historical cost basis is used except that certain property, plant and equipment are stated at valuation and certain investments in securities are stated at fair value. Amounts are expressed in Singapore dollars, unless stated otherwise.

(b) Consolidation

Subsidiaries are companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates are companies in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses. In the Group's financial statements, they are accounted for using the equity method of accounting. The Group's investment in these entities includes goodwill (net of accumulated amortisation) on acquisition.

When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is fully written down and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

2. Summary of Significant Accounting Policies (cont'd)

(c) Foreign currencies

Foreign currency transactions

Monetary assets and liabilities in foreign currencies, except for foreign currency assets and liabilities hedged by foreign exchange contracts, are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date. Foreign currency assets and liabilities hedged by forward exchange contracts are translated into Singapore dollars at the contracted forward exchange rates. Transactions in foreign currencies are translated at rates ruling on transaction dates. Translation differences are included in the profit and loss account except:

- Where foreign currency loans provide an effective hedge against the net investment in foreign subsidiaries and associates, exchange differences arising on the loans are recognised directly in equity until disposal of the investments.
- Where monetary items in substance form part of the Group's net investment in the foreign subsidiaries and associates, exchange differences arising on such monetary items are recognised directly in equity until disposal of the investments.

Foreign entities

The assets and liabilities of foreign entities are translated into Singapore dollars at the rates of exchange ruling at the balance sheet date. The results of foreign entities are translated at the average exchange rates for the year. Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on transaction dates. Exchange differences arising on translation are recognised directly in equity. On disposal, the accumulated translation differences are recognised in the consolidated profit and loss account as part of the gain or loss on sale.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost, which includes a leasehold building stated at valuation carried out in 1990, less accumulated depreciation and impairment losses. The revaluation was done on a one-off basis and accordingly, the transitional provision in FRS 16 Property, Plant and Equipment was adopted to continue with the Group's existing policy of stating leasehold buildings at cost.

Property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against the profit and loss account. Capitalised leased assets are depreciated over the shorter of the economic useful life of the asset and the lease term.

No depreciation is provided on freehold land. Leasehold buildings are depreciated on the straight-line basis over the respective remaining periods of the leases from the dates of acquisition which range between 16 years and 38 years. Leasehold improvements are depreciated on the straight-line basis over the remaining lease periods. Other property, plant and equipment are depreciated on the straight-line basis to write off their costs over their estimated useful lives as follows:

| | |
|--|-----------------|
| Freehold buildings | - 50 years |
| Renovations | - 3 to 10 years |
| Furniture, fittings and office equipment | - 6 to 10 years |
| Warehouse equipment | - 6 to 10 years |
| Motor vehicles | - 4 to 10 years |
| Plant and machinery | - 6 to 10 years |
| Computers | - 3 to 5 years |

(e) Properties held for development

Properties held for development consists of land held for the purpose of development and future sale. Development properties are stated at cost, less any allowance considered necessary by the directors.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

2. Summary of Significant Accounting Policies (cont'd)

(f) Intangible assets

Goodwill on consolidation

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses. Goodwill is amortised and recognised in the profit and loss account using the straight-line method over its estimated useful life of not more than 20 years.

Goodwill arising on acquisition of associates is included in investment in associates.

Goodwill on acquisitions of subsidiaries and associates that occurred prior to 1 January 2001 were written off against reserves and has not been retrospectively capitalised and amortised.

In arriving at the gain or loss on disposal of an entity, the unamortised balance of goodwill relating to the entity disposed of or, for acquisitions prior to 1 January 2001, the goodwill previously written off against reserves, is included as part of the cost of the investment.

Trademarks

Trademarks are amortised and recognised in the profit and loss account using a straight-line method over their useful lives of 3 to 10 years.

(g) Other financial assets

Debt and equity securities held for the long-term are stated at cost less an allowance for diminution in value which, in the opinion of the directors, is other than temporary.

Debt and equity securities held for the short-term are stated at the lower of cost and market value, on a portfolio basis. Any increases or decreases in carrying amount are included in the profit and loss account.

In the previous year, the accounting policy was to state short-term equity securities at market value, on a portfolio basis. It is considered that the new accounting policy will result in a fairer statement of the financial position of the Group.

The change in accounting policy did not give rise to any adjustments to the current year profit and loss account, opening balances of accumulated profits of the prior and current periods or to changes in comparatives.

(h) Non-financial assets

Transferable country club memberships are stated at the lower of cost and net realisable value.

(i) Derivatives and hedging

Derivative financial instruments are used to manage exposure to foreign exchange risks arising from operational and financing activities. Derivative financial instruments are not used for trading purposes.

Gains and losses from forward exchange contracts used to hedge anticipated future currency transactions are deferred until the forecasted transaction occurs. Where the hedged item is a recognised asset or liability, it is translated at the contracted forward rates.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

2. Summary of Significant Accounting Policies (cont'd)

(j) Inventories

Trading goods

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

Contract work-in-progress

Contract work-in-progress at the balance sheet date is recorded at the net amount of costs incurred plus attributable profits and after deducting progress billings.

The accounting policy for contract revenue is set out in note 2(p) below. Contract costs comprise cost that relate directly to the contracts, attributable to the contract activity in general and can be allocated to the specific contract, and other cost chargeable to the customer within the terms of the contract. When the outcome of a contract can be estimated reliably, contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

(l) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to the profit and loss account unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

(m) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is, however, not recognised on temporary differences arising from goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

2. Summary of Significant Accounting Policies (cont'd)

(n) Repurchase of share capital

When share capital recognised as equity is repurchased, the issued share capital is reduced by the par value of the shares repurchased and transferred to a capital redemption reserve. The costs associated with the repurchase, comprising the purchase consideration plus costs incidental to the acquisition, are set off against accumulated profits.

(o) Employee benefits

The Group provides for unused leave entitlements, including additional long service leave entitlements, recognising the cost of such entitlements evenly over the periods to which they relate.

No compensation cost or obligation is recognised when employee share options are issued under employee incentive programmes. When the options are exercised, equity is increased by the amount of the proceeds received.

(p) Revenue recognition

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services or other sales taxes and is after deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Construction Contracts

Revenue from construction contracts is recognised on the percentage of completion method measured by reference to the percentage of actual costs incurred to date against budgeted costs. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately in the profit and loss account.

Revenue from Hotel Operations

Revenue arising from hotel operations is recognised when the relevant services are rendered.

Course Fees

Fee income is recognised over the period of the course.

Interest Income, Dividend Income, Fee Income, Claims and Rebates and Rental Income

Interest income from bank deposits is accrued on a time-apportioned basis.

Dividend income is recognised when the right to receive payment is established.

Fee income, claims and rebates and rental income are recognised on an accrual basis.

(q) Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease payments made. Contingent rentals are charged to the profit and loss account in the accounting period in which they are incurred.

(r) Finance costs

Interest expense and similar charges are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale. The interest component of finance lease payments is recognised in the profit and loss account using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003



3. Property, Plant and Equipment

| Group | Furniture, fittings and office equipment | | | | | | | | | | | Total |
|--|--|---------------------|---------------|--------------------|------------------------|-------------|---------------------|----------------|---------------------|------------|-----------|-------------|
| | Leasehold building | Leasehold buildings | Freehold land | Freehold buildings | Leasehold improvements | Renovations | Warehouse equipment | Motor vehicles | Plant and machinery | Computers | | |
| Cost | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| At 1 January 2003 | 8,500,000 | 6,095,386 | 7,012,496 | 34,622,161 | 3,063,141 | 1,885,550 | 2,535,678 | 1,601,547 | 6,079,606 | 11,624,036 | 1,906,163 | 84,925,764 |
| Additions | — | — | — | 81,699 | — | 182,337 | 248,952 | 53,520 | 1,774,620 | 558,404 | 771,114 | 3,670,646 |
| Disposals | — | — | — | (20,000) | — | — | (55,286) | (362,599) | (2,016,851) | (11,159) | (274,739) | (2,740,634) |
| Acquisition of a subsidiary | — | — | — | — | — | 2,995 | 676 | — | — | — | — | 3,671 |
| Disposal of a subsidiary | — | (5,349,442) | — | — | — | (208,639) | (98,394) | — | (73,691) | (198,929) | (549) | (5,929,644) |
| Written off | — | — | — | — | — | — | (69,638) | — | — | (71,608) | — | (141,246) |
| Translation differences on consolidation | — | — | (146,840) | 9,218,072 | — | (3,311) | (27,266) | — | (12,829) | 1,409,814 | (9,442) | 10,428,198 |
| At 31 December 2003 | 8,500,000 | 745,944 | 6,865,656 | 43,901,932 | 3,063,141 | 1,858,932 | 2,534,722 | 1,292,468 | 5,750,855 | 13,310,558 | 2,392,547 | 90,216,755 |
| Accumulated depreciation and impairment losses | | | | | | | | | | | | |
| At 1 January 2003 | 2,907,894 | 3,353,991 | 1,143,250 | 2,922,847 | 1,015,861 | 1,374,033 | 1,712,488 | 1,272,703 | 2,842,472 | 7,379,211 | 1,309,508 | 27,234,258 |
| Depreciation for the year | 223,684 | 21,766 | — | 748,325 | 83,330 | 87,739 | 225,673 | 113,761 | 610,763 | 973,502 | 461,957 | 3,550,500 |
| Impairment loss | — | — | 73,364 | — | — | — | — | — | — | — | — | 73,364 |
| Disposals | — | — | — | — | — | — | (31,119) | (299,914) | (1,456,429) | (11,159) | (262,354) | (2,060,975) |
| Acquisition of a subsidiary | — | — | — | — | — | 998 | 225 | — | — | — | — | 1,223 |
| Disposal of a subsidiary | — | (3,143,585) | — | — | — | (11,681) | (9,147) | — | — | (43,233) | (53) | (3,207,699) |
| Written off | — | — | — | — | — | — | (66,611) | — | — | (71,608) | — | (138,219) |
| Translation differences on consolidation | — | — | (23,848) | 56,947 | — | (1,310) | (18,691) | — | (4,740) | 797,054 | (5,851) | 799,561 |
| At 31 December 2003 | 3,131,578 | 232,172 | 1,192,766 | 3,728,119 | 1,099,191 | 1,449,779 | 1,812,818 | 1,086,550 | 1,992,066 | 9,023,767 | 1,503,207 | 26,252,013 |
| Depreciation charge for 2002 | | | | | | | | | | | | |
| | 223,684 | 296,967 | — | 635,100 | 83,330 | 67,183 | 272,228 | 163,898 | 658,305 | 979,662 | 324,991 | 3,705,348 |
| Carrying Amount | | | | | | | | | | | | |
| At 31 December 2003 | 5,368,422 | 513,772 | 5,672,890 | 40,173,813 | 1,963,950 | 409,153 | 721,904 | 205,918 | 3,758,789 | 4,286,791 | 889,340 | 63,964,742 |
| At 31 December 2002 | 5,592,106 | 2,741,395 | 5,869,246 | 31,699,314 | 2,047,280 | 511,517 | 823,190 | 328,844 | 3,237,134 | 4,244,825 | 596,655 | 57,691,506 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

3. Property, Plant and Equipment (cont'd)

| Company | Leasehold building | Leasehold improvements | Renovations | Furniture, fittings and office equipment | Warehouse equipment | Motor vehicles | Plant and machinery | Computers | Total |
|-------------------------------------|--------------------|------------------------|-------------|--|---------------------|----------------|---------------------|-----------|-------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost | | | | | | | | | |
| At 1 January 2003 | 8,500,000 | 3,063,141 | 1,128,485 | 947,083 | 568,943 | 2,295,856 | 517,604 | 1,179,926 | 18,201,038 |
| Additions | – | – | 100,821 | 51,073 | 20,320 | 1,155,537 | 117,760 | 686,899 | 2,132,410 |
| Disposals | – | – | – | (10,800) | – | (1,277,240) | (37,140) | (268,044) | (1,593,224) |
| At 31 December 2003 | 8,500,000 | 3,063,141 | 1,229,306 | 987,356 | 589,263 | 2,174,153 | 598,224 | 1,598,781 | 18,740,224 |
| Accumulated depreciation | | | | | | | | | |
| At 1 January 2003 | 2,907,894 | 1,015,861 | 1,110,160 | 799,075 | 510,546 | 868,569 | 426,689 | 827,324 | 8,466,118 |
| Depreciation for the year | 223,684 | 83,330 | 11,463 | 47,282 | 8,858 | 215,830 | 36,442 | 355,995 | 982,884 |
| Disposals | – | – | – | (10,800) | – | (791,585) | (37,140) | (256,862) | (1,096,387) |
| At 31 December 2003 | 3,131,578 | 1,099,191 | 1,121,623 | 835,557 | 519,404 | 292,814 | 425,991 | 926,457 | 8,352,615 |
| Depreciation charge for 2002 | 223,684 | 83,330 | 13,066 | 45,351 | 15,152 | 211,827 | 40,243 | 184,121 | 816,774 |
| Carrying amount | | | | | | | | | |
| At 31 December 2003 | 5,368,422 | 1,963,950 | 107,683 | 151,799 | 69,859 | 1,881,339 | 172,233 | 672,324 | 10,387,609 |
| At 31 December 2002 | 5,592,106 | 2,047,280 | 18,325 | 148,008 | 58,397 | 1,427,287 | 90,915 | 352,602 | 9,734,920 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

3. Property, Plant and Equipment (cont'd)

- (a) The carrying amount of leasehold building of the Group and the Company of \$5,368,422 (2002: \$5,592,106) was stated at valuation carried out on an open market value basis in 1990. The revaluation was done on a one-off basis and accordingly, the transitional provision in FRS 16 Property, Plant and Equipment was adopted to continue with the Group's existing policy of stating leasehold buildings at cost.
- (b) Included in the net book value of property, plant and equipment of the Group and of the Company are assets with net book value of \$693,804 (2002: \$834,565) and \$Nil (2002: \$121,470), respectively, which are acquired under finance leases.

4. Subsidiaries

| | Company | |
|--------------------------|------------|------------|
| | 2003 | 2002 |
| | \$ | \$ |
| Unquoted shares, at cost | 26,204,185 | 24,704,181 |
| Less: | | |
| Impairment losses | 1,500,000 | 1,500,000 |
| | 24,704,185 | 23,204,181 |

Details of the subsidiaries are as follows:

| Name of subsidiary | Country of incorporation | Effective equity held by the Group | |
|--|----------------------------|------------------------------------|------|
| | | 2003 | 2002 |
| | | % | % |
| @ Topseller Pte Ltd and its subsidiary: | Singapore | 100 | 100 |
| @ A.T. Chemical Pte Ltd | Singapore | 100 | 100 |
| @ Econ Minimart Services Pte Ltd | Singapore | 100 | 100 |
| @ Tipex Trading Pte Ltd and its subsidiaries: | Singapore | 74 | 74 |
| @ Tips Trading Pte Ltd | Singapore | 74 | 74 |
| ^ Tips Industry (M) Sdn. Bhd. | Malaysia | 74 | 74 |
| ^ Beautex Marketing (M) Sdn. Bhd. | Malaysia | 74 | 74 |
| ^ Socma Trading (M) Sdn. Bhd. and its subsidiaries: | Malaysia | 100 | 100 |
| ^ Econfood Manufacturing (M) Sdn. Bhd. | Malaysia | 100 | 100 |
| ^ Fresh Fruit Juice Manufacturing (M) Sdn. Bhd. | Malaysia | 100 | 100 |
| @ PSC Investment Pte Ltd and its subsidiaries: | Singapore | 100 | 100 |
| @ Mountain Investment Pte Ltd and its subsidiary: | Singapore | 100 | 100 |
| * Harbin Cartel International Club Co Ltd | People's Republic of China | — | 60 |
| @ Fortune Food Manufacturing Pte Ltd and its subsidiary: | Singapore | 100 | 100 |
| @ Fortune Food Marketing Pte Ltd | Singapore | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

4. Subsidiaries (cont'd)

Details of the subsidiaries are as follows (cont'd):

| Name of subsidiary | Country of incorporation | Effective equity held by the Group | |
|---|--------------------------|------------------------------------|-----------|
| | | 2003 % | 2002 % |
| @ PSC Resort Pte Ltd and its subsidiary: | Singapore | 100 | 100 |
| y Palm Meadows Sdn. Bhd. | Malaysia | 100 | 100 |
| @ Topseller Development Pte Ltd and its subsidiary: | Singapore | 100 | 100 |
| ^ Flobina Sdn. Bhd. | Malaysia | 100 | 100 |
| @ PSC International Pte Ltd and its subsidiaries: | Singapore | 100 | 100 |
| ^ Playford Hotel Pty Ltd | Australia | 70 | 70 |
| @ Health Solutions International Pte. Ltd. (formerly known as HSI Group Pte Ltd) and its subsidiary: | Singapore | 95 | 95 |
| Ω Health Solutions (Malaysia) Sdn. Bhd. | Malaysia | 95 | 95 |
| @ Education Solutions International Pte Ltd and its subsidiary: | Singapore | 100 | — |
| @ Cornell Education Group Pte Ltd | Singapore | 100 | — |
| @ I-Econ Management Services Pte Ltd | Singapore | 100 | — |
| — PSC Supply Chain Management Pte Ltd and its subsidiary: | Singapore | 100 | — |
| — PSC Tibbett & Britten Logistics Pte Ltd | Singapore | 51 | — |

Further details of the subsidiaries are as follows:

| Name of subsidiary | Principal activities |
|---|--|
| Topseller Pte Ltd and its subsidiary: | Marketing & sale of agency lines and propriety brands |
| A.T. Chemical Pte Ltd | Dormant |
| Econ Minimart Services Pte Ltd | Dormant |
| Tipex Trading Pte Ltd and its subsidiaries: | Supply of provisions and household products |
| Tips Trading Pte Ltd | Supply of shelving |
| Tips Industry (M) Sdn. Bhd. | Packaging and sale of paper products |
| Beautex Marketing (M) Sdn. Bhd. | Sale of paper products and household consumer products |
| Socma Trading (M) Sdn. Bhd. and its subsidiaries: | Marketing and sale of household and consumer products |
| Econfood Manufacturing (M) Sdn. Bhd. | Packaging of edible oils |
| Fresh Fruit Juice Manufacturing (M) Sdn. Bhd. | Manufacture of grass jelly products |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

4. Subsidiaries (cont'd)

Further details of the subsidiaries are as follows (cont'd):

| Name of subsidiary | Principal activities |
|---|---|
| PSC Investment Pte Ltd and its subsidiaries: | Investment holding |
| Mountain Investment Pte Ltd and its subsidiary: | Dormant |
| Harbin Cartel International Club Co Ltd | Entertainment and hotel operator |
| Fortune Food Manufacturing Pte Ltd and its subsidiary: | Manufacture of soya bean products and noodles |
| Fortune Food Marketing Pte Ltd | Sale of soya bean products and noodles |
| PSC Resort Pte Ltd and its subsidiary: | Investment holding |
| Palm Meadow Sdn. Bhd. | Property investment |
| Topseller Development Pte Ltd and its subsidiary: | Investment holding |
| Flobina Sdn. Bhd. | Property investment |
| PSC International Pte Ltd and its subsidiaries: | Investment holding |
| Playford Hotel Pty Ltd | Hotel ownership |
| Health Solutions International Pte. Ltd. (formerly known as HSI Group Pte Ltd) and its subsidiary: | Investment holding |
| Health Solutions (Malaysia) Sdn. Bhd. | Construction of hospital turnkey projects and provision of health care consultancy and hospital management services |
| Education Solutions International Pte Ltd and its subsidiary: | Investment holding |
| Cornell Education Group Pte Ltd | Provision of education services |
| I-Econ Management Services Pte Ltd | Franchise ownership |
| PSC Supply Chain Management Pte Ltd and its subsidiary: | Investment holding |
| PSC Tibbett & Britten Logistics Pte Ltd | Logistics and supply chain management |

@ Audited by KPMG Singapore.

^ Audited by other member firms of KPMG International.

Ω Audited by Deloitte & Touche, Malaysia.

y Audited by Goh Joon Hai & Co., Malaysia.

* Disposed during the financial year.

_ Not required to be audited during the financial year.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

5. Associates

| | Group | | Company | |
|--------------------------|------------|------------|------------|------|
| | 2003 | 2002 | 2003 | 2002 |
| | \$ | \$ | \$ | \$ |
| Investment in associates | 32,456,370 | 11,963,593 | 18,594,530 | — |

Details of significant associates are as follows:

| Name of associate | Principal activities | Place of incorporation and business | Effective equity held by | | | |
|--|---|-------------------------------------|--------------------------|------|-------------|------|
| | | | the Group | | the Company | |
| | | | 2003 | 2002 | 2003 | 2002 |
| | | | % | % | % | % |
| & Health Solutions (Australia) Pty Ltd and its subsidiaries: | Provision of health care consultancy and hospital management services | Australia | 46.5 | 46.5 | — | — |
| ~ Health Solutions (WA) Pty Ltd | | Australia | 33.7 | 33.7 | — | — |
| Ω Health Solutions (S.E. Asia) Sdn. Bhd. | Construction of hospital turnkey projects and provision of health care consultancy and hospital management services | Malaysia | 28.5 | 28.5 | — | — |
| ∞ HSI Philippines Inc. | Advisory and management services to hospitals, healthcare facilities and medical establishments | Philippines | 38 | — | — | — |
| (Harbin Puwei Real Estate Development Co Ltd | Development of property in China | People's Republic of China | 40 | 40 | — | — |
| + Longkou Luzhibei Preserved Fruit Company Limited | Manufacture and distribution of preserved fruits | People's Republic of China | 40 | 40 | — | — |
| # Sanya Fu Dao Tourism Co Ltd | Operation of a hotel in China | People's Republic of China | 40 | 40 | — | — |
| + Topseller Chemical (China) Company Limited | Supply of washing powder and detergents | People's Republic of China | 40 | 40 | — | — |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

5. Associates (cont'd)

Details of significant associates are as follows (cont'd):

| Name of associate | Principal activities | Place of incorporation and business | Effective equity held by | | | |
|--------------------|---|-------------------------------------|--------------------------|------|-------------|------|
| | | | the Group | | the Company | |
| | | | 2003 | 2002 | 2003 | 2002 |
| | | | % | % | % | % |
| ** Intraco Limited | Engineering and projects packaging, trading of food and food processing, systems integrator, specialised distributor of telecommunication, data communication and semiconductor products, and commodities trading | Singapore | 29.9 | — | 29.9 | — |

- (Audited by Harbin Public Accountant Office, People's Republic of China.
 + Audited by Yantai Longkou Company Accountant, People's Republic of China.
 # Audited by Sanya Tianya CPA Office, People's Republic of China.
 ~ Audited by Ernst & Young, Australia.
 Ω Audited by Deloitte & Touche, Malaysia.
 ∞ Audited by Jaime B Santos & Associates, Philippines.
 & Not required to be audited by law of country of incorporation.
 ** Audited by Ernst & Young, Singapore.

The Group's share of results of certain associates have been recognised to the extent of the carrying amount of the investments. The current year's unrecognised share of losses amounted to \$181,596 (2002: \$454,552) and the accumulated unrecognised share of losses amounted to \$1,369,893 (2002: \$1,188,297).

6. Other Financial Assets

| | Group | | Company | |
|---|------------|------------|------------|-----------|
| | 2003 | 2002 | 2003 | 2002 |
| | \$ | \$ | \$ | \$ |
| Non-current investments, at cost | | | | |
| Quoted investments: | | | | |
| - debt securities | 1,995,620 | 2,994,620 | 1,995,620 | 2,994,620 |
| - equity securities | 5,707,860 | 8,561,794 | — | — |
| | 7,703,480 | 11,556,414 | 1,995,620 | 2,994,620 |
| Current investments | | | | |
| Quoted debt securities, at cost | 999,000 | — | 999,000 | — |
| Unquoted debt securities, at cost | 9,649,200 | — | 9,649,200 | — |
| Quoted equity securities, at market value | 7,007,790 | 8,998,526 | — | 4,830,694 |
| | 17,655,990 | 8,998,526 | 10,648,200 | 4,830,694 |

The market value of the non-current quoted investments and current quoted and unquoted debt securities are disclosed in Note 33.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

6. Other Financial Assets (cont'd)

The weighted average effective interest rates of debt securities at the balance sheet date and the periods in which they reprice or mature, whichever is earlier, are as follows:

| | Effective interest rates % | Fixed interest rate maturing within 1 year \$ | 1 to 5 years \$ | Total \$ |
|--------------------------|-------------------------------------|---|-----------------------|-------------|
| Group and Company | | | | |
| 2003 | | | | |
| Quoted debt securities | 4.77 | 999,000 | 1,995,620 | 2,994,620 |
| Unquoted debt securities | 5.00 | 9,649,200 | – | 9,649,200 |
| | | 10,648,200 | 1,995,620 | 12,643,820 |
| 2002 | | | | |
| Quoted debt securities | 4.77 | – | 2,994,620 | 2,994,620 |

7. Intangible Assets

| | Goodwill on consolidation \$ | Trademarks \$ | Total \$ |
|----------------------------------|------------------------------------|------------------|-------------|
| Group | | | |
| Costs | | | |
| At 1 January 2003 | – | 363,050 | 363,050 |
| Acquisition of a subsidiary | 139,597 | – | 139,597 |
| At 31 December 2003 | 139,597 | 363,050 | 502,647 |
| Accumulated amortisation | | | |
| At 1 January 2003 | – | 363,050 | 363,050 |
| Amortisation charge for the year | 8,143 | – | 8,143 |
| At 31 December 2003 | 8,143 | 363,050 | 371,193 |
| Amortisation charge for 2002 | – | – | – |
| Carrying amounts | | | |
| At 31 December 2003 | 131,454 | – | 131,454 |
| At 31 December 2002 | – | – | – |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

8. Deferred Taxation

Deferred tax assets and liabilities are attributable to the following:

| | Assets | | Liabilities | | Net | |
|---------------------------------|---------|---------|-------------|-----------|-----------|-----------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Group | | | | | | |
| Property, plant and equipment | 80,361 | 369,997 | (299,480) | (298,444) | (219,119) | 71,553 |
| Other financial assets | 90,992 | 123,000 | – | – | 90,992 | 123,000 |
| Trade and other receivables | – | 30,639 | – | – | – | 30,639 |
| Tax value of loss carry-forward | 271,367 | 275,238 | – | – | 271,367 | 275,238 |
| Other items | 28,679 | – | (50,488) | (10,000) | (21,809) | (10,000) |
| Net tax assets/(liabilities) | 471,399 | 798,874 | (349,968) | (308,444) | 121,431 | 490,430 |
| Company | | | | | | |
| Property, plant and equipment | – | – | (75,509) | (113,000) | (75,509) | (113,000) |
| Other financial assets | 90,992 | 123,000 | – | – | 90,992 | 123,000 |
| Other items | – | – | (37,483) | (10,000) | (37,483) | (10,000) |
| Net tax assets/(liabilities) | 90,992 | 123,000 | (112,992) | (123,000) | (22,000) | – |

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts, determined after appropriate offsetting, are as follows:

| | Group | | Company | |
|--------------------------|-----------|-----------|----------|------|
| | 2003 | 2002 | 2003 | 2002 |
| | \$ | \$ | \$ | \$ |
| Deferred tax assets | 351,461 | 645,000 | – | – |
| Deferred tax liabilities | (230,030) | (154,570) | (22,000) | – |
| | 121,431 | 490,430 | (22,000) | – |

The following temporary differences have not been recognised:

| | Group | |
|---------------------------------|------------|------------|
| | 2003 | 2002 |
| | \$ | \$ |
| Tax losses | 13,544,889 | 12,071,425 |
| Deductible temporary difference | 22,374 | 183,970 |
| | 13,567,263 | 12,255,395 |

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the respective subsidiaries concerned can utilise the benefits.

9. Non-financial Assets

| | Group | | Company | |
|---------------------------------------|---------|---------|---------|--------|
| | 2003 | 2002 | 2003 | 2002 |
| | \$ | \$ | \$ | \$ |
| Transferable country club memberships | 410,176 | 418,948 | 90,000 | 90,000 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

10. Property Held For Development

| | Group | |
|-------------------------------|--------------|-------------|
| | 2003 | 2002 |
| | \$ | \$ |
| Land and other related costs: | | |
| At 1 January 2003 | 629,409 | 629,409 |
| Translation differences | (24,911) | — |
| At 31 December 2003 | 604,498 | 629,409 |

11. Inventories

| | Note | Group | | Company | |
|---------------------------|-------------|--------------|-------------|----------------|-------------|
| | | 2003 | 2002 | 2003 | 2002 |
| | | \$ | \$ | \$ | \$ |
| Raw materials | | 1,305,962 | 1,461,727 | — | — |
| Work-in-progress | | 39,062 | — | — | — |
| Finished goods, at cost | | 13,848,150 | 15,029,199 | 9,934,555 | 11,719,514 |
| Packing materials | | 28,583 | 44,307 | — | — |
| | | 15,221,757 | 16,535,233 | 9,934,555 | 11,719,514 |
| Contract work-in-progress | 12 | 497,681 | 670,124 | — | — |
| | | 15,719,438 | 17,205,357 | 9,934,555 | 11,719,514 |

12. Contract Work-In-Progress

| | Group | |
|---------------------|--------------|-------------|
| | 2003 | 2002 |
| | \$ | \$ |
| Project costs | 40,181,728 | 35,353,965 |
| Add: | | |
| Attributable profit | 6,587,853 | 5,916,337 |
| | 46,769,581 | 41,270,302 |
| Less: | | |
| Progress billings | 46,271,900 | 40,600,178 |
| | 497,681 | 670,124 |

13. Trade and Other Receivables

| | Note | Group | | Company | |
|---|-------------|--------------|-------------|----------------|-------------|
| | | 2003 | 2002 | 2003 | 2002 |
| | | \$ | \$ | \$ | \$ |
| Trade receivables | | 26,881,190 | 26,021,569 | 8,779,458 | 8,919,533 |
| Allowance for doubtful receivables | | (1,911,149) | (2,195,900) | (448,195) | (478,861) |
| Net trade receivables | | 24,970,041 | 23,825,669 | 8,331,263 | 8,440,672 |
| Deposits, prepayments and other receivables | 14 | 6,493,239 | 6,177,659 | 3,657,967 | 285,204 |
| Amounts due from: | | | | | |
| - subsidiaries | 15 | — | — | 29,734,841 | 32,664,325 |
| - associates | 16 | 8,647,625 | 11,355,012 | 47,605 | 69,477 |
| | | 40,110,905 | 41,358,340 | 41,771,676 | 41,459,678 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

14. Deposits, Prepayments and Other Receivables

| | Group | | Company | |
|-----------------------|-----------|-----------|-----------|---------|
| | 2003 | 2002 | 2003 | 2002 |
| | \$ | \$ | \$ | \$ |
| Deposits | 3,221,939 | 184,597 | 3,004,676 | 12,265 |
| Prepayments | 765,684 | 1,029,071 | 224,404 | 50,638 |
| Non-trade receivables | 2,337,739 | 4,881,379 | 261,010 | 141,591 |
| Interest receivables | 167,877 | 82,612 | 167,877 | 80,710 |
| | 6,493,239 | 6,177,659 | 3,657,967 | 285,204 |

15. Amounts Due from Subsidiaries

| | Company | |
|------------------------------------|-------------|-------------|
| | 2003 | 2002 |
| | \$ | \$ |
| Interest-bearing loan | 2,500,000 | – |
| Current accounts: | | |
| - trade | 1,199,938 | 904,398 |
| - non-trade | 31,714,903 | 36,439,927 |
| | 35,414,841 | 37,344,325 |
| Allowance for doubtful receivables | (5,680,000) | (4,680,000) |
| | 29,734,841 | 32,664,325 |

The non-trade amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The interest-bearing loan is unsecured and has no fixed term of repayment. The loan has a fixed interest rate of 5% (2002: Nil) per annum at the balance sheet date.

16. Amounts Due from Associates

| | Group | | Company | |
|------------------------------------|-----------|------------|---------|--------|
| | 2003 | 2002 | 2003 | 2002 |
| | \$ | \$ | \$ | \$ |
| Interest-free loan | 812,685 | 812,685 | – | – |
| Interest-bearing loan | 183,679 | 208,504 | – | – |
| Current accounts: | | | | |
| - mainly trade | 7,651,261 | 10,433,823 | 47,605 | 69,477 |
| | 8,647,625 | 11,455,012 | 47,605 | 69,477 |
| Allowance for doubtful receivables | – | (100,000) | – | – |
| | 8,647,625 | 11,355,012 | 47,605 | 69,477 |

The loans are unsecured and have no fixed terms of repayment. At the balance sheet date, the interest-bearing loan of \$183,679 (2002: \$208,504) has a fixed interest rate of 6.138% (2002: 6.138%) per annum.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

17. Cash and Cash Equivalents

| Note | Group | | Company | |
|---------------------------|------------|-------------|-------------|------------|
| | 2003 | 2002 | 2003 | 2002 |
| | \$ | \$ | \$ | \$ |
| Cash at bank and in hand | 4,163,449 | 6,244,997 | 251,816 | 372,789 |
| Fixed deposits with banks | 12,182,379 | 42,369,200 | 11,581,906 | 28,293,769 |
| | 16,345,828 | 48,614,197 | 11,833,722 | 28,666,558 |
| Bank overdrafts | 19 | (1,335,986) | (1,143,400) | — |
| | 15,009,842 | 47,470,797 | 11,833,722 | 28,666,558 |

Included in fixed deposits is \$2,682,707 (2002: \$2,700,000) relating to security deposits from customers of the Company.

The weighted average effective interest rates per annum relating to cash and cash equivalents, excluding bank overdrafts, at the balance sheet date for the Group and Company are 0.70% (2002: 3.50%) and 0.71% (2002: 3.77%), respectively.

Interest rates reprice at intervals of less than 1 month.

18. Trade and Other Payables

| | Group | | Company | |
|---------------------------------|------------|------------|------------|------------|
| | 2003 | 2002 | 2003 | 2002 |
| | \$ | \$ | \$ | \$ |
| Trade payables and accruals | 20,768,929 | 24,039,259 | 11,930,844 | 12,653,133 |
| Retention monies payable | 772,485 | 796,031 | — | — |
| Amounts due to | | | | |
| - subsidiaries: | | | | |
| - trade | — | — | 485,017 | 644,771 |
| - non-trade | — | — | 12,266,148 | 3,389,717 |
| - associates (mainly non-trade) | 1,785,572 | 1,727,700 | — | 13,092 |
| Other payables | 3,694,047 | 5,913,150 | 2,798,493 | 2,859,928 |
| | 27,021,033 | 32,476,140 | 27,480,502 | 19,560,641 |

The non-trade amounts due to subsidiaries and associates are unsecured, interest-free and have no fixed terms of repayment.

19. Interest-Bearing Liabilities

| Note | Group | | Company | |
|--------------------------------|------------|------------|------------|--------|
| | 2003 | 2002 | 2003 | 2002 |
| | \$ | \$ | \$ | \$ |
| Non-current liabilities | | | | |
| Secured bank loans | 27,442,784 | 21,975,493 | — | — |
| Finance lease liabilities | 211,060 | 238,413 | — | — |
| | 27,653,844 | 22,213,906 | — | — |
| Current liabilities | | | | |
| Bank overdrafts | 17 | 1,335,986 | 1,143,400 | — |
| Secured bank loans | | 1,088,276 | 6,811,127 | — |
| Unsecured bank loans | | — | 979,865 | — |
| Trust receipts | | 824,522 | 2,667,574 | 63,250 |
| Finance lease liabilities | | 159,266 | 198,149 | 31,633 |
| | | 3,408,050 | 11,800,115 | 94,883 |
| Total borrowings | | 31,061,894 | 34,014,021 | 94,883 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

19. Interest-Bearing Liabilities (cont'd)

Secured

- (i) Included in bank overdrafts of the Group is an amount of \$976,705 (2002: \$859,683), secured by a standby letter of credit from a bank of \$1,470,000 (2002: \$1,470,000) which is undertaken and guaranteed by the Company.
- (ii) The secured bank loans comprise:
- (a) Term loan of A\$22,330,000, equivalent to \$28,462,488 (2002: A\$23,050,000, equivalent to \$22,692,724), which is secured by the first and second legal mortgages over the freehold land and building owned by a subsidiary with a carrying value of \$37,368,231 as at 31 December 2003 (2002: \$28,864,465), a fixed and floating charge over the subsidiary's present and future assets and a guarantee from the Company. The term loan is repayable by quarterly instalment of A\$200,000, equivalent to \$254,926 commencing in March 2003. The balance of the outstanding loan shall be repaid in full on the fifth anniversary of the loan draw-down date unless advised by the bank that it has been extended for a further term. The term loan bears interest as follows:
- (i) Interest rate corresponding to bank's cost of funds on A\$2,330,300, equivalent to \$2,969,888;
- (ii) 5.32% per annum on A\$5,000,000, equivalent to \$6,373,150, till 24 March 2006; thereafter this portion of the loan would be repriced at the prevailing market condition; and
- (iii) 5.62% per annum on A\$15,000,000, equivalent to \$19,119,450.
- (b) Term loan of RM153,024, equivalent to \$68,572 (2002: RM330,816, equivalent to \$151,282), which is secured by fixed charges on a subsidiary's freehold land and building with a carrying value of \$1,089,617 as at 31 December 2003 (2002: \$1,107,989). The term loan bears interest at 1.75% (2002: 1.75%) above the bank's base lending rate and is repayable in 60 monthly instalments commencing November 1999.
- (c) Bankers' acceptances of RM 12,995,000, equivalent to \$5,942,614 which formed part of a credit facility obtained by a subsidiary as at 31 December 2002, was fully repaid during the year.

Maturity of borrowings (excluding finance lease liabilities):

| | Group | | Company | |
|---------------------------------|------------|------------|---------|--------|
| | 2003 | 2002 | 2003 | 2002 |
| | \$ | \$ | \$ | \$ |
| Within 1 year | 3,248,784 | 11,601,966 | — | 63,250 |
| After 1 year but within 5 years | 27,442,784 | 21,975,493 | — | — |
| Total borrowings | 30,691,568 | 33,577,459 | — | 63,250 |

Finance Lease Liabilities

As at 31 December 2003, the Group and the Company have obligations under finance leases that are repayable as follows:

| | 2003 | | | 2002 | | |
|---------------------------------|----------|----------|-----------|----------|----------|-----------|
| | Payments | Interest | Principal | Payments | Interest | Principal |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Group | | | | | | |
| Within 1 year | 182,882 | 23,616 | 159,266 | 226,060 | 27,911 | 198,149 |
| After 1 year but within 5 years | 253,037 | 41,977 | 211,060 | 285,075 | 46,662 | 238,413 |
| | 435,919 | 65,593 | 370,326 | 511,135 | 74,573 | 436,562 |
| Company | | | | | | |
| Within 1 year | — | — | — | 34,110 | 2,477 | 31,633 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

19. Interest-Bearing Liabilities (cont'd)

Finance Lease Liabilities (cont'd)

Effective interest rates and repricing/maturing analysis:

| | Effective interest rates % | Floating interest \$ | Fixed interest rate maturing | | Total \$ |
|---------------------------|-------------------------------------|----------------------------|---------------------------------|-----------------------|-------------|
| | | | within 1 year \$ | 1 to 5 years \$ | |
| Group | | | | | |
| 2003 | | | | | |
| Bank overdrafts | 4.25 - 6.75 | 1,335,986 | — | — | 1,335,986 |
| Secured bank loans: | | | | | |
| - A\$ fixed rate loan | 5.32 - 5.62 | — | — | 25,492,600 | 25,492,600 |
| - A\$ floating rate loan | 5.50 | 2,969,888 | — | — | 2,969,888 |
| - RM floating rate loan | 6.75 | 68,572 | — | — | 68,572 |
| Trust receipts | 3.95 - 4.20 | 824,522 | — | — | 824,522 |
| Finance lease liabilities | 2.60 - 6.90 | — | 159,266 | 211,060 | 370,326 |
| | | 5,198,968 | 159,266 | 25,703,660 | 31,061,894 |
| 2002 | | | | | |
| Bank overdrafts | 4.50 - 6.90 | 1,143,400 | — | — | 1,143,400 |
| Secured bank loans: | | | | | |
| - A\$ fixed rate loan | 7.09 | — | 22,692,724 | — | 22,692,724 |
| - RM floating rate loan | 4.80 - 6.75 | 6,093,896 | — | — | 6,093,896 |
| Unsecured bank loans | 6.70 | 979,865 | — | — | 979,865 |
| Trust receipts | 3.85 - 5.50 | 2,667,574 | — | — | 2,667,574 |
| Finance lease liabilities | 2.50 - 6.00 | — | 198,149 | 238,413 | 436,562 |
| | | 10,884,735 | 22,890,873 | 238,413 | 34,014,021 |
| Company | | | | | |
| 2002 | | | | | |
| Trust receipts | 5.50 | 63,250 | — | — | 63,250 |
| Finance lease liabilities | 2.57 | — | 31,633 | — | 31,633 |
| | | 63,250 | 31,633 | — | 94,883 |

20. Share Capital

| | 2003 | | 2002 | |
|--------------------------------|---------------------|-------------|---------------------|-------------|
| | Number of shares | \$ | Number of shares | \$ |
| Company | | | | |
| <i>Authorised:</i> | | | | |
| Ordinary shares of \$0.05 each | 2,000,000,000 | 100,000,000 | 2,000,000,000 | 100,000,000 |
| <i>Issued and fully paid:</i> | | | | |
| Ordinary shares of \$0.05 each | 1,113,539,875 | 55,676,994 | 1,113,539,875 | 55,676,994 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

21. Equity Compensation Benefits

The PSC Executives' Share Option Scheme 2003 (the "Scheme") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 8 July 2003. The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Tao Yeoh Chi (Chairman), Chee Teck Kwong Patrick and John Chen Seow Phun.

The Company's employees who are given awards in the Scheme are granted options to buy shares in the Company. The options can only be exercised after a certain period (the "Option Period"), depending on the type of options granted to the employees. During the Option Period, the employees have no right to the shares or the ability to exercise any rights of a shareholder.

Options may be granted at the average of the closing price of the Company's shares on the Singapore Exchange Securities Trading Limited (SGX-ST) for the 5 business days immediately preceding the date of grant ("Market Price") or at a price of up to 20% discount of the Market Price. None of the options offered in the financial year was granted at a discount.

Under the Scheme, a non-discounted option vests 1 year after the date of grant and a discounted option vests 2 years after the date of grant. Unless they are cancelled or lapsed prior to the expiry date, Options granted will expire 120 months after the date of grant, except for options granted to non-executive directors which will expire 60 months after the date of grant.

As at the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of \$0.05 each of the Company are as follows:

| Date of grant of options | Exercise price per share | Options granted | Options cancelled | Options outstanding at 31/12/2003 | Number of option holders at 31/12/2003 | Exercise period |
|--------------------------|--------------------------|-----------------|-------------------|-----------------------------------|--|-----------------------|
| 20/8/2003 | \$0.105 | 24,350,000 | (1,000,000) | 23,350,000 | 31 | 20/8/2004 - 19/8/2013 |
| 20/8/2003 | \$0.105 | 5,000,000 | — | 5,000,000 | 4 | 20/8/2004 - 19/8/2008 |
| | | 29,350,000 | (1,000,000) | 28,350,000 | 35 | |

22. Reserves

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2003 | 2002 | 2003 | 2002 |
| | \$ | \$ | \$ | \$ |
| Capital reserves | | | | |
| - Share premium | 29,356,168 | 29,356,168 | 29,356,168 | 29,356,168 |
| - Share premium arising from issue of ordinary shares by an associate | 350,786 | 350,487 | — | — |
| - Goodwill on consolidation arising from acquisition of subsidiaries | (375,894) | (375,894) | — | — |
| - Reserve arising from bonus shares issued by a subsidiary | 2,500,000 | 2,500,000 | — | — |
| - Capital redemption reserve | 610,950 | 610,950 | 610,950 | 610,950 |
| Currency translation reserve | 1,958,220 | (780,087) | — | — |
| Accumulated profits | 41,387,376 | 38,679,430 | 15,573,229 | 15,392,553 |
| | 75,787,606 | 70,341,054 | 45,540,347 | 45,359,671 |

The application of the share premium account is governed by sections 69 - 69F of the Companies Act, Chapter 50.

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities that are not integral to the operation of the Company.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

23. Revenue

| | Group | |
|-------------------------------------|--------------------|--------------------|
| | 2003 | 2002 |
| | \$ | \$ |
| Sale of goods | 124,910,710 | 126,162,104 |
| Revenue from hotel operations | 18,102,579 | 15,209,748 |
| Revenue from construction contracts | 6,568,174 | 13,757,773 |
| Fee income from courses | 181,292 | — |
| | <u>149,762,755</u> | <u>155,129,625</u> |

24. Profit from Operations

The following items have been included in arriving at profit from operations:

| | Group | |
|--|------------------|------------------|
| Note | 2003 | 2002 |
| | \$ | \$ |
| Bad debts recovered (trade) | (18,083) | (53,088) |
| Dividend income from quoted equity investments | (463,416) | (5,381) |
| Exchange (gain)/loss | (385,653) | 458,411 |
| Gain on disposal of: | | |
| - quoted debt securities | — | (11,000) |
| - quoted equity securities | (1,810,238) | — |
| - property, plant and equipment | (111,136) | (122,292) |
| - a subsidiary | (767,380) | — |
| Gain on dilution of interest in a subsidiary | — | (4,282) |
| Gain on de-registration of subsidiaries | — | (15,669) |
| Interest income: | | |
| - debt securities | (492,501) | (314,445) |
| - fixed deposits | (455,638) | (647,363) |
| - associates | (6,462) | (12,938) |
| Amortisation of goodwill on consolidation | 7 8,143 | — |
| Bad debts written off (trade) | 25,439 | 18,561 |
| Consultancy fees paid to a director of a subsidiary | 10,885 | 10,975 |
| Depreciation of property, plant and equipment | 3 3,550,500 | 3,705,348 |
| Directors' fees: | | |
| - directors of the Company | 456,475 | 304,573 |
| Directors' remuneration*: | | |
| - directors of the Company | 2,351,950 | 2,709,529 |
| Impairment loss on property, plant and equipment | 3 73,364 | 685,950 |
| Inventories written off | 32,509 | 44,605 |
| Non-audit fees paid to: | | |
| - auditors of the Company | 8,725 | 15,045 |
| - other auditors | — | — |
| Operating lease expenses | 945,482 | 1,114,285 |
| Professional fees paid to firms in which directors of: | | |
| - the Company is a member | 338,641 | — |
| - a subsidiary is a member | 784,175 | 667,676 |
| Property, plant and equipment written off | 3,027 | 12,054 |
| Staff costs | 20,609,116 | 19,424,170 |
| Contribution to defined contribution plans* | <u>1,618,494</u> | <u>1,083,353</u> |

The number of employees as at 31 December 2003 for the Group was 771 (2002: 716).

* Included in staff costs

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

25. Finance Costs

| | Group | |
|-------------------------------|------------------|------------------|
| | 2003 | 2002 |
| | \$ | \$ |
| Interest paid and payable to: | | |
| - banks | 2,060,720 | 2,319,027 |
| - others | 59,808 | 32,459 |
| | <u>2,120,528</u> | <u>2,351,486</u> |

26. Income Tax Expense

| | Group | |
|---|------------------|--------------------|
| | 2003 | 2002 |
| | \$ | \$ |
| Current tax expense | | |
| Current year | 1,791,698 | 1,986,646 |
| (Over)/under provided in prior years | (428,481) | 165,891 |
| | <u>1,363,217</u> | <u>2,152,537</u> |
| Deferred tax expense | | |
| Movements in temporary differences | 402,156 | (164,189) |
| Effect of reduction in tax rates | — | 311,665 |
| Benefit of tax losses recognised | (207) | (275,003) |
| Benefit of temporary differences recognised | (35,215) | (970,428) |
| Underprovided in prior years | 4,188 | — |
| | <u>370,922</u> | <u>(1,097,955)</u> |
| | <u>1,734,139</u> | <u>1,054,582</u> |
| Share of tax of associates | 691,275 | 890,918 |
| Income tax expense | <u>2,425,414</u> | <u>1,945,500</u> |

Reconciliation of effective tax rate

| | Group | |
|--|------------------|------------------|
| | 2003 | 2002 |
| | \$ | \$ |
| Profit/(loss) before tax | 8,901,849 | (1,552,954) |
| Income tax using Singapore tax rate at 22% | 1,958,407 | (341,650) |
| Effect of reduction in tax rates | — | 311,665 |
| Effect of different tax rates in other countries | (48,956) | (347,810) |
| Income not subject to tax | (48,156) | (4,959,439) |
| Deferred tax benefit not recognised | 99,779 | — |
| Expenses not deductible for tax purposes | 898,322 | 8,595,415 |
| Utilisation of previously unrecognised temporary differences | (35,215) | (970,428) |
| Utilisation of previously unrecognised tax losses | (207) | (275,003) |
| (Over)/under provided in prior years | (424,293) | 165,891 |
| Others | 25,733 | (233,141) |
| Income tax expense | <u>2,425,414</u> | <u>1,945,500</u> |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

27. Earnings/(Loss) Per Share

| | Group | |
|---|----------------------|----------------------|
| | 2003 | 2002 |
| | \$ | \$ |
| Basic earnings/(loss) per share is based on: | | |
| Net profit/(loss) for the year | 6,182,189 | (3,718,607) |
| | | |
| | No. of shares | No. of shares |
| Weighted average number of shares outstanding during the year | 1,113,539,875 | 1,113,539,875 |

In calculating diluted earnings per share, the weighted average number of ordinary share is adjusted for the effect of all dilutive potential ordinary shares:

| | 2003 | 2002 |
|---|----------------------|----------------------|
| | No. of shares | No. of shares |
| Weighted average number of shares issued, used in the calculation of basic earnings per share | 1,113,539,875 | 1,113,539,875 |
| Dilutive effect of share options | 1,665,271 | — |
| Weighted average number of ordinary shares (diluted) | 1,115,205,146 | 1,113,539,875 |

28. Dividends

After the balance sheet date, the Directors proposed the following dividends. These dividends have not been provided for.

| | 2003 | 2002 |
|--|------------------|------------------|
| | \$ | \$ |
| Final dividend proposed of 0.25 cents (2002: 0.25 cents) per share less tax at 20% (2002: 22%) | 2,227,080 | 2,171,402 |
| Special dividend proposed of 0.15 cents (2002: 0.15 cents) per share less tax at 20% (2002: 22%) | 1,336,248 | 1,302,841 |
| | 3,563,328 | 3,474,243 |

29. Acquisition and Disposal of Subsidiaries

(a) Acquisition

During the financial year, the Group acquired 100% share of Cornell Education Group Pte Ltd for \$1,215,400 satisfied in cash. The principal activity of the subsidiary is set out in Note 4 to the financial statements. The acquisition was accounted for using the purchase method.

(b) Disposal

During the financial year, the Group disposed its 60% share in Harbin Cartel International Club Co Ltd for a cash consideration of \$100,607. The company has a net deficit in tangible assets of \$289,301 at the date of disposal. The amount of \$767,380 which was recognised as gain on disposal of a subsidiary by the Group includes realised exchange gain on disposal of \$377,472.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

29. Acquisition and Disposal of Subsidiaries (cont'd)

(c) Effect of acquisition

| | Group | |
|---------------------------------|-------------|------|
| | 2003 | 2002 |
| | \$ | \$ |
| Net assets acquired | | |
| Property, plant and equipment | 2,448 | — |
| Trade and other receivables | 500 | — |
| Cash and cash equivalents | 1,201,605 | — |
| Trade and other payables | (128,462) | — |
| Current tax payable | (288) | — |
| Net assets acquired | 1,075,803 | — |
| Goodwill on acquisition | 139,597 | — |
| Purchase consideration | 1,215,400 | — |
| Cash and bank balances acquired | (1,201,605) | — |
| Net cash outflow | 13,795 | — |

(d) Effect of disposal

| | Group | |
|--|-------------|----------|
| | 2003 | 2002 |
| | \$ | \$ |
| Net assets disposed | | |
| Property, plant and equipment | 2,721,945 | — |
| Inventories | 19,127 | — |
| Trade and other receivables | 10,357 | 2,222 |
| Cash and cash equivalents | 740 | — |
| Trade and other payables | (1,712,599) | (17,891) |
| Interest-bearing liabilities | (979,057) | — |
| Minority interests | (349,814) | — |
| Net liabilities disposed | (289,301) | (15,669) |
| Realised exchange gain on disposal | (377,472) | — |
| Gain on disposal/de-registration of subsidiaries | 767,380 | 15,669 |
| Cash consideration received by the Group | 100,607 | — |
| Cash and cash equivalents disposed | (740) | — |
| Net cash inflow | 99,867 | — |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

30. Significant Related Party Transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the year, the Company entered into a contract with a company controlled by a director of the Company for the provision of sourcing, advisory and consultancy services for the purchase of an associate. The service fee of \$274,221 was determined on the basis of 1.5% of the total consideration paid by the Company for the purchase of the associate.

During the year, the Company and a subsidiary entered into contracts with companies controlled by certain directors of the Company for the provision of consultancy services for an aggregate amount of \$64,420.

Directors also participated in the Group's Executive Share Option Scheme. The share options were granted on the same terms and conditions as those offered to other employees of the Company as described in Note 21. 17,000,000 share options granted to the directors of the Company during the year were outstanding at the end of the year.

During the financial year, there were the following significant transactions carried out by the Group with its associates in the normal course of business on terms agreed between the parties:

| | 2003 \$ | 2002 \$ |
|---|------------|------------|
| Purchases | 1,147,012 | 663,603 |
| Construction services rendered | 6,568,174 | 14,748,580 |
| Hire of motor vehicles payable | 24,940 | 28,607 |
| Management and administrative fees receivable | 322,639 | 293,017 |
| Interest income receivable | 6,462 | 12,938 |

31. Contingent Liabilities - Unsecured

Company

- (a) As at 31 December 2003, the Company has issued unsecured guarantees to banks in respect of credit facilities granted to its subsidiaries of \$47,836,805 (2002: \$44,364,465) and to its associates of \$Nil (2002: \$19,663,900).
- (b) The Company has given formal undertakings, which are unsecured, to provide financial support to certain of its subsidiaries. As at 31 December 2003, the deficits in shareholders' funds of these subsidiaries amounted to \$10,510,604 (2002: \$9,807,874).

Group

A legal claim was filed by an architect against a subsidiary and its associate (the "companies") in Malaysia for payment of architectural services rendered by the architect and another party (the "architects"). The claim totalled to RM148,711 and USD338,794, (equivalent to a total of \$643,276 at 31 December 2003) plus interest and costs.

Pursuant to a summary judgement of the High Court in 1999, the associate issued a bank guarantee amounting to RM798,643 (equivalent to \$357,880 at 31 December 2003) in favour of the architects, which was subsequently called upon by architects.

The companies have appealed against the summary judgement and are seeking for the refund of the sum of RM798,643 drawn by the architects on the bank guarantee, and damages. The directors are of the opinion that there is sufficient evidence to support the appeal and that the claim has no merit to justify such a quantum. Accordingly, no provision for any liability arising from the claim has been made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

32. Commitments

As at 31 December 2003, the Group and the Company have the following commitments:

- (a) Future minimum lease payments in respect of non-cancellable operating lease commitments as follows:

| | Group | | Company | |
|-----------------------------------|------------|------------|------------|------------|
| | 2003 | 2002 | 2003 | 2002 |
| | \$ | \$ | \$ | \$ |
| Payable: | | | | |
| - Within 1 year | 1,283,878 | 1,090,053 | 815,357 | 795,593 |
| - After 1 year but within 5 years | 5,746,220 | 5,224,466 | 4,100,125 | 4,006,625 |
| - After 5 years | 47,389,355 | 40,075,871 | 18,363,699 | 19,031,616 |
| | 54,419,453 | 46,390,390 | 23,279,181 | 23,833,834 |

Included in the commitments for future minimum lease payments is the leasehold building owned by the Company built on land subject to a 60-year lease commencing from 1 May 1967. The annual land rent payable under the lease agreement, which is subject to review every five years, is \$587,059 (2002: \$795,593).

- (b) Notional amount and fair value of forward foreign exchange contracts entered into for hedging anticipated future currency transactions and which are not recognised in the balance sheet as follows:

| | 2003 | | 2002 | |
|------------------------------------|-----------------|------------|-----------------|------------|
| | Notional amount | Fair value | Notional amount | Fair value |
| | \$ | \$ | \$ | \$ |
| Group | | | | |
| Forward foreign exchange contracts | 669,568 | (4,003) | 612,960 | (6,060) |
| Company | | | | |
| Forward foreign exchange contracts | — | — | 88,600 | (1,900) |

The fair value is based on quoted market prices at the balance sheet date.

33. Financial Instruments

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Cash is placed with financial institutions which are regulated.

At the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Foreign currency risk

The Group incurs foreign currency risk on sales, purchases, debt securities and borrowings that are denominated in a currency other than Singapore dollars. The currencies giving rise to this risk are primarily Australian dollars, Hong Kong dollars, Malaysian Ringgit and Renminbi.

There is no formal hedging policy with respect to foreign exchange exposure. Exposure to currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level. Where necessary, the Group uses forward foreign exchange contracts to hedge its foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

33. Financial Instruments (cont'd)

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's investment portfolio, which includes debt securities with secondary or resale markets to ensure portfolio liquidity, and debt obligations.

The Group adopts a policy of constantly monitoring movements in interest rates. Presently, it does not use derivative financial instruments to hedge its interest rate risk.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Fair values

Recognised financial instruments

The aggregate fair values of financial assets and liabilities which are not carried at fair value in the balance sheets as at 31 December are as follows:

| | 2003 | | 2002 | |
|--------------------------|--------------------|---------------|--------------------|---------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | \$ | \$ | \$ | \$ |
| Group | | | | |
| Financial assets | | | | |
| Quoted debt securities | 2,994,620 | 3,117,400 | 2,994,620 | 3,204,000 |
| Unquoted debt securities | 9,649,200 | 10,027,827 | — | — |
| Quoted equity securities | 5,707,860 | 4,894,475 | 8,561,794 | 6,709,506 |
| | 18,351,680 | 18,039,702 | 11,556,414 | 9,913,506 |
| Company | | | | |
| Financial assets | | | | |
| Quoted debt securities | 2,994,620 | 3,117,400 | 2,994,620 | 3,204,000 |
| Unquoted debt securities | 9,649,200 | 10,027,827 | — | — |
| | 12,643,820 | 13,145,227 | 2,994,620 | 3,204,000 |

The fair value of quoted securities is based on quoted market prices at the balance sheet date. The fair value of unquoted debt securities is based on the estimated discounted value of future cash flows.

Financial assets carried in excess of fair value

Equity securities held for the long-term are carried in excess of their net fair value as at 31 December 2003. The equity securities have not been written down to the net fair value because management intends to hold them for the long-term and thereby expects to recover the full carrying amount of the securities.

Unrecognised financial instruments

The fair values of foreign exchange contracts are based on quoted market prices at the balance sheet date and disclosed in Note 32(b).

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

34. Change of Name

The Company changed its name from Provisions Suppliers Corporation Limited to PSC Corporation Ltd with effect from 8 July 2003.

35. Comparative Information

Certain items in the comparative figures have been reclassified to conform with the current year's profit and loss account presentation, which is classified by function of expense method.

36. Subsequent Event

The Company has, on 6 March 2004, entered into investment agreements with certain third parties (the "Placees") whereby the Placees agreed to subscribe and pay for up to an aggregate of 220,000,000 new ordinary shares of \$0.05 each (the "Placement Shares") in the capital of the Company at the price of \$0.12 for each Placement Share (the "Placement"). The Placement Shares when issued and fully paid will rank pari passu in all respects with the existing ordinary shares of the Company, except that the Placement Shares will not be entitled to any dividends that have been or may be declared by the Company in respect of the Company's financial year ended 31 December 2003.

The Placement is conditional upon, inter alia, the approval of the SGX-ST for the listing and quotation of the Placement Shares on the Official List of the SGX-ST. The Placement Shares represent approximately 19.76% of the issued share capital of the Company as at 31 December 2003.

37. Segment Information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earnings assets and revenue, borrowings and expenses and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business Segments

The Group comprises the following main business segments:

| | | |
|-------------------|---|---|
| Consumer business | : | Supply of provisions and household consumer products, retail franchising, manufacture and sale of soya bean products and noodles. |
| Healthcare | : | Construction of hospital turnkey projects and provision of health care consultancy and hospital management services. |
| Hotel | : | Operation of a hotel comprising accommodation and related services and food, beverage and banqueting operations. |
| Others | : | Property investment and provision of education services. |

Geographical Segments

The Group's business is managed in four principal geographical areas, namely, Singapore, Malaysia, China and Australia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

37. Segment Information (cont'd)

(a) Business Segments

| | Consumer business \$ | Healthcare \$ | Hotel \$ | Others \$ | Consolidated \$ |
|----------------------------------|----------------------------|------------------|-------------|--------------|--------------------|
| Group | | | | | |
| 2003 | | | | | |
| Total revenue | 124,910,710 | 6,568,174 | 18,102,579 | 181,292 | 149,762,755 |
| Segment results | 5,995,117 | (761,836) | 1,876,355 | (179,007) | 6,930,629 |
| Unallocated results | | | | | 2,338,577 |
| Profit from operations | | | | | 9,269,206 |
| Finance costs | | | | | (2,120,528) |
| Share of results of associates | | | | | 1,753,171 |
| Taxation | | | | | (2,425,414) |
| Minority interests | | | | | (294,246) |
| Net profit for the year | | | | | 6,182,189 |
| 2002 | | | | | |
| Total revenue | 126,162,104 | 13,757,773 | 15,209,748 | – | 155,129,625 |
| Segment results | 7,203,763 | (1,216,182) | 2,293,952 | (1,837,432) | 6,444,101 |
| Unallocated results | | | | | (1,181,784) |
| Profit from operations | | | | | 5,262,317 |
| Finance costs | | | | | (2,351,486) |
| Loss on disposal of an associate | | | | | (6,909,590) |
| Share of results of associates | | | | | 2,445,805 |
| Taxation | | | | | (1,945,500) |
| Minority interests | | | | | (220,153) |
| Net loss for the year | | | | | (3,718,607) |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

37. Segment Information (cont'd)

(a) Business Segments (cont'd)

| | Consumer business \$ | Healthcare \$ | Hotel \$ | Others \$ | Consolidated \$ |
|-------------------------------|----------------------------|------------------|-------------|--------------|--------------------|
| Group | | | | | |
| Assets and Liabilities | | | | | |
| 2003 | | | | | |
| Segment assets | 76,294,891 | 8,952,168 | 42,059,279 | 9,980,703 | 137,287,041 |
| Investments in associates | 18,840,939 | 7,308,670 | 2,602,341 | 3,704,420 | 32,456,370 |
| | 95,135,830 | 16,260,838 | 44,661,620 | 13,685,123 | 169,743,411 |
| Unallocated assets | | | | | 25,710,931 |
| Total assets | | | | | 195,454,342 |
| Segment liabilities | 21,349,212 | 2,114,584 | 1,904,722 | 1,652,515 | 27,021,033 |
| Unallocated liabilities | | | | | 33,138,392 |
| Total liabilities | | | | | 60,159,425 |
| 2002 | | | | | |
| Segment assets | 90,450,144 | 17,115,639 | 32,777,355 | 25,574,619 | 165,917,757 |
| Investments in associates | 737,503 | 4,058,613 | 3,478,927 | 3,688,550 | 11,963,593 |
| | 91,187,647 | 21,174,252 | 36,256,282 | 29,263,169 | 177,881,350 |
| Unallocated assets | | | | | 21,199,940 |
| Total assets | | | | | 199,081,290 |
| Segment liabilities | 21,247,404 | 5,928,054 | 1,744,798 | 3,555,884 | 32,476,140 |
| Unallocated liabilities | | | | | 37,134,329 |
| Total liabilities | | | | | 69,610,469 |

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

37. Segment Information (cont'd)

(a) Business Segments (cont'd)

| | Consumer business \$ | Healthcare \$ | Hotel \$ | Others \$ | Consolidated \$ |
|--|----------------------------|------------------|-------------|--------------|--------------------|
| Group | | | | | |
| Non-Cash Expenses | | | | | |
| 2003 | | | | | |
| Amortisation | — | — | — | 8,143 | 8,143 |
| Depreciation of and impairment loss on property, plant and equipment | 2,237,943 | 143,056 | 1,154,019 | 88,846 | 3,623,864 |
| | 2,237,943 | 143,056 | 1,154,019 | 96,989 | 3,632,007 |
| 2002 | | | | | |
| Amortisation | — | — | — | — | — |
| Depreciation of and impairment loss on property, plant and equipment | 2,223,625 | 141,604 | 1,043,645 | 982,424 | 4,391,298 |
| | 2,223,625 | 141,604 | 1,043,645 | 982,424 | 4,391,298 |
| Capital Expenditure | | | | | |
| 2003 | | | | | |
| Capital expenditure | 3,130,753 | 51,635 | 323,390 | 164,868 | 3,670,646 |
| 2002 | | | | | |
| Capital expenditure | 1,955,745 | 61,962 | 92,823 | 4,872 | 2,115,402 |

(b) Geographical Segments

| | Singapore \$ | Malaysia \$ | China \$ | Australia \$ | Consolidated \$ |
|---------------------|-----------------|----------------|-------------|-----------------|--------------------|
| 2003 | | | | | |
| Total revenue | 101,591,870 | 30,068,306 | — | 18,102,579 | 149,762,755 |
| Segment assets | 60,284,243 | 34,943,519 | — | 42,059,279 | 137,287,041 |
| Capital expenditure | 2,794,022 | 553,234 | — | 323,390 | 3,670,646 |
| 2002 | | | | | |
| Total revenue | 105,066,455 | 34,853,422 | — | 15,209,748 | 155,129,625 |
| Segment assets | 93,574,260 | 36,678,493 | 2,887,649 | 32,777,355 | 165,917,757 |
| Capital expenditure | 1,438,240 | 579,467 | 4,872 | 92,823 | 2,115,402 |

ADDITIONAL INFORMATION for the year ended 31 December 2003

1. Directors' Remuneration

Company's directors receiving remuneration from the Group:

| | No. of Directors | |
|---------------------------|-------------------------|-------------|
| | 2003 | 2002 |
| Remuneration band: | | |
| \$500,001 to \$750,000 | 3* | 3 |
| \$250,001 to \$500,000 | — | 1 |
| \$250,000 and below | 7* | 6 |
| | 10 | 10 |

* A director from each of the respective remuneration band resigned during the financial year.

2. Properties Held by the Group

Description of properties held by the Group is as follows:

| Location | Description | Tenure |
|---|--|---------------|
| 348 Jalan Boon Lay, Singapore 619529 | Two-storey warehouse with annexed office block used by the Group both for its operations and for rental income | 60-year lease |
| 348 Jalan Boon Lay, Singapore 619529 | Single-storey factory used by a subsidiary for its operations | 60-year lease |
| 116-120 North Terrace Adelaide South Australia | A 182 suite hotel constructed with a ground floor, 7 upper floors and a basement | Freehold |
| Lot MLO 1101, Kampong Bukit Kulai Johor, Malaysia | Factory used by a subsidiary for its operations | Freehold |
| Lot 2537, Parit Abdul Rahman Benut 82200 Pontian, Johor Malaysia | Factories used by subsidiaries for their operations | Freehold |
| Lot MLO 1102 and 1103, Mukim of Sedenak, Kulai, Malaysia | Vacant land | Freehold |
| Lot 249, GPP 4841 Town Area XXI District of Melaka Tengah, Melaka, Malaysia | Vacant land | Freehold |
| GM 9382 Lot 2185 and GM 9383 Lot 2186 Kuala Kuantan, Malaysia | Vacant land | Freehold |
| Wilayah Pengembangan Sekupang Patam, Batam, Indonesia | Vacant land | 30-year lease |
| PTD 63419 HSD 248337 PTD 63421 HSD 248339 and PTD 63422 HSD 248340 Mukim of Pulau District of Johore Bahru, Malaysia | Vacant land | Freehold |

ADDITIONAL INFORMATION for the year ended 31 December 2003

3. Interested Person Transactions

| Interested person | Aggregate value of all transactions (excluding transactions less than \$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920) \$ | Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000) \$ |
|--|--|---|
| JCL Business Development Pte Ltd | | |
| - Provision of sourcing, advisory and consultancy services | 274,221 | — |

4. Material Contracts

Except as disclosed in Note 30 to the financial statements, there are no other material contracts entered into between the Company and its subsidiaries involving the interests of the chief executive officer or each director of the Company during the financial year.

资产负债表 截至二零零三年十二月三十一日

普威集团有限公司（旧称为普威联营有限公司）及其附属公司年度报告

| | | 集团 | | 公司 | |
|------------|----|-------------|-------------|-------------|-------------|
| | 附注 | 2003 \$ | 2002 \$ | 2003 \$ | 2002 \$ |
| 非流动资产 | | | | | |
| 房屋及机器设备 | 3 | 63,964,742 | 57,691,506 | 10,387,609 | 9,734,920 |
| 子公司 | 4 | — | — | 24,704,185 | 23,204,181 |
| 联号公司 | 5 | 32,456,370 | 11,963,593 | 18,594,530 | — |
| 其他金融资产 | 6 | 7,703,480 | 11,556,414 | 1,995,620 | 2,994,620 |
| 无形资产 | 7 | 131,454 | — | — | — |
| 递延税款资产 | 8 | 351,461 | 645,000 | — | — |
| | | 104,607,507 | 81,856,513 | 55,681,944 | 35,933,721 |
| 流动资产 | | | | | |
| 其他金融资产 | 6 | 17,655,990 | 8,998,526 | 10,648,200 | 4,830,694 |
| 非金融资产 | 9 | 410,176 | 418,948 | 90,000 | 90,000 |
| 有待开发房地产 | 10 | 604,498 | 629,409 | — | — |
| 存货 | 11 | 15,719,438 | 17,205,357 | 9,934,555 | 11,719,514 |
| 应收账款及其他应收款 | 13 | 40,110,905 | 41,358,340 | 41,771,676 | 41,459,678 |
| 现金和现金等同物 | 17 | 16,345,828 | 48,614,197 | 11,833,722 | 28,666,558 |
| | | 90,846,835 | 117,224,777 | 74,278,153 | 86,766,444 |
| 减: | | | | | |
| 流动负债 | | | | | |
| 应付账款及其他应付款 | 18 | 27,021,033 | 32,476,140 | 27,480,502 | 19,560,641 |
| 付息借贷 | 19 | 3,408,050 | 11,800,115 | — | 94,883 |
| 应付当期税款 | | 1,846,468 | 2,965,738 | 1,240,254 | 2,007,976 |
| | | 32,275,551 | 47,241,993 | 28,720,756 | 21,663,500 |
| 净流动资产 | | 58,571,284 | 69,982,784 | 45,557,397 | 65,102,944 |
| 扣除: | | | | | |
| 非流动负债 | | | | | |
| 付息借贷 | 19 | 27,653,844 | 22,213,906 | — | — |
| 递延应付税款 | 8 | 230,030 | 154,570 | 22,000 | — |
| | | 27,883,874 | 22,368,476 | 22,000 | — |
| | | 135,294,917 | 129,470,821 | 101,217,341 | 101,036,665 |
| 少数股东权益 | | (3,830,317) | (3,452,773) | — | — |
| 净资产 | | 131,464,600 | 126,018,048 | 101,217,341 | 101,036,665 |
| 资本 | 20 | 55,676,994 | 55,676,994 | 55,676,994 | 55,676,994 |
| 储备 | 22 | 75,787,606 | 70,341,054 | 45,540,347 | 45,359,671 |
| 股东资金 | | 131,464,600 | 126,018,048 | 101,217,341 | 101,036,665 |

附注内容是财务报表的组成部分之一。

损益表 截至二零零三年十二月三十一日

普威集团有限公司（旧称为普威联营有限公司）及其附属公司年度报告

| | 附注 | 集团 2003 \$ | 2002 \$ |
|-------------------|----|------------------|---------------|
| 收入 | 23 | 149,762,755 | 155,129,625 |
| 售出产品成本 | | (108,285,347) | (114,047,213) |
| 毛利 | | 41,477,408 | 41,082,412 |
| 其他营业收入 | | 7,341,025 | 3,558,249 |
| 分销费用 | | (13,370,475) | (13,120,841) |
| 行政费用 | | (25,625,031) | (23,215,953) |
| 其他营业费用 | | (553,721) | (3,041,550) |
| 营业盈利 | 24 | 9,269,206 | 5,262,317 |
| 财务费用 | 25 | (2,120,528) | (2,351,486) |
| 脱售联号公司损失 | | — | (6,909,590) |
| 联号公司盈利 | | 1,753,171 | 2,445,805 |
| 经常性业务获得的税前盈利/（亏损） | | 8,901,849 | (1,552,954) |
| 所得税 | 26 | (2,425,414) | (1,945,500) |
| 经常性业务获得的税后盈利/（亏损） | | 6,476,435 | (3,498,454) |
| 少数股东利润 | | (294,246) | (220,153) |
| 本期净利/净亏损 | | 6,182,189 | (3,718,607) |
| 每股盈利/（亏损） | 27 | | |
| 基 额 | | 0.56 cents | (0.33 cents) |
| 摊 薄 | | 0.55 cents | — |

附注内容是财务报表的组成部分之一。

SHAREHOLDING STATISTICS 15 March 2004

| | | |
|-------------------------------|---|--|
| Authorised Share Capital | : | S\$100,000,000 |
| Issued and Fully Paid Capital | : | S\$55,676,993.75 |
| Class of Shares | : | Ordinary Shares of S\$0.05 each with equal voting rights |

Substantial Shareholders as at 15 March 2004

| Substantial shareholders | Number of shares held | | Shareholding percentage(%) |
|----------------------------------|-----------------------|-----------------|----------------------------|
| | Direct interest | Deemed interest | |
| Dr Chan Kwok Keung, Charles | – | 305,691,790 | 27.45 ⁽¹⁾ |
| Chinaview International Limited | – | 305,691,790 | 27.45 ⁽¹⁾ |
| Galaxyway Investments Limited | – | 305,691,790 | 27.45 ⁽¹⁾ |
| ITC Corporation Limited | – | 305,691,790 | 27.45 ⁽¹⁾ |
| ITC Investment Holdings Limited | – | 305,691,790 | 27.45 ⁽¹⁾ |
| Mankar Assets Limited | – | 305,691,790 | 27.45 ⁽¹⁾ |
| Famex Investment Limited | – | 305,691,790 | 27.45 ⁽¹⁾ |
| Hanny Holdings Limited | – | 305,691,790 | 27.45 ⁽¹⁾ |
| Hanny Magnetics (B.V.I.) Limited | – | 305,691,790 | 27.45 ⁽¹⁾ |
| Rich Life Holdings Pte Ltd | 305,691,790 | – | 27.45 ⁽¹⁾ |
| QAF Limited | – | 125,660,000 | 9.42 ⁽²⁾ |
| Pemscorp Pte Ltd | 105,613,000 | – | 7.92 ⁽²⁾ |

Notes:

- (1) Calculated based on the total issued share capital of S\$55,676,993.75 comprising 1,113,539,875 ordinary shares of S\$0.05 each as at 15 March 2004.
- (2) Calculated based on the proposed enlarged issued share capital of S\$66,676,993.75 comprising 1,333,539,875 ordinary shares of S\$0.05 each (including the 220,000,000 Placement Shares which, as at 15 March 2004, have not been issued).

Directors' Shareholding as at 21 January 2004

| Director | Holdings in the name of directors or in which directors have a direct interest | Holdings in which the director is deemed to have an interest |
|--------------|--|--|
| Foo Der Rong | 2,087,500 | – |

Analysis of Shareholders as at 15 March 2004

| Range of shareholdings | No. of shareholders | % | No. of shares | % |
|------------------------|---------------------|--------|---------------|--------|
| 1 - 999 | 45 | 0.57 | 21,013 | 0.00 |
| 1,000 - 10,000 | 2,657 | 33.71 | 19,563,417 | 1.76 |
| 10,001 - 1,000,000 | 5,102 | 64.73 | 320,731,785 | 28.80 |
| 1,000,001 and above | 78 | 0.99 | 773,223,660 | 69.44 |
| | 7,882 | 100.00 | 1,113,539,875 | 100.00 |

SHAREHOLDING STATISTICS 15 March 2004

Shareholdings Held by the Public

From the information available to the Company as at 15 March 2004:

- (1) calculated based on the total issued share capital as at 15 March 2004, 72.22 % of the issued ordinary shares of the Company is held by the public; and
- (2) assuming that all the 220,000,000 Placement Shares referred to in Note 36 of the Notes to the Financial Statements have been issued as at 15 March 2004, 67.38% of the issued ordinary shares of the Company would be held by the public.

Rule 723 of the Listing Manual issued by SGX-ST is therefore complied with.

Major Shareholders List - Top 20 as at 15 March 2004

| No. | Name of shareholder | No. of shares held | % |
|-----|---------------------------------------|--------------------|--------------|
| 1. | Rich Life Holdings Pte Ltd | 161,691,790 | 14.52 |
| 2. | United Overseas Bank Nominees Pte Ltd | 83,793,250 | 7.52 |
| 3. | Southern Nominees (S) Sdn Bhd | 78,000,000 | 7.00 |
| 4. | DBS Nominees Pte Ltd | 66,136,500 | 5.94 |
| 5. | G K Goh Stockbrokers Pte Ltd | 46,439,429 | 4.17 |
| 6. | Citibank Nominees Singapore Pte Ltd | 40,803,500 | 3.66 |
| 7. | Pemscorp Pte Ltd | 35,613,000 | 3.20 |
| 8. | Oversea-Chinese Bank Nominees Pte Ltd | 30,797,514 | 2.77 |
| 9. | HL Bank Nominees (S) Pte Ltd | 30,621,000 | 2.75 |
| 10. | QAF Agencies (S) Pte Ltd | 20,047,000 | 1.80 |
| 11. | Tan Ling San | 8,875,875 | 0.80 |
| 12. | Chong Ah Kau @ Chong Kar Kee | 7,650,607 | 0.69 |
| 13. | Hock Tong Bee Pte Ltd | 6,789,750 | 0.61 |
| 14. | Phillip Securities Pte Ltd | 6,744,500 | 0.61 |
| 15. | Tan Ze Hee | 6,475,816 | 0.58 |
| 16. | Ong Chu Poh | 5,212,000 | 0.47 |
| 17. | Tan Koon Poh | 4,737,850 | 0.42 |
| 18. | Overseas Union Bank Nominees Pte Ltd | 4,570,000 | 0.41 |
| 19. | Teo Piak Lim | 4,515,400 | 0.41 |
| 20. | UOB Kay Hian Pte Ltd | 4,493,000 | 0.40 |
| | | 654,007,781 | 58.73 |

NOTICE OF ANNUAL GENERAL MEETING

PSC Corporation Ltd (Incorporated in The Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of PSC Corporation Ltd will be held at 348 Jalan Boon Lay Singapore 619529 on Wednesday, 28 April 2004 at 11:00 a.m. to transact the following businesses:

As Ordinary Business

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended 31 December 2003 and the Auditors' Report thereon. [Resolution 1]
2. To declare a Final Dividend of 0.25 cents per share and a Special Dividend of 0.15 cents per share, respectively, both less 20% income tax, for the year ended 31 December 2003. [Resolution 2]
3. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:
 - (a) Mr Chee Teck Kwong Patrick [Resolution 3(a)]
 - (b) Mr Chua Keng Hiang [Resolution 3(b)]
 - (c) Dr John Chen Seow Phun [Resolution 3(c)]

Note:

Mr Chee Teck Kwong Patrick and Mr Chua Keng Hiang will, upon re-election as Directors of the Company, remain as Chairman and member of the Audit Committee respectively and will be considered independent directors.

Dr John Chen Seow Phun will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered a non-independent director.

4. To re-appoint KPMG as Auditors and to authorise the Directors to fix their remuneration. [Resolution 4]
5. To approve the payment of Directors' Fees of S\$331,000 for the year ended 31 December 2003. (2002: S\$308,335) [Resolution 5]

As Special Business

To consider and, if thought fit, to pass the following Resolutions 6 to 8 with or without amendments as ordinary resolutions:

6. "That pursuant to Section 161 of the Companies Act, Cap. 50 (the "Companies Act") and the listing rules of The Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to: [Resolution 6]
 - (i) allot and issue shares in the Company; and
 - (ii) issue convertible securities and (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) allot and issue any shares in the Company pursuant to the conversion or exercise of convertible securities issued while this Resolution was in force,

(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:

- (a) the aggregate number of shares (including any shares to be issued pursuant to the conversion or exercise of convertible securities) in the Company to be issued pursuant to this Resolution does not exceed 50 per cent (50%) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares (including any shares to be issued pursuant to the conversion or exercise of convertible securities) to be issued other than on a pro rata basis to the shareholders of the Company does not exceed 20 per cent (20%) of the issued share capital of the Company for the time being (as calculated in accordance with sub-paragraph (b) below);

NOTICE OF ANNUAL GENERAL MEETING

PSC Corporation Ltd (Incorporated in The Republic of Singapore)

- (b) subject to such manner of calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options on issue at the time this Resolution is passed; and
 - (ii) any subsequent consolidation or subdivision of shares; and
 - (c) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”
7. “That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of the Options granted under the PSC Executives’ Share Option Scheme (including to allot and issue shares as may be required to be issued pursuant to the exercise of Options granted while this Resolution is in force notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time of the allotment and issue of the shares) provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed ten per cent (10%) of the total issued share capital of the Company from time to time.” [Resolution 7]
8. “That for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of S\$0.05 each fully paid in the capital of the Company (“Shares”) not exceeding in aggregate the Prescribed Limit (as defined below) at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of: [Resolution 8]
- (i) market purchase(s) on the SGX-ST; and/or
 - (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable,

be and is hereby authorised and approved generally and unconditionally (the “Share Buy Back Mandate”).

That, unless revoked or varied by the Company in general meeting, the Share Buy Back Mandate continue to be in force until the date that the next Annual General Meeting is held or is required by law to be held, whichever is earlier.

That the Directors of the Company be hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents and approving amendments, alterations and modifications to any document required by the Share Buy Back Mandate) as they or he may consider expedient, necessary or deem fit to give effect to the transactions contemplated or authorised by this Resolution.

In this Resolution:

“Prescribed Limit” means the number of issued Shares representing eight per cent (8%) of the issued ordinary share capital of the Company as at the date of passing of this Resolution;

“Maximum Price” in relation to a Share to be purchased or acquired means the purchase price which shall not exceed the sum constituting five per cent (5%) above the Average Closing Market Price of the Shares; and

“Average Closing Market Price” means the average of the last dealt prices of the Shares for the five consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of the market purchase by the Company, or as the case may be, the date of the making of an offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the said five day period.”

NOTICE OF ANNUAL GENERAL MEETING

PSC Corporation Ltd (Incorporated in The Republic of Singapore)

Notice of Books Closure Date

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 6 May 2004, for the purpose of determining the Members' entitlements to the dividends to be proposed at the Annual General Meeting of the Company to be held on 28 April 2004.

Duly completed registrable transfers in respect of shares of the Company received by the Company's Share Registrar, M & C Services Private Limited of 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 up to 5.00 p.m. on 5 May 2004 will be registered to determine Members' entitlements to such dividends. Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares of the Company as at 5.00 p.m. on 5 May 2004 will be entitled to such proposed dividends.

The proposed dividends, if approved by Members at the Annual General Meeting, will be paid on 18 May 2004.

BY ORDER OF THE BOARD

Angela Chan

Company Secretary

Singapore

12 April 2004

Notes:

- 1) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead.
- 2) A proxy need not be a member of the Company.
- 3) The instrument appointing a proxy shall, in the case of an individual, be signed by the appointor or his attorney, and in the case of a corporation shall be either under its common seal or signed by its attorney or a duly authorised officer on behalf of the corporation.
- 4) The instrument appointing a proxy must be deposited at the registered office of the Company at 348 Jalan Boon Lay, Singapore 619529 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Explanatory Notes on the Special Business to be Transacted:

- 1) Proposed ordinary Resolution 6, if passed, will empower the Directors to issue shares in the Company, convertible securities and/or shares pursuant to convertible securities of the Company up to an amount not exceeding in total 50 per cent (50%) of the issued ordinary share capital of the Company with a sub-limit of 20 per cent (20%) of shares issued other than on a pro rata basis to shareholders. For the purpose of determining the aggregate number of ordinary shares that may be issued, the percentage of issued share capital shall be based on the issued share capital of the Company at the time that Resolution 6 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options on issue at the time that Resolution 6 is passed, and (b) any subsequent consolidation or subdivision of shares.
- 2) Proposed ordinary Resolution 7, if passed, will empower the Directors to issue shares pursuant to the exercise of Options granted under the PSC Executives' Share Option Scheme 2003 which was approved at the Extraordinary General Meeting of the Company held on 8 July 2003.
- 3) Proposed ordinary Resolution 8, if passed, will empower the Directors to purchase or acquire, from the date of the above meeting to the date of the next Annual General Meeting, an aggregate amount not exceeding eight per cent (8%) of the issued share capital of the Company as at the date of this Resolution. More details of the Share Buy Back Mandate to be renewed is set out in the letter to shareholders enclosed with this Notice.

常年股东大会通告 普威集团有限公司（在新加坡共和国注册）

This document is issued by the Company in Chinese and English. In the event of a conflict between the Chinese and English versions, the English version shall prevail. 本文件由公司以中文及英发布。倘若中、英版本之间出现矛盾，则以英版本为准。

本公司第30届常年股东大会将于2004年4月28日，星期三，早上11时正，于新加坡邮区619529，惹兰文礼348号举行。大会主要议程如下：

普通事项

1. 接纳截至2003年12月31日止财政年之董事报告及已审核帐目和审计师报告。 [决议案一]
2. 宣布在截至2003年12月31日止财政年派发每股0.25分的年终股息和每股0.15分的特别股息（各须扣除所得税20%）。 [决议案二]
3. 重选以下根据公司章程退休的董事：
 - （甲）Chee Teck Kwong Patrick 先生 [决议案三（甲）]
 - （乙）蔡敬贤先生 [决议案三（乙）]
 - （丙）陈晓朋博士 [决议案三（丙）]

注：

Chee Teck Kwong Patrick 先生和蔡敬贤先生在重选成为本公司董事后，仍分别为审计委员会的主席和成员，且应视为独立董事。

陈晓朋博士在重选成为本公司董事后，仍为审计委员会成员，且应视为非独立董事。

4. 再次委任 KPMG 会计公司为审计师，并授权董事会决定其酬金。 [决议案四]
5. 批准截至2003年12月31日财政年之董事酬劳 S\$331,000 (2002年：S\$308,335) [决议案五]

特别事项

仔细考虑且在适当情况之下，通过以下决议案6至8为普通修正决议或无修正决议：

6. 根据公司法第50章第161节以及新加坡证券交易所之上市规定，授权董事会： [决议案六]
 - （甲）分配和核发本公司之股份；以及
 - （乙）核发可兑换证券以及转换或行使此决议有效期间发出的可兑换证券时，分配和核发本公司之任何股份（尽管此决议所赋予之授权已经到期），

在董事会认为适当之情况下，于任何时候按议题之条款向合适人士核发本公司之股份（不论是以认股证、红利或其他的方式核发），其条件如下：

- （甲）按本决议核发之股份总额（包括任何因转换或行使可兑换证券而核发的股份）不得超过本公司现有已核发股份资本的百分之五十（50%）（按下节乙计算）。其中，若非按比率向公司股东核发股份，核发普通股份之总额则不得超过公司现有已核发股份资本的百分之二十（20%）（按下节乙计算）。

常年股东大会通告

普威集团有限公司（在新加坡共和国注册）

(乙) 按新加坡证券交易所所指示之计算方式, 为决定上节甲将核发股份之总额, 现有已核发股份资本之比例应在调整以下股份之后, 根据在本决议通过时公司现有已核发的股份为准:

(i) 在本决议案通过之际, 待发行的可兑换证券或任何选股权在转换或行使所产生的新股份; 以及

(ii) 任何后续的股份合并或再分股份; 以及

(丙) 按本决议所赋予之授权除非在公司股东大会上遭撤销或修改, 否则应持续有效至下届常年股东大会或依法律要求召开之下届常年股东大会日期 (以较早者为准) 为止。

7. 按公司法第161章, 赋予董事会授权在任何时候核发因行使按普威执行人员选股权计划核发的选股权而须核发的股份 (包括只要所行使的选股权是在此决议有效时核发的, 即使在行使选股权而须核发股份时, 此决议所赋予的授权已经无效)。其条件是按此计划核发的股份总额在任何时候不得超过现有已核发股份资本的百分之十 (10%)。 [决议案七]

8. 按公司法第76C节和第76E节, 董事会行使公司的所有权利收购公司股份资本中的每股S\$0.05缴足核发普通股。其条件是总额不得超过“规定限额” (如以下之定义), 以及由董事会决定之收购价不得超过“最高价” (如以下之定义)。收购方式如下: [决议案八]

(i) 在新加坡证券交易所收购; 以及 / 或

(ii) 场外购买 (若在新加坡证券交易所以外之场所交易); 根据由董事会认为适当而决定或拟定之任何平等机会计划, 而且计划必须遵守公司法定下之所有条例, 或是当时适用之任何其他法律、条例和新加坡证券交易所之规定,

在此概括性和无条件授权及核准 (“股票回购授权”)。

按本决议所赋予之股票回购授权除非在公司股东大会上遭撤销或修改, 否则应持续有效至下届常年股东大会或依法律要求召开之下届常年股东大会日期 (以较早者为准) 为止。

公司董事获授权完成和执行所有他们 / 他认为有利、必要、适当之职务 (包括且不受限, 执行相关文件以及核准股票回购授权所须之任何文件之修订、更改和修饰), 以使此决议所预期或授权之交易能够生效。

决议中:

“规定限额” 为截至此决议通过日期相等于本公司核发普通股份资本之百分之八 (8%) 之核发股份;

“最高价” 为所将收购之股份之收购价不得超过股票平均闭市价以及百分之五溢价之总和; 以及

“平均闭市价” 为本公司在市场内进行收购当日或提出收购建议当日 (适用于场外交易) 前之连续五个交易日之最后交易价, 而且根据新加坡证券交易所之上市规定反映于所指之五天期间后发生之任何企业行动。

常年股东大会通告

普威集团有限公司（在新加坡共和国注册）

登记截止日期通告

为决定股东从本公司将于2004年4月28日常年股东大会上之提案股息派发所应享有之股息权利，本公司股东之股票转让将于2004年5月6日截止登记注册。

本公司股票注册处M&C服务私人有限公司（新加坡邮区068906，罗敏申路138号，The Corporate Office，门牌#17-00），截至2004年5月5日营业时间下午5时止，所受理有关本公司之完整登记转让将予以登记，以决定股东应享之提案股息。股东在中央托收私人有限公司之证券户头内，若于2004年5月5日下午5时前，记有本公司股份，将享有该提案股息。

该提案股息如在常年股东大会上获通过，则将在2004年5月18

奉董事会令

Angela Chan

公司秘书

于新加坡

2004年4月12日

附注:

- 1) 每位有权参加股东大会及在会上投票之股东，得以委派一名代表代其出席及投票。
- 2) 股东代表无须为公司股东。
- 3) 股东代表委派书，若以个人名义，须由委派股东或其律师签署；若以公司名义，则必须加盖公司印章或由代表公司之律师或其授权职员签署。
- 4) 股东代表委派书须于股东大会召开前的至少48小时送交本公司注册办事处（新加坡邮区619529，惹兰文礼348号），方为有效。

特别事项附注:

- 1) 决议案六若通过，将授权董事会核发公司资本中的股份、可兑换证券和/或按可兑换证券核发之股份，之总额不得超过公司现有已核发股份资本之百分之五十（50%），且若非按比例核发者，则不得超过百分之二十（20%）。为决定普通股份之核发总数，已核发之股份资本比例是按决议六通过之际，而且必须在调整（甲）于决议案六通过时，转换或行使任何可兑换证券或任何选股权而待发行之新股份，以及（乙）任何后续之股份合并或再分股份之后。
- 2) 决议案七若通过，将授权董事会核发因行使按于2003年7月8日特别股东大会上通过之2003年普威执行人员选股权计划核发之选股权而须核发之股份。
- 3) 决议案八若通过，将授权董事会从上述会议之日期至下一届常年股东大会之日期之间，收购相等于此决议通过日之不超过本公司核发普通股份资本之百分之八（8%）之核发股份。更多有关此待更新之股票回购授权，收录在附于此通知书的文件中。

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PROXY FORM - ANNUAL GENERAL MEETING

PSC Corporation Ltd (Incorporated in The Republic of Singapore)

| | |
|-----------------------------|--|
| Total Number of Shares held | |
|-----------------------------|--|

Important:

1. For Investors who have used their CPF moneys to buy shares of PSC Corporation Ltd, the 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.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We

NRIC/Passport

of

being (a) member/members of the abovenamed Company hereby appoint

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

and/or (delete as appropriate)

| | | | |
|-----|--|--|--|
| (b) | | | |
|-----|--|--|--|

or failing him/her, the Chairman of the Meeting, as my/our proxy to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the Thirtieth Annual General Meeting of members of the Company to be held at 348 Jalan Boon Lay, Singapore 619529 on 28 April 2004 at 11 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the space provided whether you wish your proxy to vote For or Against the Ordinary Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy will vote as the proxy deems fit.)

| NO. | ORDINARY RESOLUTIONS | FOR | AGAINST |
|-----|---|-----|---------|
| | Ordinary Business | | |
| 1 | Adoption of Reports and Accounts | | |
| 2 | Declaration of Final and Special Dividends | | |
| 3 | Re-election of Directors: | | |
| | (a) Mr Chee Teck Kwong Patrick | | |
| | (b) Mr Chua Keng Hiang | | |
| | (c) Dr John Chen Seow Phun | | |
| 4 | Re-appointment of Auditors | | |
| 5 | Approval of Directors' Fees | | |
| | Special Business | | |
| 6 | Authority for Directors to issue shares and convertible securities | | |
| 7 | Authority for Directors to issue shares pursuant to the exercise of Options granted under PSC Executives' Share Option Scheme | | |
| 8 | Authority for Directors to buy back Shares | | |

Dated this _____ day of _____ 2004

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM - ANNUAL GENERAL MEETING

PSC Corporation Ltd (Incorporated in The Republic of Singapore)

Notes:

1. Please insert in the box at the top right hand corner of the Proxy Form the total number of shares held by you and registered in your name, whether in the Register of Members or in the Depository Register of The Central Depository (Pte) Limited. If no number is inserted, this Proxy Form will be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint proxies to attend and vote instead of him. Such proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 348 Jalan Boon Lay, Singapore 619529 not less than 48 hours before the time appointed for the Thirtieth Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
6. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Thirtieth Annual General Meeting in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney or the appointor's corporate representative, the power of attorney (or a certified true copy thereof) or the instrument appointing the corporate representative must be produced with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Thirtieth Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

