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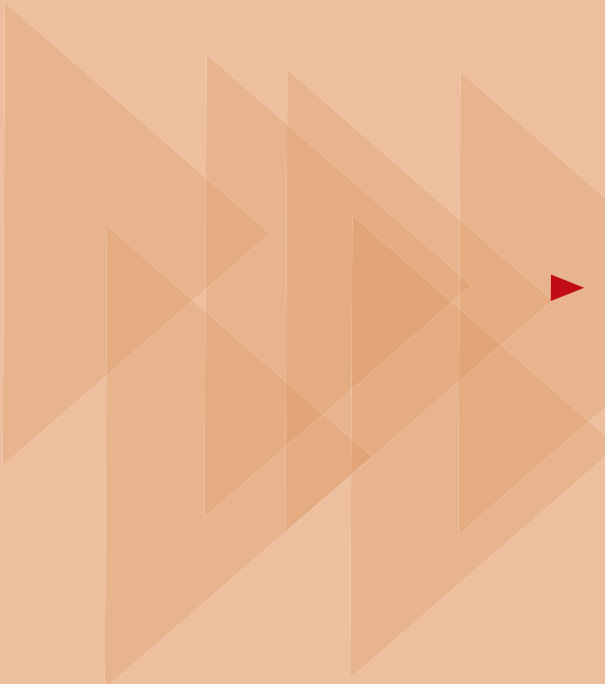
► **our vision**

To establish strong business network with valued partners and to be an integral part of consumers’ lives through providing quality products and services.



► **our mission**

- To maximise returns to our shareholders
- To provide quality products and services that create optimal value to our customers
- To develop and foster our staff’s talents and leadership skills with the provision of a challenging and nurturing environment.





Executive Chairman's Message

Allan Yap
Executive Chairman

执行董事主席献词

Dear Valued Shareholder,

I am pleased to report that 2004 saw us enhancing our capabilities and becoming better positioned than ever to capitalise on the tremendous opportunities our markets offered. Despite the spillover effects from a sluggish 2003 global economy and the aftermath of the Iraq war which lead to an uncertain first half of 2004, we were unwavering in our mission to build a growth company focused on delivering superior returns to our shareholders.

As part of our mission in 2003, we re-organised our business divisions into four business units, namely franchising, marketing and sales, manufacturing and logistics. While the bulk of 2003 was spent in restructuring and consolidating these business units, 2004 witnessed their growth. We ended the year with an increase in Group turnover from \$149.8 million to \$160.1 million. This increase was driven primarily by higher turnover from our Consumer Business from both Singapore and Malaysia operations.

To further develop and broaden the breadth of our Consumer Business, we acquired Tung Fong Hung distributorship in the third quarter of 2004. Based in Hong Kong, Tung Fong Hung is a leading retailer of traditional Chinese herbs and health food with distribution channels in Hong Kong, China, Macau, Canada and Taiwan. This acquisition will enable us to expand the depth of our product offerings in our key markets and provide us with the opportunity to own, grow and develop another emerging brand.

亲爱的股东,

我很荣幸地告诉各位股东,我们在2004年不只加强了自己的实力,也更好地抓紧业务所在市场的巨大商机。在2004年上半年,我们仍然可以感受到2003年全球经济衰退,以及伊拉克战争开打后的余波,但是,我们坚定不移、专注地推动公司的成长,要给股东们带来丰厚的回报。

我们在2003年定下的目标之一是重组我们的消费产品部门,把这个部门的业务分纳为四个分支部门:特许经营、市场营销、生产和物流。那一年里,我们把大部分的精力放在重组和巩固这四个分支部门。2004年则是我们享受成果的一年。集团营业额从2003年的1亿4980万元增加到2004年的1亿6010万元。消费产品部门在新加坡和马来西亚的营业额都有所增长,是带动集团营业额上升的主要原因。

为了进一步发展我们的消费产品业务,我们在2004年第三季争取到“东方红”的代理权。“东方红”是香港数一数二的中草药和保健产品零售商。除了香港,它在中国、澳门、加拿大和台湾都有专卖店。拥有“东方红”的代理权,意味着我们能够在主要的市场增加所销售的产品种类,也让我们有机会拥有和推动另一个新兴品牌的发展。

2004 also saw us increasing our distribution channels/ services and new advertising campaigns in order to increase market share for our product brands and to establish and reinvent our iEcon franchise concept through a scheme known as the PSC Entrepreneur Scheme. This scheme offers potential franchisees or employees an opportunity to take up a franchise of the corporate stores. This arrangement expedites the set-up process for entrepreneurs who wish to venture into the business world. We expect to reap the returns from these investments in the coming years.

On the educational front, we acquired InnoForm Group to grow our education business. InnoForm is one of the industry's fastest growing company specialising in the development, production and distribution of educational and entertainment products.

Moving Ahead to Boost Growth

To gear up for our next phase of growth in 2005 and beyond, we placed out 220 million new PSC shares at \$0.12 each to four strategic investors in March 2004 and raised approximately \$26.4 million. In September, we embarked on another fund raising exercise by completing a two-for-five rights issue to raise a further \$29.3 million. Besides providing us with the additional capital to facilitate our expansion and investment plans, this also paved the way for us to accelerate the implementation of our strategy to grow both organically and by synergistic acquisition.

在2004年,我们还扩大了我们的分销渠道和服务范围,并且展开新的广告宣传攻势,目的是要增加旗下产品的市场占有率。同时,我们也推出了“PSC零售创业计划”,从而加强和巩固“iEcon”的特许经营概念。通过“PSC零售创业计划”,有志的创业者能够更快地进入零售行业大展拳脚,因为这个计划让有兴趣的特许经营商或者公司职员,能够以特许经营方式接手管理由集团经营的自助市场。

在教育服务方面,我们收购了InnoForm Media (新格媒体),以便扩大我们的教育服务业务。新格媒体是这个行业中发展最迅速的公司之一,专长是发展、制作和分销教育和娱乐多媒体产品。

继往开来 推动成长

作为我们为今后发展做好准备的策略之一,我们在2004年3月以每股\$0.12配售2亿2000万股普威集团新股给四名策略投资者,从中筹集2640万元的资金。另外,我们在9月展开另一轮集资计划,以每5股配售2股附加股,筹集到另外的2930万元。这两笔资金将是我们进一步扩充和投资的资本,也让我们具备实力加速展开能够推动集团发展的收购计划。

This strategy has proven to be both prudent and the correct one. Our acquisition of Intraco Limited has started to show promising results. From a loss of \$5.5 million in 2003, it has turned around and reported a profit of \$1.6 million in 2004. Moving forward, we are confident that Intraco will continue to perform well and contribute positively to the Group. With the successful comeback of Intraco well underway, we intend to continue to explore other good business opportunities that could provide synergistic benefits to the Group.

In our other business areas, we remain optimistic about the potential in the healthcare sector. As we witness increasing life expectancy in our aging population, we expect to see an ever-growing demand for healthcare services. The Group intends to seize this opportunity to establish itself in the fast developing Asian countries. The opening of the Chinese market and the upcoming Beijing Olympics are expected to bring new opportunities for healthcare industry in the PRC. We intend to make our presence felt there. As a start, we have already made inroads into China's healthcare market in 2004 by forming a collaborative agreement with China Worldbest Group Co. Ltd, through a joint venture with Wuxi Life Sciences Development Co. Ltd, where we expect to expand our expertise in healthcare consulting services, hospital management contracts and the provision of hospital information system to China. In the coming year, we intend to leverage on this opportunity and collaborative effort to further develop and expand our healthcare business segment.

事实证明这个策略不仅谨慎而且是正确的。我们收购国际贸易有限公司的计划,现在已经开始交出了令人满意的成绩。国际贸易虽然在2003年亏损550万元,但是,它已经在2004年转亏为盈,取得了160万元的盈利。展望未来,我们有信心国际贸易会持续有好表现,为集团的整体表现作出贡献。随着国际贸易成功扭转了亏损的局面,我们打算继续探讨其他能够给集团带来协同效益的商业机会。

至于我们的其他业务部门,我们对保健业的发展潜能依然乐观。随着人口老化,以及人们的寿命越来越长,我们认为人们对医疗保健服务的需求将会有增无减。我们准备抓紧这个机会,在发展迅速的亚洲市场开创业务。其中,中国开放市场以及即将在首都北京主办奥林匹克运动会,对中国的医疗保健业而言,是新的发展机会。我们将到中国市场发展。作为这个计划的开端,我们在2004年通过我们同Wuxi Life Sciences Development Co. Ltd (无锡生命科) 的联营公司,同中国华源集团有限公司达致合作协议,为当地市场提供有关保健行业的咨询服务,以及承接医院管理和医院资料系统项目。我们也计划在未来几年利用这个合作机会进一步发展和扩大我们的保健业务。

As we move forward, our Directors continue to be mindful of their responsibilities in constantly enhancing shareholder value and the need to exercise prudence. We are committed to focus our efforts and resources to provide beneficial results for all shareholders.

Recognising that the market in which we operate remains challenging, we intend to concentrate our efforts on continuously enhancing our core business capabilities and leveraging on the opportunities that present themselves. Through these, we are confident that 2005 will be a better year.

A Word of Thanks

In conclusion, let me take this opportunity to thank all our valued shareholders for their never-ending support over the past years. I would also like to thank our Principals, Business Partners, and our customers who have stood by our Company during the challenging times. To our Board of Directors, management team and staff, I extend my deepest appreciation for the commitment they have shown during the year. Together, I am confident we will be able to make greater achievements in the years to come.

Dr Allan Yap
Executive Chairman

虽然我们积极寻求进一步的业务发展,董事部并没有忽略了对股东应负起的责任,即提高股东价值以及谨慎行事的必要。我们承诺把精力和资源集中于为所有股东带来好成绩。

另外,基于我们所处的市场的情况仍然具挑战性,我们计划把精力集中于提升我们的核心业务,同时抓紧发展机会。我们有信心2005年会是个更好的年头。

致意

我要谨此感谢所有股东过去这些年来一直给予我们的支持。我也要感谢我们的代理委托商,商业伙伴和客户在这充满挑战的时期继续支持我们。我也要向董事部成员、管理层和所有员工在过去一年对集团的贡献,表示真诚地感激。只要我们继续同心协力,我有信心我们今后的表现将能够更上一层楼。

Dr Allan Yap
执行主席



The Managing Director & CEO's Message

Foo Der Rong
Managing Director & CEO

董事经理兼总裁献词

Dear Shareholder,

2004 proved to be a challenging year for us. On the regional front, in the countries we operate, we witness a significant momentum gathering in the economical sector. Despite increasing competition, we continued with our austerity drive as part of our ongoing efforts to expand our business base.

Financial Performance Review

In 2004, we had a turnover of \$160.1 million, an increase of 6.9%, compared to \$149.8 million in the previous year. This increase was attributable to the higher turnover in our Consumer Business in both Singapore and Malaysia. Other operating income for 2003 included non-recurring gain on disposal of a subsidiary and quoted equity securities of \$2.6 million. Excluding this amount, other operating income for 2004 was comparable to the previous year. Higher marketing and distribution expenses were incurred for 2004 due to higher expenses relating to higher turnover, the Group's business development efforts and acquisition of new subsidiaries in the education business.

The Group's share of results of associates improved from \$1.8 million in 2003 to \$3.9 million in 2004. The better results was due to the improved performance of the Group's healthcare associate in Australia, and the impact of equity accounting for the full year results of Intraco Ltd that was acquired in December 2003.

As a result, the Group recorded profit before tax of \$4.9 million for 2004 compared to \$8.9 million for 2003. Profit attributable to shareholders was \$2.6 million, compared to \$6.2 million for 2003.

亲爱的股东,

2004年是充满挑战的一年。在我们有业务的区域市场里,经济成长的势头强劲。但是,由于面对日益激烈的竞争,我们还是采取开源节流的策略,作为我们争取拓展业务的努力之一。

财务表现回顾

在2004年,我们的营业额计1亿6010万元,比上一年的1亿4980万元增加6.9%。集团营业额升高,得归功于消费产品部门在新加坡和马来西亚市场的营业额增加。我们2003年的其他营业收入包括一笔因为脱售子公司和上市股票而获得的260万元一次过利润,除开这笔数额,2004年的其他营业收入同上一年是不相上下的。至于2004年的行销和分销开支会增加,是由于开支随着营业额上升,也因为集团在业务发展方面投入的精力和教育服务部门收购新子公司。

集团所分获的联号公司盈利在2004年达到390万元;2003年是180万元。联号公司盈利增加是因为集团的澳洲医疗保健联号公司表现有所改善,以及我们在2003年12月收购的国际贸易公司的全年盈利开始纳入集团的帐目中。

整体来说,集团在2004年取得了490万元的税前盈利;2003年是890万元。而可归股东净利是260万元;2003年是620万元。

Business Review

Consumer Business

Over the last two years, the re-organisation of the Consumer Business has invigorated our business entity as a whole and this will be an important factor contributing to the future success of the Group. Major suppliers have already started to recognise PSC as one of the most significant players in the FMCG market.

The Group's main core Consumer Business continues to face challenging business environment, in view of the increasing competition from other players. Despite this, in 2004, the Consumer Business achieved a 10.7% increase in its turnover. This increase was due mainly to better consumer sentiments and the distribution of new agency lines in both Singapore and Malaysia.

The iEcon stores introduced in September 2003 to cater to the changing needs of our customers' lifestyle continue to be popular among franchisees. Boasting an expanded product and service offering, iEcon also features an intelligent inventory system and the marketing know-how to manage a successful grocery store. Productivity and efficiency have increased through the introduction of this

业务回顾

消费产品

消费产品部门重组后,在过去两年为我们的业务注入了活力。今后,这个部门将是集团兴旺的重要因素。今日的普威集团已获得主要供应商肯定为畅销消费产品市场中不能忽视的重要代理和分销商家。

由于同行间的竞争越来越激烈,集团的核心业务:消费产品部门,在2004年继续在充满挑战的环境中营业。虽然如此,消费产品部门的营业额还是取得了10.7%的增长。能够有这样的成绩,主因是消费市场的情绪有所改善,还有集团在新加坡和马来西亚市场分销新的产品系列。

在2003年9月推出的iEcon概念,由于能够配合消费者的新生活方式,因而继续受到特许经营商的欢迎。iEcon的成功,不只是因为它售卖更多的产品和提供更多的服务,也因为利用智能存货系统和市场营销知识来管理。这个全新的加盟店概念提高了生产力和效率,这也进而使这个特许经营计划更受欢迎。

revamped store concept, boosting the popularity of the franchise. This is evident from the increase in the number of iEcon stores in 2004. Since the beginning of the year, the number of stores doubled from 16 to the current 34. The total number of Econ minimart stores (including iEcon stores) have also increased from 125 to 129 through the opening of newer stores and also upgrading of older ones to keep in pace with changing market trends in order to be more competitive.

In line with Government's drive to encourage entrepreneurship, the Group launched the PSC Entrepreneur Scheme in October 2004. This scheme offers potential franchisees or employees an opportunity to take up a franchise of the corporate stores. This arrangement expedites the set-up process for the entrepreneurs who wish to venture into the business world. As at the end of December 2004, five of the nine corporate stores have been franchised to branch managers and new franchisees.

To strengthen the Group's foothold in the Consumer Business, efforts were channelled towards improving the Group's capabilities in the various segments of the supply chain activities including sourcing, manufacturing, logistics, distribution, marketing and retailing.

One key development in 2004 is the group's entry into the supplying of rice for the food service sector for restaurants and operators of hawker stores. We launched our new rice - the **Gitangkim** brand which comes in 25 kg packs at an economical price for the food service industry. We intend to continue to explore more opportunities of this nature to expand our distribution channels.

iEcon的数目就在2004年里增加一倍,从16间增加到34间。同期间,包括iEcon在内的宜康自助市场加盟店总数,也从125间增加到129间,除了因为有新的加盟店加入,一些原有的加盟店也进行翻新以便跟上新的市场趋势和维持竞争力。

配合政府鼓励人们创业的努力,集团在2004年10月推出了“PSC零售创业计划”,让有兴趣的特许经营者或者公司职员以特许经营方式接手管理由集团经营的自助市场。通过这项安排,我们能让有志的创业者更快地进入零售行业大展拳脚。截至2004年12月底,九间由集团经营的自助市场中,已经有五间在这个计划下以特许经营方式交给分行经理和新的特许经营者打理。

为了加强我们在消费产品市场的根基,我们不遗余力地改善我们在供应链各个阶段,即采购、生产、物流、分销、行销和零售的能力。

进军食品服务业,供应香白米给餐馆和小贩,是集团2004年的一项重大发展。配合这个计划,我们为食品服务业者推出了25公斤包装的经济香白米新品牌“壹桶金香白米”。我们打算继续探讨这类的商机,扩大我们的分销管道。

In 2004, **Beautex** marked its 14th year of operations, with being awarded the Superbrands status. The brand's rapid success has been due to a strong combination of aggressive marketing, brand building, sales promotion and continuing improvements in product design, development and production. We intend to continue building this brand and expanding its reach into the international markets.

I am also pleased that our Logistics Business unit has increased its productivity level. Today, the utilisation rate of our warehouse space averages about 90%. This highlights PSC's strength and expertise in its logistics services and its ability to strengthen the Group's operation and increase cost efficiencies.

In 2004, we continued to grow our portfolio of distributorships, adding international brands such as Clarks footwear and Lion products.

In addition to this, we are delighted to be appointed the sole South East Asia distributor for Tung Fong Hung, a Hong Kong-based retailer for traditional Chinese herbs and health food. Founded in Hong Kong in 1971, the company has a regional footprint of 88 outlets in China, Hong Kong, Macau, Canada, Singapore and Taiwan.

We were also honoured to be awarded the exclusive distributorship for JA Japanese rice in Singapore by JA-Zenchu, an agricultural co-operative movement representing the interest of Japanese farmers and their agricultural co-operative organisations. This paves the way for more collaboration, as JA-Zenchu would like to facilitate the import of more Japanese products into Singapore in the future.

2004年是“Beautex”面市的第14个年头,它也在这一年获颁“超级品牌奖”。“Beautex”能够迅速地成功冒起,是因为强大的行销攻势,还有在品牌建立,促销活动,产品设计,开发和生产方面下功夫。接下来,我们计划继续加强这个品牌,并且进一步打开国际市场。

物流业务的生产力提高了,这也让我感到欣慰。目前,我们的货仓的平均使用率是大约90%。这是一个很大的跃进,也印证了进行策划和落实计划所能取得的好成绩。

我们也在2004年继续努力寻找新的产品,扩大我们所分销产品的阵容。这一年里新加入的产品就有国际性牌子,如“Clarks”鞋子和“Lion”产品。

除此之外,我们也受委为香港中草药及保健产品零售商“东方红”的东南亚独家代理。“东方红”于1971年在香港成立。目前,它在中国、香港、澳门、加拿大、新加坡和台湾开设了88间专卖店。

我们也很荣幸能够获得JA-Zenchu(日本农业协同组合中央会)委任为JA日本米的新加坡独家代理。JA-Zenchu是日本农业部旗下的农业合作社,为日本的农夫和他们所属的农业合作社争取利益。这次的合作为集团同JA-Zenchu今后进一步合作打开大门,因为JA-Zenchu希望通过普威能够把更多日本产品引进新加坡。

Healthcare

Recognising the potential of the China market, our Group expanded into the People's Republic of China. In June 2004, we entered into a joint venture agreement with China Worldbest Group Co., Ltd, which will be the vehicle to carry out projects such as consulting, contract management, equipment trading and supplies. We also plan to introduce our proprietary hospital information system into China.

A key milestone of 2004 is the official opening of our first Family Care International Clinic in Ho Chi Minh City in August 2004. A well-equipped general practice, this "first-stop" centre clinic in Vietnam has allowed our Group to gain an invaluable niche within the market by providing the locals affordable services that the local hospitals cannot otherwise provide.

In the Philippines, despite the tough economic conditions, we have managed to outperform in our De Los Santos Medical Centre. The year-on-year revenue improved by 16% and we expect it to improve further in 2005. We will continue to introduce new medical technologies and preventive medicine to build De Los Santos Medical Centre as the preferred healthcare provider.

Hotel & Education

During the year in review, the Radisson Playford Hotel in Adelaide again won the Australian Tourism Awards for the "Best Luxury Hotel" from continuous marketing efforts and delivery of good customer service. The impending construction on a neighbouring site behind the hotel commencing in

保健

中国市场拥有巨大的发展潜能,集团因此把业务扩展到这个市场。2004年6月,我们同中国华源集团有限公司签订了联营协议。联营公司将从事有关保健行业的咨询、合同管理、仪器贸易和供应。我们也计划把我们开发的医院资料系统带入中国市场。

我们在胡志明市开设的第一间家庭护理国际诊所在2004年8月开业,是保健部门2004年的重大里程碑。这家综合诊所的医疗设备齐全,是第一个“一站式医疗保健服务中心”。在诊所里,当地人能够以负担得起的收费,接受当地医院所无法提供的服务,这也让集团在越南的医疗保健市场中占有了独特的一席。

在菲律宾,虽然当地面对艰巨的经济问题,但是由我们管理的De Los Santos Medical Centre 营业表现却有所改进。2004年的营业额比上一年增加了16%,我们相信今年会进一步增加。我们将继续引入先进的医疗科技和预防性药物,以便使 De Los Santos Medical Centre成为菲律宾首屈一指的医疗保健服务业者。

酒店和教育

这一年里,阿德雷德的The Radisson Playford Hotel在行销方面的不懈努力下,以及优异的客户服务水平上,使它再度赢得了澳洲旅游奖中的“最佳豪华酒店奖”。不过,由于酒店所在地后方的一幅地段即将在2005年第一季展开建筑工程,酒店2005年的入住表现预料将因此受影响。

the first quarter of 2005 is likely to affect the Hotel's room performance for 2005.

On the education front, the Group's acquisition of InnoForm Group will help to grow the education business from its operations in Singapore, Malaysia, Hong Kong and Taiwan. The InnoForm Group is involved in the development, distribution and licensing of education and entertainment products, as well as the securing of exclusive replication and distribution rights for educational music and video series from the United States and Europe.

Conclusion

We are optimistic about the coming year. We are making progress to achieve a greater presence in Singapore and the region. With our focused strategy for growth, strong management, commitment and unwavering support of our shareholders, we are prepared to take on new and exciting challenges in 2005. We will also take measures to manage our operating costs in the consumer business segment by becoming more efficient and achieving better economies of scale.

In closing, I would like to take this opportunity to thank all the staff, the customers, suppliers and banking associates for the support and faith they have put in us all these years.

Foo Der Rong
Managing Director and CEO

而教育服务方面,集团所收购的InnoForm Media (新格媒体)在新加坡、马来西亚、香港和台湾的业务,将协助教育服务部门的发展。新格媒体的业务包括开发及分销教育和娱乐产品,以及授权生产多媒体产品。另外,它也争取欧洲和美国教育音乐及视像系列的独家复制权和分销权。

总结

我们对来年是乐观的。我们要扩大在新加坡和区域市场的规模,这个计划正在逐渐落实。展望来年,专注于发展的策略,再加上强大的管理层,还有股东坚定不移的投入和支持,我们已经做好准备迎接2005年的新挑战。我们也会采取措施提高效率 and 争取经济效益,从而控制消费产品部门的运作开支。

最后,我要借此机会衷心地感谢所有员工、客户、供应商和银行伙伴这些年来对我们的支持和信任。

符德荣
董事经理兼总裁

Board of Directors



▶▶
Dr Allan Yap
Executive Chairman

Dr Yap joined PSC Corporation Ltd in September 2002 and was appointed Executive Chairman in February 2003. His portfolio includes 22 years of experience in finance, investment and banking. Dr Yap is the Executive Chairman of Intraco Limited. He is an Executive Director of Wing On Travel (Holdings) Limited, the Managing Director of Hanny Holdings Limited and Vice Chairman and Director of China Strategic Holdings Limited, all of which are Hong Kong-listed companies. He is also a Director of MRI Holdings Limited, an Australian-listed company and the Chairman, CEO and Director of China Enterprises Limited, a company whose shares are traded on the OTC Bulletin Board in the United States of America. Dr Yap is the Chairman and Chief Executive Officer of Burcon NutraScience Corporation, a Canada-listed company. He received an Honorary Degree of Doctor of Law from the University of Victoria, Canada.



▶▶
Mr Foo Der Rong
Managing Director and Chief Executive Officer

Mr Foo graduated with a Bachelor of Commerce from Nanyang University and has been with PSC Corporation Ltd for the past 23 years. He is also Executive Director of Intraco Limited. He was a director with the National Crime Prevention Council for 10 years and was a member of the Board of Trustees of ISCOS (Industrial and Services Co-operatives Society Limited) for seven years.



▶▶
Dr John Chen Seow Phun
Deputy Chairman / Non-Executive Director

Dr Chen has been a Member of Parliament since 1988 and sits on the Board of a number of public listed companies. He served as the Assistant Secretary General of the National Trades Union Congress from 1991 to 1997. He was a Minister of State from 1997 to 2001. He is presently the Managing Director of JCL Business Development Pte Ltd, and the Executive Chairman of SAC Capital Private Limited. Dr Chen has been 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 a qualified accountant and has more than 25 years experience in accounting, financial and corporate management. He has held senior financial positions in an international accounting firm and various private and public listed companies. Mr Lui is currently the Deputy Managing Director of Hanny Holdings Limited. 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, all of which are Hong Kong-listed companies.



▶▶
Mr Chan Yeuk Wai
Executive Director

Mr Chan is currently the Chairman of Singapore-listed companies - PDC Corp Limited and See Hup Seng Limited. He is the Honorary Chairman of Wing On Travel (Holdings) Limited and he owns and directs Ananda Travel in Singapore and has over 20 years of experience in dealing international based business transactions, investments and finance, particularly in Hong Kong and China. He was appointed as Executive Director in August 2002.



▶▶
Mr Tao Yeoh Chi
Non-Executive Director / Independent Director

Mr Tao has a strong background in human resource management and is one of the founding member and Director of Global Resources Consultants Pte Ltd. He has over 20 years of experience in the print and broadcast media and also high end manufacturing sector.



▶▶
Mr Chee Teck Kwong Patrick
Non-Executive Director / Independent Director

Mr Chee, PBM has been an independent Director of PSC Corporation Ltd since 1990 and is the current Audit Committee Chairman. Mr Chee holds a Bachelor of Laws (Hons) Degree from the University of Singapore. He is the Managing Partner of Messrs. Chee & Teo Advocates and Solicitors and has been in private legal practice since 1981. Mr Chee is a notary Public and a Commissioner Institute for Oaths. He is a member of Singapore Institute of Arbitrators and Singapore Institute of Directors. He also sits on the Board of other public listed Companies including CSC Holdings Limited, Richland Group Limited and King's Safetywear Limited. Mr Chee is the recipient of the National Day Awards 2003 – The Public Service Medal (Pingat Bakti Masayarakat) from the President of Republic of Singapore.



▶▶
Mr Chua Keng Hiang
Non-Executive Director / Independent Director

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



▶▶
Mr Tan Kong King
Non-Executive Director (wef Mar 10, 2005)

Mr Tan is currently the Group Managing Director of QAF Limited, a Singapore-listed company. He is also a Non-Executive Director of Zhongguo Jilong Limited. Mr Tan has over 24 years of experience in managing group companies and has a wealth of knowledge in corporate restructuring, financing, investment strategies and group operations management. Mr Tan has a Bachelor of Science degree in Economics from the London School of Economics, University of London.

Constitution of the Board Committees

1. Audit Committee <ul style="list-style-type: none">• Mr Chee Teck Kwong Patrick (Chairman)• Dr John Chen Seow Phun• Mr Tao Yeoh Chi• Mr Chua Keng Hiang	2. Nominating Committee <ul style="list-style-type: none">• Mr Chua Keng Hiang (Chairman)• Dr John Chen Seow Phun• Mr Chee Teck Kwong Patrick	3. Remuneration Committee <ul style="list-style-type: none">• Mr Tao Yeoh Chi (Chairman)• Dr John Chen Seow Phun• Mr Chee Teck Kwong Patrick
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Senior Executives



Mr Chris Oo Hoe Hee
Executive Vice President
Group Consumer Business

Mr Oo has an extensive background in the consumer business in Singapore and the Asia region. Before joining PSC, he 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 has over 15 years of experience in human resource, business development and general management with 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 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 has more than 20 years of regional experience in audit, finance, treasury and risk management in industries ranging from FMCG, property and hospitality. She holds a Bachelor of Accountancy degree from the University of Singapore and is a non-practising member of the Institute of Certified Public Accountants of Singapore.

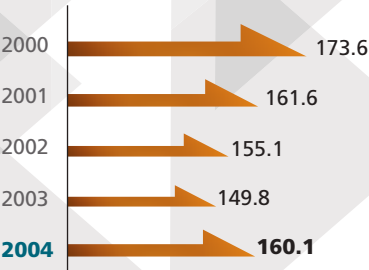


Ms Angela Chan Mui Chin
Company Secretary
Vice President
Group Legal

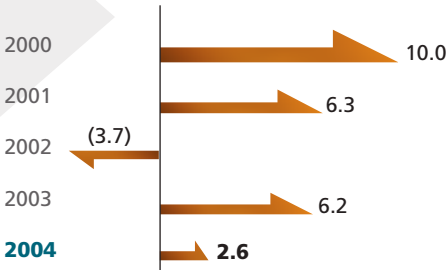
Ms Chan was a legal practitioner with more than 10 years experience. She holds a law degree from National University of Singapore and is called to the bar in Singapore, West Malaysia and New York.

Group Financial Summary

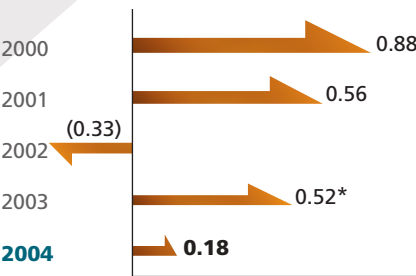
Turnover (\$ million)



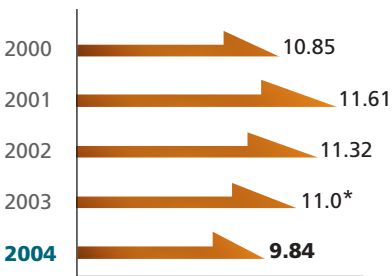
Profit/(Loss) after taxation and minority interest (\$ million)



Basic Earning/(Loss) (cents)



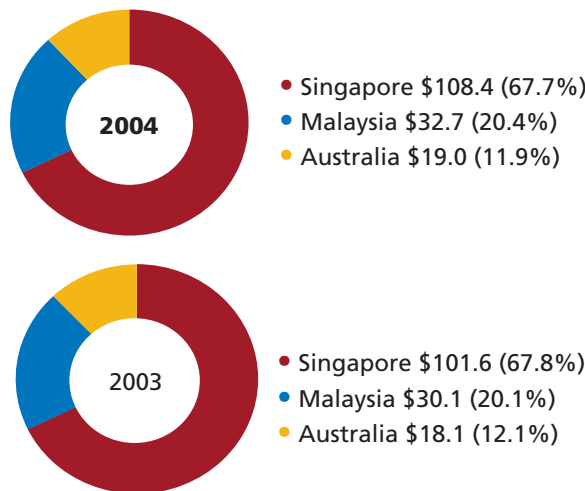
NAV per share (cents)



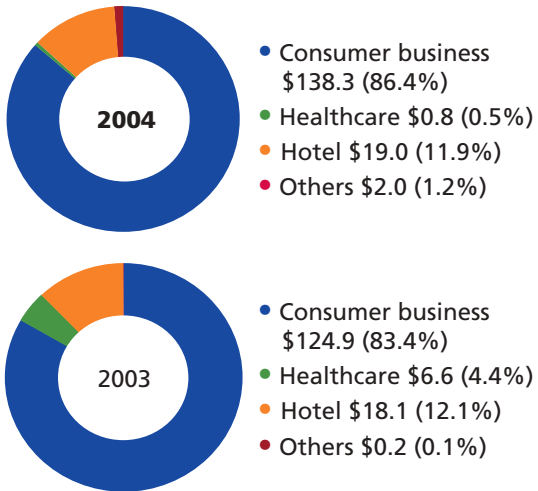
* Based on weighted average no. of shares in issue during the year after taking into account the rights issue in 2004

* Based on the number of shares in issue as at 31 December 2003 after taking into account the rights issue in 2004

Turnover by geographical segments (\$ million)



Turnover by business segments (\$ million)



Leveraging on our extensive distribution network and wide range of high quality products, we have a presence in all aspects of the supply chain – from sourcing, manufacturing, logistics, distribution, marketing to retailing.



Consumer Business Division

消费产品部门

The Consumer Business Division is the key division in our Group. To reinforce our market position, since 2003, we have re-organised this division into four business units comprising Franchising, Marketing & Sales, Manufacturing and Logistics. The Division is responsible for franchise development and management, marketing and sales of fast moving consumer goods (FMCG), manufacturing of food and non-food products and logistics and supply chain management services.

Leveraging on our extensive distribution network and wide range of high quality products, we have a presence in all aspects of the supply chain – from sourcing, manufacturing, logistics, distribution, marketing to retailing. Our Consumer Business Division achieved a double digit increase of 10.7% in turnover in 2004.

Franchising

PSC Corporation continues to be a significant player in the grocery franchising business, despite increasing competition.

We have the largest minimart chain in Singapore as franchisees continue to leverage on our strong brand equity built over the years. As at end December 2004, we have a total of 95 Econ Minimart outlets and 34 iEcon outlets.

消费产品部门是集团的主要部门。我们在2003年把这个部门的业务归纳成为四大分支部门,分别是特许经营、市场营销、制造和物流,目的是要加强我们的市场地位。这四大分支部门的工作分别是特许经营的开发和管理,畅销消费用品的市场行销,生产食品和非食用消费品,以及物流和供应链管理。

由于拥有广大的分销网络和多样化的高品质产品,我们在供应链的每一个阶段,即采购、生产、物流、分销、行销,还是零售,都拥有一定的业务规模。消费产品部门2004年的营业额取得了双位数的增长,达到10.7%。

特许经营

虽然面对日益激烈的竞争,但是,普威集团依然是杂货特许经营业的翘楚之一。



我们拥有新加坡最大的自助市场加盟店网络。截至2004年12月31日,我们一共有95间宜康自助市场加盟店和34间iEcon。



Consumer Business Division

消费产品部门

The iEcon concept has proven to be popular too. Each outlet boasts an AXS machine, laundry-collection and other services all at one location. The layout of the stores are more spacious and the colour schemes are more attractive. In addition, the stores also offer a wider selection of convenience goods. A total of 25 units of the I-View system, an in-store multi-media advertisement media, have been installed to highlight key promotions and commercials to our customers.



iEcon的概念同宜康自助市场一样深受消费者欢迎。iEcon除了出售各式各样的家庭消费用品,还把多种服务集中在同一个屋檐下,顾客可以使用店里的AXS机来缴付帐单,也可以把要清洗的衣物送到店里,还可以享受店里的其他服务。iEcon的店面也更加宽敞,而且店内所用的颜色搭配会比较明亮。另外,我们在iEcon里装置了25部I-View系统,用作多媒体促销管道,向顾客介绍店里的促销产品和活动,并加插产品的广告。

为了进一步扩展特许经营业务,我们在2004年10月推出了“PSC零售创业计划”,让有兴趣申请特许经营的商家或者是职员,以特许经营的方式接手经营集团所拥有的iEcon店。通过这样的安排,我们能让更多有志的创业者更快地进入零售行业大展拳脚,并也加速了加盟店的成长。

同时,我们也竭尽所能为现有的宜康自助市场加盟店主提供更好的服务,让它们的顾客能够选购更多的高品质日用品。

制造

在制造业务方面,我们不只继续加强原有的品牌,还推出了新品牌系列的产品。

拥有HACCP合格认证的鸿运食品制造公司,是冷冻食品业中的佼佼者,出产的产品有冻豆腐、面条、仙草和豆浆饮料等等。它旗下的“鸿运”和“SOBE”都是家喻户晓的牌子。



Fortune Food Manufacturing, a HACCP certified company, is a leading player in the chilled food industry. Our brands Fortune and SOBE are highly successful household names. Products manufactured by Fortune Food Manufacturing include chilled tofu, noodles, chin chow and pasteurised soymilk.

Our Malaysian subsidiary, Tips Industry is a leading consumer paper product manufacturer. In 2004, Beautex, a household brand of Tips was awarded Superbrands status. Tips products include facial tissue, napkins, hand towels, kitchen towels and toilet rolls.



我们的马来西亚子公司百佳工业,则在消费纸类产品制造业中领先同行,产品有化妆面纸、手纸巾、厨房纸巾、卷筒卫生巾、餐巾等等。它所拥有的“Beautex”牌子,不只家喻户晓,更在2004年获颁“超级品牌奖”。

Sales and Marketing

We are well-placed as a leading player in the FMCG industry, as a result of our strengths in distribution, sales and marketing. We have built numerous successful brands and developed a comprehensive distribution service for our house brands and other brands. In 2004, our distribution channels have increased and our stable of high quality products has grown. In addition to our prominent household names such as Royal Umbrella Fragrant Rice, Golden Peony Fragrant Rice, Golden Circle Corn Oil, Soyelite Soyabean Oil, we also market new products such as Clarks footwear and Lion products.



市场营销

强大的分销和市场营销网络,让集团在高销量消费品业中建立了领先的地位。除了成功建立了多个品牌,我们也为这些品牌以及所代理的其他牌子建立了广泛的分销服务。我们在2004年增添了新的销售管道,还有多个高品质产品。同“皇族安培娜香米”、“金牡丹香米”、“金圈粟米油”、“素又丽黄豆油”一样家喻户晓的“Clarks”鞋子和“Lion”产品,就加入了我们的行销网络。

我们在2004年为“皇族安培娜香米”和“金牡丹香米”推出了新的广告攻势。而六月推出的“壹桶金香白米”是要争取购买低价米的消费市场。另外,普威集团强大和可靠的实力,让我们获得了“JA-Zenchu”(日本农业协同组合中央会)的授权,成为高品质日本米在新加坡的独家进口和代理商。

In 2004, we launched a new advertising campaign for Royal Umbrella and Golden Peony. Gitangkim was launched in June to capture the “low priced” demographic segment of the market. Because of PSC's strong and credible background, we were given the sole distributorship for JA-Zenchu rice – high quality, authentic Japanese rice grown in Japan.



Consumer Business Division

消费产品部门

We continue to promote strong customer loyalty using the mass media. In 2004, together with MediaCorp, we revamped the format for our TV variety and game show – Cash Plus Holiday Delight and PSC Nites. These programmes have once again proven to be popular as viewership increased.



To increase work efficiency, we have successfully implemented our automated sales management system. In collaboration with InfoComm Development Authority of Singapore, this system empowered our sales force with customer-centric information and has strengthened our position as a distribution powerhouse. Our order fulfillment can now be met within 48 hours, thus elevating the level of our customer service, and improving the quality of the work-life for our employees through higher productivity and efficiency.

As a result of this system, there has been a significant 64% increase in our distribution network, particularly in the general retail trade segment.

我们也继续通过大众传媒加强顾客对我们的忠诚度。我们连同新传媒在2004年改革了我们的两大综艺电视节目-“赢万金游万里”和“普威之夜”。这两个节目继续获得电视观众的喜爱,收视率又更上一层楼。

我们同资讯通信管理发展局合作,成功推行了自动销售管理系统,协助提高工作效率。这套系统让我们的销售人员掌握客户的资讯,也加强了我们的作为分销中枢的地位。现在,从接到订单到送货,我们能够 在48个小时内完成整个过程。这不只提升了我们的客户服务水平,也通过更高的生产力和效率改善了我们员工的工作素质。

我们的分销网络因为有了这个自动销售管理系统而显著地增加了64%,尤其是在一般零售贸易方面。

Logistics Services

In 2004, we continued to build upon our strength as a logistics hub, capable of supporting the needs of the Group in the areas of franchising, manufacturing, sales and marketing. Thus we set up a Logistics Business Unit in January 2004.

Besides providing warehousing, distribution and supply chain management services to PSC Corporation and its subsidiaries, we have also extended these services to major manufacturers and retailers of FMCG. In 2004, the utilisation rate of our warehouse space increased and there was greater productivity.



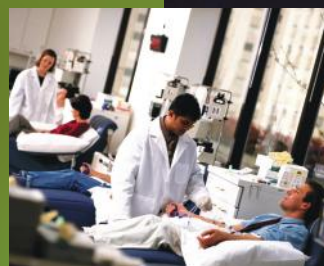
物流

我们在2004年进一步加强我们作为物流中心的实力,为集团旗下的特许经营、制造和市场营销业务服务。正因为如此,我们在2004年1月成立了物流分支部门。

除了为普威集团和其子公司提供储仓、分销和供应链管理服务以外,我们也为畅销消费用品的生产商和零售商提供相同的服务。我们的货仓使用率和生产力在2004年因此都提高了。



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 industries across the globe.



Healthcare

保健

Health Solutions Group

Health Solutions has yet again proven itself as being well able to serve the various needs in the international healthcare arena. 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 industries across the globe. Our diverse portfolio includes hospital turnkey projects, consultancy projects, IT support, feasibility studies and hospital management contracts.

In 2004, we made inroads into China – the world's most populous country. This is a significant and strategic move for PSC Corporation as it underscores our expertise in the healthcare industry.

Currently collaborating with China Worldbest Group Co. Ltd, through a joint venture with Wuxi Life Sciences Development Co. Ltd, we expect to expand our expertise in healthcare consulting services, hospital management contracts and the provision of hospital information system to China, which we believe will reap much benefits in the coming years.

On 6 August 2004, we opened the first of its chain of Family Care International Clinic in Ho Chi Minh City. Positioned as a well-equipped general practice that serves to meet the healthcare needs of families, individuals and employees of corporations, the Clinic caters to both the local and expatriate community. The Clinic also introduces a family oriented "first stop centre" to the medical and healthcare services in Vietnam,

Health Solutions 又一次证明我们具备了为世界各地的公共和私人医疗保健业者服务的能力,因为我们拥有全面的知识和处理各种医疗保健项目的丰富经验,比如医院总承包、咨询、资讯科技支援、可行性调查和医院管理。

我们在2004年进军中国、这个世界上人口最多的国家。对普威集团来说,这个发展是深具意义和策略性的,因为它突出了我们在医疗保健业所具备的专长。

通过同Wuxi Life Sciences Development Co. Ltd (无锡生命科) 的联营公司,我们同中国华源集团有限公司合作。这项合作计划将让我们在中国市场施展我们在医疗保健咨询、合同管理和医院资料系统的专长,并且在今后几年里带给我们回报。

我们计划在越南建立家庭护理国际诊所网络。第一间诊所已经在2004年8月6日在胡志明市开业。这家综合诊所拥有的医疗设备齐全,能够照顾家庭、个人和公司职员的医药需求,服务对象不分当地人和外国人。这家诊所的设立,也把“一站式医疗保健服务中心”的全新概念引入了越南,让当地人能够以负担得起的收费,在亲切、友善的环境中得到具有国际水准的医疗保健服务。



Healthcare

保健

bringing to the country a whole new philosophy of affordable healthcare services of international standards that are easily accessible and featuring a friendly and homely ambience.

We aim to successfully develop a niche for our range of services, to complement the existing healthcare system in Vietnam, which is largely dominated by public sector services and expensive alternatives provided by foreign private hospitals.

The remaining clinics are expected to be established over a span of two years and would also cater to the more specialised needs of the community of Ho Chi Minh City, covering diagnostics, dentistry and even plastic surgery services in an ambulatory environment.

In the Philippines, De Los Santos Medical Center has registered a significant bottom-line improvement for the second year running under our management contract despite the tough economic conditions. We have also designed and implemented a hospital management information system specifically for the Philippines market.



目前,越南的医疗保健体系主要是由公共部门负责提供服务。由于在当地外国机构所设立的私立医院收费高昂,我们的目标是在这两者之间寻找独特的立足点,同时与越南的医疗保健体系达到相辅相成的效果。

我们将以两年的时间开设其余的诊所。这些诊所提供的服务将针对胡志明市市民对专科服务的需求,服务范围将包括诊治、牙科,甚至是当日可出院的整容服务。

在菲律宾,虽然当地的经济面对艰巨的问题,但是由我们管理的De Los Santos Medical Center 盈利表现还是连续第二年有所改进。我们也专门为菲律宾市场设计和推行了一套医院管理资讯科技系统。

We believe that through focusing our efforts on the continual introduction of new medical technologies and preventive medicine, we can further consolidate De Los Santos Medical Center as the preferred healthcare provider for this country.



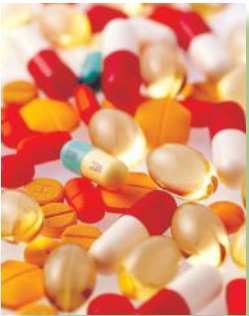
我们相信,只要把精力集中于引入先进的医疗科技和预防性药物,我们能够进一步加强De Los Santos Medical Center作为菲律宾首屈一指医疗保健服务业者的地位。

目前,我们正在参与投标数个公共和私人界的医疗保健相关项目。

我们已经在医疗保健业证明了本身的专长和实力,如今加上同各个策略伙伴的合作,我们不只可以预期在医疗保健业有更响亮的名声,还可以进一步开发原有和新兴的市场。

We are currently involved in the tendering and development of several healthcare-related projects, both in the public and the private sectors, around this region.

With the expertise and proven strengths that we have in the healthcare industry, and the association with key strategic partners, we can expect to continue stamping our mark in the healthcare sector, whilst growing the existing markets and developing new ones.



Despite the slow economic recovery in Australia and the keen competition from competitors providing heavy discounts, the Radisson Playford Hotel raked in positive results.



Hotel and Education

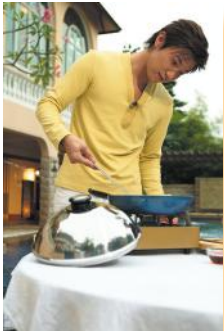
酒店和教育

Education Solutions International Pte Ltd

Education continues to be an important business unit for the Group. In 2004, Education Solutions International Pte Ltd (ESI) acquired InnoForm Group to grow the educational business from its operation in Singapore, Malaysia, Hong Kong and Taiwan. InnoForm has evolved over the last three years as one of the industry's fastest growing VCD/DVD/CD distribution companies. The company has acquired, developed and produced over 100 educational and entertainment titles and is continuously refreshing its programming slate with new and exciting properties.

In 2005, InnoForm Media will continue to represent quality products that are educational and beneficial to the well-being of children. The company also aims to bring more award-winning entertainment products to Singapore and will ensure that the right mechanisms for marketing, branding, distribution, licensing and merchandising are put in place strategically and effectively. InnoForm Media will also seek production opportunities and create intellectual property (IP) while working alongside leading production facilities and personnel to deliver quality products to the global marketplace.

教育服务仍旧是我们集团的重要部门。Education Solutions International Pte Ltd (ESI) 在2004年收购了 InnoForm Media Pte Ltd(新格媒体私人有限公司),从而扩大它在新加坡、马来西亚、香港和台湾的业务。过去三年, InnoForm是这个行业中发展最迅速的录像光碟、数码光碟和音乐光碟分销商之一。InnoForm以购买、发展和制作的形式,共出版过百个教育和娱乐专辑。它也不断地为本身的制作注入新鲜和精彩的元素。



在2005年,新格媒体将继续致力于争取分销对儿童身心发展有益和具有教育意义的视像和音乐产品。公司也定下目标,在有效的行销、品牌建立、分销、授权生产和销售策略配合下,把更多得奖的娱乐作品引进新加坡。同时,新格媒体也会在制作方面寻找机会,希望通过使用尖端制作设施以及同顶尖的制作人才合作,为全球市场制作高素质产品,也能够拥有本身的知识产权。



Hotel and Education

酒店和教育

Our Group wields a strong niche position within the education market with Cornell Education Group, which is a pioneer in logistics and supply chain management training. This segment of education corresponds with the Group's focus on logistics as one of the business units.

Widely recognised among corporations for its corporate training workshops, Cornell in 2004 has helped many companies to develop their training programme to nurture and bring out the best in every employee.

The corporate training division of Cornell also developed strategic training workshops and seminars which are relevant to the market. A popular one is the "Business Mandarin" seminar that is specially tailor-made for companies that have a growing interest in China as a place for investment, expansion or trade.

In addition to these, Cornell is focused on training, education and continuous learning. Some of its programmes are related to management development, personal development and academic courses.



Cornell Education Group, 这家在物流和供应链管理培训方面开创先河的学院,让集团在教育服务市场中占有强稳且独特的位置。这方面的教育培训也同集团重点发展物流业的策略相配合。

Cornell的企业培训研习班在商界广泛获得认可,因此,它在2004年里受委为多家企业制定培训计划,协助它们栽培人力资源,让他们能够发挥所长。

Cornell的企业培训部门也展开了多个配合市场需求的策略培训研习班和研讨会。“商业华语”研讨会是其中一个受欢迎的课程。这个课程是特别为那些在中国寻找投资、扩展业务和商贸机会的公司量身定做的。

除此之外,Cornell也专注于培训、教育和延续教育。它的其中一些课程同管理发展、人员培训和学术课程息息相关。

The Radisson Playford Hotel

Despite the slow economic recovery in Australia and the keen competition from competitors providing heavy discounts, the Radisson Playford Hotel raked in positive results. It delivered a turnover of \$19.06 million, marking a 5.3% growth compared to 2003. It continued to enjoy an average room occupancy rate of 83.3%, a testament to our competency in hotel management.

During the year in review, the Radisson Playford Hotel again won the Australian Tourism Award for the "Best Luxury Hotel" from continuous marketing efforts and delivery of good customer service. With this win, Radisson Playford represented South Australia in the National Tourism Awards in February 2005. It also won the best Prestigious Dining and the inaugural South Australian Wedding Supplier of the Year awards.



澳洲经济的复苏步伐缓慢,酒店业又削价竞争。但是,The Radisson Playford Hotel却没有受这些不利的因素打击,营业额计1906万元,比2003年增长了5.3%。另外,它的平均入住率维持在83.3%,显示我们在酒店管理方面具备了专长。

这一年里, The Radisson Playford Hotel在行销方面的不懈努力下,以及优异的客户服务水平上,让它再度赢得了澳洲旅游奖中的“最佳豪华酒店奖”。 The Radisson Playford Hotel也因此在此2005年2月代表南澳参加澳洲的“全国旅游奖”。另外,它也赢得了最具盛誉餐馆奖,以及在首次主办的南澳年度婚礼服务商比赛中胜出。



Corporate
Information

Board of Directors

Allan Yap
Executive Chairman

Foo Der Rong
Managing Director / CEO

John Chen Seow Phun
Deputy Chairman / Non-Executive Director

Richard Lui Siu Tsuen
Executive Director

Chan Yeuk Wai
Executive Director

Tao Yeoh Chi
Non-Executive Director / Independent Director

Chee Teck Kwong Patrick
Non-Executive Director / Independent Director

Chua Keng Hiang
Non-Executive Director / Independent Director

Tan Kong King
Non-Executive Director (wef Mar 10, 2005)

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

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Corporate Governance

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.

1 Board of Directors

Role of the Board

The Board of Directors currently comprises 4 Executive Directors, and 5 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 4 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 2004

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	2
Mr. Foo Der Rong	4
Mr. Chan Yeuk Wai	0
Mr. Richard Lui Siu Tsuen	4
Dr John Chen Seow Phun	4
Mr. Chee Teck Kwong Patrick	4
Mr. Tao Yeoh Chi	4
Mr. Chua Keng Hiang	3

Corporate Governance

1.1 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 quarterly 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.

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 9 suitably qualified members:

Corporate Governance

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 appointments 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	Executive Director of ITC Corporation Limited	Honorary Doctor of Laws from University of Victoria
			Managing Director of Hanny Holdings Limited	Vice Chairman and Executive Director of Pacific Century Premium Developments Limited (formerly known as Dong Fang Gas Holdings Limited)	
			Executive Director of Wing On Travel (Holdings) Limited		
			Vice Chairman and Director of China Strategic Holdings Limited		
			Chairman, CEO and Director of China Enterprises Limited		
			Chairman, CEO and Director of Burcon NutraScience Corporation		
			Director, MRI Holdings Limited		
Mr. Foo Der Rong	1 August 1990 / 11 May 2002	Managing Director & Chief Executive Officer	Executive Director of Intraco Limited		Bachelor of Commerce from Nanyang University of Singapore
Mr. Chan Yeuk Wai	10 May 2002 / 30 May 2003	Executive Director	Chairman of Wing On Travel (Holdings) Limited		
			Executive Chairman of See Hup Seng Limited and PDC Corp Limited		

Corporate Governance

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 appointments over the preceding three years	Academic and professional qualifications
Mr. Richard Lui Siu Tsuen	10 May 2002 / 30 May 2003	Executive Director	Deputy Managing Director of Hanny Holdings Limited		Member of The Chartered Institute of Management Accountants
			Alternate Director to Dr Allan Yap of China Strategic Holdings Limited		Master of Business Administration from The University of Adelaide
			Executive Director of Wing On Travel (Holdings) Limited		
Mr. Chee Teck Kwong Patrick	1 August 1990 / 28 April 2004	Non-Executive/ Independent Director, Chairman of Audit Committee, Member of Nominating and Remuneration Committee	Chairman of CSC Holdings Limited		Bachelor of Laws (Honours) from University of Singapore
			Director of King's Safetywear Limited		
			Director of Richland Group Limited		
Mr. Tao Yeoh Chi	13 November 1997 / 30 May 2003	Non-Executive/ Independent Director, 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

Corporate Governance

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 appointments over the preceding three years	Academic and professional qualifications
Mr. Chua Keng Hiang	27 February 2003 / 28 April 2004	Non-Executive/ Independent Director, Chairman of Nominating Committee, Member of Audit Committee	Director of Jadason Enterprises Ltd, First Engineering Limited, Tat Seng Packaging Group Ltd, Ocean Sky International Limited and Memtech International Ltd		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 / 28 April 2004	Non-Executive Director, Member of Audit, Nominating and Remuneration Committee	Director of Matex International Ltd, Thai Village Holdings Ltd, OKP Holdings Ltd, Hiap Seng Engineering Ltd, Hongguo International Holdings Limited and SNF Corporation Ltd	Director of Intraco Limited	PhD in Electrical Engineering from the University of Waterloo, Canada
Mr Tan Kong King	10 March 2005	Non-Executive Director	Director of QAF Limited, Zhongguo Jilong Limited		Bachelor of Science (Economics) London School of Economics, University of London

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; and

Corporate Governance

- 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 in 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 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. 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.

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.

Corporate Governance

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.

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. Chua Keng Hiang (Chairman)	Non-Executive / Independent	1
Mr. Chee Teck Kwong Patrick	Non-Executive / Independent	1
Dr. John Chen Seow Phun	Non-Executive	1

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.

Corporate Governance

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 has implemented a procedure of board assessment for the financial year 2004. The NC is currently reviewing an appropriate procedure to be adopted by the Company for evaluating the contribution of each individual director to the effectiveness of the Board.

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 fulfil 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 2004, 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.

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 non-executive 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

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	Non-Executive	1

Summary compensation table of Company's Directors receiving remuneration from the Group for the financial year ended 31 December 2004:

Directors	Base Salary	Bonus	Profit Sharing	Director's Fees	Allowances and other benefits*	TOTAL
Range S\$250,000 and below						
Mr. Chan Yeuk Wai	78%	0%	0%	16%	6%	100%
Mr. Richard Lui Siu Tsuen	63%	10%	14%	13%	0%	100%
Dr. John Chen Seow Phun	0%	0%	0%	100%	0%	100%
Mr. Chee Teck Kwong Patrick	0%	0%	0%	100%	0%	100%
Mr. Tao Yeoh Chi	0%	0%	0%	100%	0%	100%
Mr. Chua Keng Hiang	0%	0%	0%	100%	0%	100%
Range S\$500,001 - S\$750,000						
Mr. Foo Der Rong	62%	10%	16%	8%	4%	100%
Dr. Allan Yap	62%	10%	21%	3%	4%	100%

* Employer's CPF contribution is included here.

2.1 Remuneration of Employees Related to Directors

As at 31 December 2004, 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 2004:

Remuneration Band	Salary	Bonus	Profit Sharing	Director's Fees	Allowances and other benefits*	TOTAL
Range S\$250,001 - S\$500,000	81%	7%	0%	3%	9%	100%

* Employer's CPF contribution is included here.

Corporate Governance

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 S\$250,000 (based on gross remuneration received) is set out below:

Range S\$250,001 - S\$500,000

Oo Hoe Hee

Range S\$250,000 and below

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 2004, 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) and Dr John Chen Seow Phun.

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.

Corporate Governance

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

- (a) reviewing the audit plans of the external and internal auditors;
- (b) reviewing the external and internal auditors' reports;
- (c) reviewing the co-operation given by the Company's officers to the external and internal auditors;
- (d) reviewing the adequacy of the internal audit function;
- (e) evaluating the effectiveness of the 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;
- (f) reviewing the financial statements of the Company and the 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 the 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 its 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 the Company's or 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 the 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	Non-executive / Independent	3
Dr. John Chen Seow Phun	Non-executive	4

Corporate Governance

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.

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 auditors by examining:

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

Corporate Governance

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 notifies all employees that they are prohibited from trading in the Company's shares one month prior to the announcement of the Company's half and full year results and 14 days before the announcement of the first quarter and third quarter financial 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 Year Ended 31 December 2004

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 2004.

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
 John Chen Seow Phun
 Tan Kong King (appointed on 10 March 2005)

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:

	Holdings at beginning of the year	Holdings at end of the year
Name of director and corporation in which interests are held		
Allan Yap		
PSC Corporation Ltd		
- options to subscribe for ordinary shares of \$0.05 each at \$0.086 between 20/8/04 and 19/8/13	5,000,000	5,000,000
Foo Der Rong		
PSC Corporation Ltd		
- ordinary shares of \$0.05 each fully paid	2,087,500	2,922,500
- options to subscribe for ordinary shares of \$0.05 each at \$0.086 between 20/8/04 and 19/8/13	4,000,000	4,000,000
Chan Yeuk Wai		
PSC Corporation Ltd		
- options to subscribe for ordinary shares of \$0.05 each at \$0.086 between 20/8/04 and 19/8/13	1,000,000	1,000,000
Richard Lui Siu Tsuen		
PSC Corporation Ltd		
- options to subscribe for ordinary shares of \$0.05 each at \$0.086 between 20/8/04 and 19/8/13	2,000,000	2,000,000

Directors' Report Year Ended 31 December 2004

Directors' Interests (cont'd)

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Chee Teck Kwong Patrick PSC Corporation Ltd - options to subscribe for ordinary shares of \$0.05 each at \$0.085 between 20/8/04 and 19/8/08	1,000,000	1,000,000
Tao Yeoh Chi PSC Corporation Ltd - options to subscribe for ordinary shares of \$0.05 each at \$0.085 between 20/8/04 and 19/8/08	1,000,000	1,000,000
Chua Keng Hiang PSC Corporation Ltd - options to subscribe for ordinary shares of \$0.05 each at \$0.085 between 20/8/04 and 19/8/08	1,000,000	1,000,000
John Chen Seow Phun PSC Corporation Ltd - options to subscribe for ordinary shares of \$0.05 each at \$0.085 between 20/8/04 and 19/8/08	2,000,000	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 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 2005.

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.

Directors' Report Year Ended 31 December 2004

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 (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.
- 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 outstanding at 1/1/2004	Options cancelled	Options outstanding at 31/12/2004	Number of option holders at 31/12/2004	Exercise period
20/8/2003	\$0.086	23,350,000	(1,100,000)	22,250,000	26	20/8/2004 – 19/8/2013
20/8/2003	\$0.085	5,000,000	-	5,000,000	4	20/8/2004 – 19/8/2008
		28,350,000	(1,100,000)	27,250,000	30	

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.

Arising from the completion of a rights issue of two rights shares for every five existing ordinary shares on 8 November 2004, the exercise price of the options granted was adjusted from the initial exercise price of \$0.105 to \$0.086 per share for those options that will expire 120 months after the date of grant, and to \$0.085 per share for those that will expire 60 months after the date of grant.

Directors’ Report Year Ended 31 December 2004

Share Options (cont’d)

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 2004	Aggregate options granted since commencement of Scheme to 31 December 2004	Aggregate options exercised since commencement of Scheme to 31 December 2004	Aggregate options outstanding as at 31 December 2004
Allan Yap	-	5,000,000	-	5,000,000
Foo Der Rong	-	4,000,000	-	4,000,000
Chan Yeuk Wai	-	1,000,000	-	1,000,000
Richard Lui Siu Tsuen	-	2,000,000	-	2,000,000
Chee Teck Kwong Patrick	-	1,000,000	-	1,000,000
Tao Yeoh Chi	-	1,000,000	-	1,000,000
Chua Keng Hiang	-	1,000,000	-	1,000,000
John Chen Seow Phun	-	2,000,000	-	2,000,000
Total	-	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.

Audit Committee

The members of the Audit Committee during the year and 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
- John Chen Seow Phun, Non-Executive Director

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).

Directors’ Report Year Ended 31 December 2004

Audit Committee (cont’d)

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.

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
11 March 2005

Statement by Directors Year Ended 31 December 2004

In our opinion:

- (a) the financial statements set out on pages 54 to 98 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 2004 and of the results, changes in equity and cash flows of the Group 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
11 March 2005

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 2004 as set out on pages 54 to 98. 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 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 2004 and of the results, changes in equity and cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG
Certified Public Accountants

Singapore
11 March 2005

Balance Sheets as at 31 December 2004

	Note	Group		Company	
		2004	2003	2004	2003
		\$	\$	\$	\$
Non-current assets					
Property, plant and equipment	3	65,552,233	63,964,742	12,877,976	10,387,609
Subsidiaries	4	-	-	23,904,185	24,704,185
Associates	5	39,876,857	32,456,370	27,163,530	18,594,530
Other financial assets	6	12,794,202	7,703,480	-	1,995,620
Intangible assets	7	3,245,110	131,454	-	-
Deferred tax assets	8	1,100,000	351,461	-	-
		122,568,402	104,607,507	63,945,691	55,681,944
Current assets					
Other financial assets	6	2,633,120	17,655,990	2,633,120	10,648,200
Non-financial assets	9	410,176	410,176	90,000	90,000
Property held for development	10	581,134	604,498	-	-
Inventories	11	25,482,071	15,719,438	10,436,665	9,934,555
Trade and other receivables	13	54,443,155	40,110,905	53,986,872	41,771,676
Cash and cash equivalents	17	51,621,571	16,345,828	44,905,715	11,833,722
		135,171,227	90,846,835	112,052,372	74,278,153
Current liabilities					
Trade and other payables	18	33,237,521	27,021,033	23,886,299	27,480,502
Interest-bearing liabilities	19	4,361,057	3,408,050	-	-
Current tax payable		1,681,910	1,846,468	1,013,286	1,240,254
		39,280,488	32,275,551	24,899,585	28,720,756
Net current assets		95,890,739	58,571,284	87,152,787	45,557,397
Non-current liabilities					
Interest-bearing liabilities	19	28,233,131	27,653,844	-	-
Deferred tax liabilities	8	621,253	230,030	44,198	22,000
		28,854,384	27,883,874	44,198	22,000
Minority interests		(5,889,283)	(3,830,317)	-	-
Net assets		183,715,474	131,464,600	151,054,280	101,217,341
Share capital	20	93,347,791	55,676,994	93,347,791	55,676,994
Reserves	22	90,367,683	75,787,606	57,706,489	45,540,347
Shareholders' equity		183,715,474	131,464,600	151,054,280	101,217,341

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

Consolidated Profit and Loss Account Year Ended 31 December 2004

	Note	Group	
		2004	2003
		\$	\$
Revenue	23	160,118,475	149,762,755
Cost of sales		(115,547,339)	(108,285,347)
Gross profit		44,571,136	41,477,408
Other operating income		4,252,989	7,341,025
Distribution expenses		(18,659,749)	(13,370,475)
Administrative expenses		(26,195,275)	(25,625,031)
Other operating expenses		(946,753)	(553,721)
Profit from operations	24	3,022,348	9,269,206
Finance costs	25	(1,978,379)	(2,120,528)
Share of results of associates		3,863,036	1,753,171
Profit from ordinary activities before taxation		4,907,005	8,901,849
Income tax expense	26	(1,935,761)	(2,425,414)
Profit from ordinary activities after taxation		2,971,244	6,476,435
Minority interests		(407,758)	(294,246)
Net profit for the year		2,563,486	6,182,189
Earnings per share (cents)	27		
Basic		0.18	0.52
Diluted		0.18	0.52

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

Consolidated Statement of Changes in Equity

Year Ended 31 December 2004

	Share capital \$	Share premium \$	Other capital reserve \$	Currency translation reserve \$	Accumulated profits \$	Total \$
Group						
At 1 January 2003	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
Issue of private placement and rights issue shares	37,670,797	18,067,080	-	-	-	55,737,877
Share issue expenses	-	(632,380)	-	-	-	(632,380)
Exchange differences on translation of financial statements of:						
- subsidiaries	-	-	-	(208,869)	-	(208,869)
- associates	-	-	-	(1,645,912)	-	(1,645,912)

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

Consolidated Statement of Changes in Equity

Year Ended 31 December 2004

	Share capital \$	Share premium \$	Other capital reserve \$	Currency translation reserve \$	Accumulated profits \$	Total \$
Group						
Net loss recognised directly in equity	-	(632,380)	-	(1,854,781)	-	(2,487,161)
Net profit for the year	-	-	-	-	2,563,486	2,563,486
Final dividend paid of 0.25 cents per share less tax at 20% in respect of 2003	-	-	-	-	(2,227,080)	(2,227,080)
Special dividend paid of 0.15 cents per share less tax at 20% in respect of 2003	-	-	-	-	(1,336,248)	(1,336,248)
At 31 December 2004	93,347,791	47,141,654	2,735,056	103,439	40,387,534	183,715,474

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

Consolidated Statement of Cash Flows

Year Ended 31 December 2004

Note	Group	
	2004 \$	2003 \$
Operating activities		
Profit from ordinary activities before taxation	4,907,005	8,901,849
Adjustments for:		
Decrease in carrying amount of:		
- quoted equity securities stated at market value	-	13,976
- unquoted debt securities stated at cost	-	413,600
Depreciation and amortisation	3,965,930	3,558,643
Dividend income	(446,831)	(463,416)
Loss/(gain) on disposal of property, plant and equipment	83,916	(111,136)
Gain on disposal of quoted equity securities	(1,000)	(1,810,238)
Gain on disposal of a subsidiary	-	(767,380)
Loss on dilution of interest in an associate	107,055	-
Impairment loss on property, plant and equipment	-	73,364
Inventories written off	20,025	32,509
Interest expense	1,978,379	2,120,528
Interest income	(597,896)	(954,601)
Property, plant and equipment written off	62,612	3,027
Share of results of associates	(3,863,036)	(1,753,171)
Operating profit before working capital changes	6,216,159	9,257,554
Changes in working capital:		
Inventories	(8,925,894)	1,429,099
Trade and other receivables	(13,033,468)	(1,261,730)
Trade and other payables	5,283,903	(3,985,591)
Cash (used in)/generated from operations	(10,459,300)	5,439,332
Income tax paid	(1,621,444)	(2,476,856)
Interest paid	(2,069,950)	(2,120,528)
Interest received	694,590	869,336
Cash flows from operating activities	(13,456,104)	1,711,284

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

Consolidated Statement of Cash Flows

Year Ended 31 December 2004

Note	Group	
	2004 \$	2003 \$
Investing activities		
Cash proceeds from divestment of an associate	-	2,613,868
Dividend income received	321,829	471,786
Net cash outflow from acquisition of a subsidiary	29(b) (2,332,215)	(13,795)
Net cash inflow from disposal of a subsidiary	29(c) -	99,867
Repatriation of funds by an associate	1,725,140	-
Proceeds from disposal of:		
- an associate	-	1
- property, plant and equipment	3,025,887	788,839
- quoted equity securities	-	6,640,932
- quoted debt securities	1,000,000	-
- unquoted debt securities	9,649,200	-
Purchase of interests in associates	(8,569,000)	(19,020,589)
Purchase of property, plant and equipment	(6,301,592)	(3,477,663)
Purchase of unquoted debt securities	-	(10,062,800)
Purchase of quoted equity securities	(637,500)	-
Cash flows from investing activities	(2,118,251)	(21,959,554)
Financing activities		
Proceeds from issuance of shares, net of issue expense	55,105,497	-
Dividends paid	(3,563,328)	(3,474,243)
Finance lease payables	(216,832)	(254,833)
Proceeds from bank loans	418,728	-
Repayment of bank loans	(1,123,504)	(6,831,509)
Trust receipts	(385,000)	(1,790,715)
Cash flows from financing activities	50,235,561	(12,351,300)
Net increase/(decrease) in cash and cash equivalents	34,661,206	(32,599,570)
Cash and cash equivalents at beginning of the year	15,009,842	47,470,797
Effect of exchange rate changes on the balances held in foreign currency	(21,111)	138,615
Cash and cash equivalents at end of the year	17 49,649,937	15,009,842

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$6,451,894 (2003: \$3,670,646), of which \$150,302 (2003: \$192,983) was acquired by means of finance leases. Cash payments of \$6,301,592 (2003: \$3,477,663) were made to purchase property, plant and equipment.

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

Notes to the Financial Statements
Year Ended 31 December 2004

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 11 March 2005.

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

2.1 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 historical cost basis is used and amounts are expressed in Singapore dollars, unless stated otherwise.

2.2 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
Year Ended 31 December 2004

2 Summary of Significant Accounting Policies (cont’d)

2.3 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.

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

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 55 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:

Notes to the Financial Statements
Year Ended 31 December 2004

2 Summary of Significant Accounting Policies (cont'd)

2.4 Property, plant and equipment (cont'd)

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

2.5 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.

2.6 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 as an expense using a straight-line method over their useful lives of 3 to 10 years.

Development costs

The development costs incurred in the development of video programs, comprising cost of materials, direct labour and an appropriate proportion of overheads, are stated at cost less accumulated amortisation and impairment losses. Development costs are amortised on a straight-line basis over their estimated useful lives of 2 to 10 years. Amortisation commences when the video programs are available for sale.

Royalties and licences

Royalties and licences paid to third parties are capitalised and amortised on a straight-line basis over their estimate useful lives of 2 to 10 years.

Notes to the Financial Statements
Year Ended 31 December 2004

2 Summary of Significant Accounting Policies (cont'd)

2.7 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.

2.8 Non-financial assets

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

2.9 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.

2.10 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 2.17 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.

Notes to the Financial Statements

Year Ended 31 December 2004

2 Summary of Significant Accounting Policies (cont'd)

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 Liabilities and interest-bearing liabilities

Trade and other payables are stated at cost. Interest-bearing liabilities are recognised initially at cost less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. The difference between proceeds and redemption value is recognised in the profit and loss account over the period of the borrowings.

2.16 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.

Notes to the Financial Statements

Year Ended 31 December 2004

2 Summary of Significant Accounting Policies (cont'd)

2.16 Employee benefits (cont'd)

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.

2.17 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.

Hotel operations and healthcare consultancy

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

Education business

Fee income is recognised over the period of the course.

Rental, interest and dividend income

Rental income and interest income from bank deposits are accrued on a time-apportioned basis.

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

2.18 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.

2.19 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

Year Ended 31 December 2004

3 Property, Plant and Equipment

Group	Leasehold buildings \$	Freehold land \$	Freehold buildings \$	Leasehold improvements \$	Renovations \$	Furniture, fittings and office equipment \$	Warehouse equipment \$	Motor vehicles \$	Plant and machinery \$	Computers \$	Total \$
Cost											
At 1 January 2004	9,245,944	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
Additions	-	-	-	1,009,884	1,737,464	1,406,822	147,139	928,776	375,966	845,843	6,451,894
Disposals	-	(3,903,715)	-	-	(180,897)	(189,393)	(19,089)	(449,201)	(6,528)	(22,913)	(4,771,736)
Acquisition of subsidiaries	1,765,292	-	-	-	339,840	70,464	468,939	360,994	-	86,805	3,092,334
Written off	-	-	-	-	(64,802)	(146,280)	-	(819)	(38,104)	(84,413)	(334,418)
Translation differences on consolidation	-	(276,744)	(115,202)	-	(6,317)	(54,311)	-	(25,836)	(76,908)	(19,659)	(574,977)
At 31 December 2004	11,011,236	2,685,197	43,786,730	4,073,025	3,684,220	3,622,024	1,889,457	6,564,769	13,564,984	3,198,210	94,079,852
Accumulated depreciation and impairment losses											
At 1 January 2004	3,363,750	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 for the year	253,538	-	795,390	92,758	284,552	310,072	92,783	661,560	959,916	274,286	3,724,855
Disposals	-	(1,146,659)	-	-	(36,669)	(58,459)	(19,089)	(387,511)	(6,528)	(7,011)	(1,661,926)
Acquisition of subsidiaries	51,511	-	-	-	122,981	23,682	250,339	157,157	-	39,684	645,354
Written off	-	-	-	-	(64,802)	(107,973)	-	(150)	(38,104)	(60,777)	(271,806)
Translation differences on consolidation	-	(46,107)	5,154	-	(3,375)	(40,280)	-	(9,782)	(50,707)	(15,774)	(160,871)
At 31 December 2004	3,668,799	-	4,528,663	1,191,949	1,752,466	1,939,860	1,410,583	2,413,340	9,888,344	1,733,615	28,527,619
Carrying amount											
At 31 December 2004	7,342,437	2,685,197	39,258,067	2,881,076	1,931,754	1,682,164	478,874	4,151,429	3,676,640	1,464,595	65,552,233
At 31 December 2003	5,882,194	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

Notes to the Financial Statements

Year Ended 31 December 2004

Notes to the Financial Statements

Year Ended 31 December 2004

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 2004	8,500,000	3,063,141	1,229,306	987,356	589,263	2,174,153	598,224	1,598,781	18,740,224
Additions	-	1,009,884	1,085,999	477,864	74,146	107,144	900	607,118	3,363,055
Disposals	-	-	-	(17,820)	(2,200)	-	(2,220)	(7,863)	(30,103)
At 31 December 2004	8,500,000	4,073,025	2,315,305	1,447,400	661,209	2,281,297	596,904	2,198,036	22,073,176
Accumulated depreciation									
At 1 January 2004	3,131,578	1,099,191	1,121,623	835,557	519,404	292,814	425,991	926,457	8,352,615
Depreciation for the year	223,685	92,758	87,459	60,276	15,210	223,176	33,621	131,645	867,830
Disposals	-	-	-	(17,699)	(2,200)	-	(2,220)	(3,126)	(25,245)
At 31 December 2004	3,355,263	1,191,949	1,209,082	878,134	532,414	515,990	457,392	1,054,976	9,195,200
Carrying amount									
At 31 December 2004	5,144,737	2,881,076	1,106,223	569,266	128,795	1,765,307	139,512	1,143,060	12,877,976
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

- (a) Included in the net book value of property, plant and equipment of the Group are assets with net book value of \$687,503 (2003: \$693,804), which are acquired under finance leases.
- (b) Certain assets of the Group have been pledged for banking facilities, details of which are provided in Note 19.

Notes to the Financial Statements

Year Ended 31 December 2004

Notes to the Financial Statements

Year Ended 31 December 2004

4 Subsidiaries

Unquoted ordinary shares, at cost
Impairment losses

Company	
2004	2003
\$	\$
26,304,185	26,204,185
(2,400,000)	(1,500,000)
23,904,185	24,704,185

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
			2004 %	2003 %
@ Topseller Pte Ltd and its subsidiary:	Marketing and sale of agency lines and proprietary brands	Singapore	100	100
@ A.T. Chemical Pte Ltd	Dormant	Singapore	100	100
@ Econ Minimart Services Pte Ltd	Dormant	Singapore	100	100
@ Tipex Trading Pte Ltd and its subsidiaries:	Supply of provisions and household products	Singapore	74	74
@ Tips Trading Pte Ltd	Supply of shelving	Singapore	74	74
^ Tips Industry (M) Sdn. Bhd.	Packaging and sale of paper products	Malaysia	74	74
^ Beautex Marketing (M) Sdn. Bhd.	Sale of paper products and household consumer products	Malaysia	74	74
^ Socma Trading (M) Sdn. Bhd. and its subsidiaries:	Marketing and sale of household and consumer products	Malaysia	100	100
^ Econfood Manufacturing (M) Sdn. Bhd.	Packaging of edible oils	Malaysia	100	100
^ Fresh Fruit Juice Manufacturing (M) Sdn. Bhd.	Manufacture of grass jelly products	Malaysia	100	100
@ PSC Investment Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
@ Mountain Investment Pte Ltd	Dormant	Singapore	100	100
@ Fortune Food Manufacturing Pte Ltd and its subsidiary:	Manufacture of soya bean products and noodles	Singapore	100	100

Notes to the Financial Statements

Year Ended 31 December 2004

4 Subsidiaries (cont'd)

Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
			2004 %	2003 %
@ Fortune Food Marketing Pte Ltd	Sale of soya bean products and noodles	Singapore	100	100
@ PSC Resort Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
γ Palm Meadow Sdn. Bhd.	Property investment	Malaysia	100	100
@ Topseller Development Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
^ Flobina Sdn. Bhd.	Property investment	Malaysia	100	100
@ PSC International Pte Ltd and its subsidiaries:	Investment holding	Singapore	100	100
^ The Playford Hotel Pty Ltd	Hotel ownership	Australia	70	70
@ Health Solutions International Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	95	95
Ω Health Solutions (Malaysia) Sdn. Bhd.	Construction of hospital turnkey projects and provision of health care consultancy and hospital management services	Malaysia	95	95
* Health Solutions Medical Services (Vietnam) Co., Ltd	Provision of healthcare consultancy and healthcare and medical services	Vietnam	95	-
@ Education Solutions International Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	100	100
@ Cornell Education Group Pte. Ltd.	Provision of education services	Singapore	100	100
β InnoForm Media Pte Ltd and its subsidiaries:	Publisher, licensee, importer, exporter and distribution of compact discs, tapes and records of all kinds	Singapore	51	-
β InnoForm Media (HK) Limited	Publisher, licensee, importer, exporter and distribution of compact discs, tapes and records of all kinds	Hong Kong	51	-

Notes to the Financial Statements

Year Ended 31 December 2004

4 Subsidiaries (cont'd)

Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
			2004 %	2003 %
β InnoForm Media (Taiwan) Co. Limited	Importer, exporter and distributor of compact discs, tapes and records of all kinds	Taiwan	40.8	-
β InnoForm Media (M) Sdn. Bhd.	Production and distribution of tapes and compact discs	Malaysia	51	-
β InnoForm Publishing Pte. Ltd.	Publisher, licensee, importer, exporter and distributor of compact discs, tapes and records of all kinds	Singapore	51	-
@ I-Econ Management Services Pte. Ltd. and its subsidiary:	Franchise ownership	Singapore	100	100
@ I-View Media Pte. Ltd.	Provision of advertising and broadcasting services	Singapore	100	-
@ I-Meat Pte. Ltd.	Retailer of meat and meat products	Singapore	100	-
@ PSC Supply Chain Management Pte. Ltd. and its subsidiary:	Investment holding	Singapore	100	100
@ PSC Tibbett & Britten Logistics Pte. Ltd.	Logistics and supply chain management	Singapore	51	51

@ Audited by KPMG Singapore.

^ Audited by other member firms of KPMG International.

Ω Audited by Deloitte & Touche, Malaysia.

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

* Audited by Grant Thornton, Vietnam.

β Acquired by the Group on 8/10/2004 and the last audited financial statements was for the financial year ended 30 June 2004. Not required to be audited for the period from 9/10/2004 to 31/12/2004.

Notes to the Financial Statements

Year Ended 31 December 2004

5 Associates

	Group		Company	
	2004 \$	2003 \$	2004 \$	2003 \$
Investment in associates	39,876,857	32,456,370	27,163,530	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 2004 %	the Group 2003 %	the Company 2004 %	the Company 2003 %
& Health Solutions (Australia) Pty Ltd	) Provision of health care consultancy and hospital management services	Australia	46.5	46.5	-	-
~ Health Solutions (WA) Pty Ltd	)	Australia	38.9	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	-	-
α HSI Philippines Inc.	Advisory and management services to hospitals, healthcare facilities and medical establishments	Philippines	38	38	-	-
√ Harbin Puwei Real Estate Development Co Ltd	Development of property	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	Dormant	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

Year Ended 31 December 2004

5 Associates (cont'd)

Name of associate	Principal activities	Place of incorporation and business	-- Effective equity held by --			
			the Group		the Company	
			2004	2003	2004	2003
			%	%	%	%
** 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	29.9	29.9
∂ China Worldbest Health Solutions Holding Co Ltd	Consulting, contract management, equipment trading and supplies and hospital ownership and operation	People's Republic of China	33.3	-	-	-

- √ 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 Ernst & Young, Singapore.
 α Audited by Jaime B Santos & Associates, Philippines.
 & Not required to be audited by law of country of incorporation.
 ∂ Not required to be audited during the financial year.

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 \$102,502 (2003: \$181,596) and the accumulated unrecognised share of losses amounted to \$1,472,395 (2003: \$1,369,893).

Notes to the Financial Statements

Year Ended 31 December 2004

6 Other Financial Assets

	Group		Company	
	2004 \$	2003 \$	2004 \$	2003 \$
Non-current investments, at cost				
Quoted debt securities	-	1,995,620	-	1,995,620
Quoted equity securities	12,715,651	5,707,860	-	-
Unquoted equity securities	78,551	-	-	-
	12,794,202	7,703,480	-	1,995,620
Current investments				
Quoted debt securities, at cost	1,995,620	999,000	1,995,620	999,000
Unquoted debt securities, at cost	-	9,649,200	-	9,649,200
Quoted equity securities, at market value	637,500	7,007,790	637,500	-
	2,633,120	17,655,990	2,633,120	10,648,200

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

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:

Group and Company	Effective interest rates %	Fixed interest ----- rate maturing -----		Total \$
		within 1 year \$	1 to 5 years \$	
2004				
Current	4.90	1,995,620	-	1,995,620
2003				
Non-current	4.90	-	1,995,620	1,995,620
Current	4.95	10,648,200	-	10,648,200
		10,648,200	1,995,620	12,643,820

Notes to the Financial Statements

Year Ended 31 December 2004

7 Intangible Assets

Group	Goodwill on consolidation \$	Trademarks \$	Development cost \$	Royalties \$	Licences \$	Total \$
Cost						
At 1 January 2004	139,597	363,050	-	-	-	502,647
Acquisition of subsidiaries	1,108,690	-	469,052	945,091	1,968,968	4,491,801
Additions	-	-	164,397	41,380	304,053	509,830
Translation differences	-	-	(96)	(1,381)	(30,603)	(32,080)
At 31 December 2004	1,248,287	363,050	633,353	985,090	2,242,418	5,472,198
Accumulated amortisation						
At 1 January 2004	8,143	363,050	-	-	-	371,193
Acquisition of subsidiaries	-	-	210,860	559,864	844,096	1,614,820
Amortisation charge for the year	6,980	-	39,072	51,666	143,357	241,075
At 31 December 2004	15,123	363,050	249,932	611,530	987,453	2,227,088
Carrying amount						
At 31 December 2004	1,233,164	-	383,421	373,560	1,254,965	3,245,110
At 31 December 2003	131,454	-	-	-	-	131,454

8 Deferred Taxation

Movements in deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

Group	At 1 January 2004 \$	Charged/(credited) to profit and loss account (Note 26) \$	Acquisition of subsidiaries \$	Translation differences \$	At 31 December 2004 \$
Deferred tax assets					
Property, plant and equipment	80,361	(72,025)	-	-	8,336
Other financial assets	90,992	36,347	-	-	127,339
Tax value of loss carry forward	271,367	835,744	-	-	1,107,111
Other items	28,679	96,426	2,078	(971)	126,212
Total	471,399	896,492	2,078	(971)	1,368,998

Notes to the Financial Statements

Year Ended 31 December 2004

8 Deferred Taxation (cont'd)

	At 1 January 2004 \$	Charged/(credited) to profit and loss account (Note 26) \$	Acquisition of subsidiaries \$	Exchange differences \$	At 31 December 2004 \$
Deferred tax liabilities					
Property, plant and equipment	(299,480)	(246,887)	(77,550)	18,642	(605,275)
Intangible assets	-	-	(284,976)	-	(284,976)
Other items	(50,488)	50,488	-	-	-
Total	(349,968)	(196,399)	(362,526)	18,642	(890,251)

Company

Deferred tax assets

Other financial assets	90,992	29,501	120,493
Other items	-	32,114	32,114
Total	90,992	61,615	152,607

Deferred tax liabilities

Property, plant and equipment	(75,509)	(121,296)	(196,805)
Other items	(37,483)	37,483	-
Total	(112,992)	(83,813)	(196,805)

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 2004 \$	Group 2003 \$	Company 2004 \$	Company 2003 \$
Deferred tax assets	1,100,000	351,461	-	-
Deferred tax liabilities	(621,253)	(230,030)	(44,198)	(22,000)
	478,747	121,431	(44,198)	(22,000)

Notes to the Financial Statements

Year Ended 31 December 2004

8 Deferred Taxation (cont'd)

The following temporary differences have not been recognised:

	Group	
	2004	2003
	\$	\$
Tax losses	10,133,713	13,544,889
Deductible temporary difference	103,659	22,374
	10,237,372	13,567,263

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	
	2004	2003	2004	2003
	\$	\$	\$	\$
Transferable country club memberships	410,176	410,176	90,000	90,000

10 Property Held for Development

	Group	
	2004	2003
	\$	\$
Land and other related costs:		
At 1 January	604,498	629,409
Translation differences	(23,364)	(24,911)
At 31 December	581,134	604,498

11 Inventories

	Note	Group		Company	
		2004	2003	2004	2003
		\$	\$	\$	\$
Raw materials		2,876,943	1,305,962	-	-
Work-in-progress		36,808	39,062	-	-
Finished goods, at cost		22,215,444	13,848,150	10,436,665	9,934,555
Packing materials		32,597	28,583	-	-
		25,161,792	15,221,757	10,436,665	9,934,555
Contract work-in-progress	12	320,279	497,681	-	-
		25,482,071	15,719,438	10,436,665	9,934,555

Notes to the Financial Statements

Year Ended 31 December 2004

12 Contract Work-In-Progress

	Group	
	2004	2003
	\$	\$
Project costs	22,972,551	40,181,728
Add:		
Attributable profit	3,205,378	6,587,853
	26,177,929	46,769,581
Less:		
Progress billings	25,857,650	46,271,900
	320,279	497,681

13 Trade and Other Receivables

	Note	Group		Company	
		2004	2003	2004	2003
		\$	\$	\$	\$
Trade receivables		35,235,362	26,881,190	8,848,211	8,779,458
Allowance for doubtful receivables		(2,352,222)	(1,911,149)	(444,806)	(448,195)
Net trade receivables		32,883,140	24,970,041	8,403,405	8,331,263
Deposits, prepayments and other receivables	14	11,965,351	6,493,239	7,885,432	3,657,967
Amounts due from:					
- subsidiaries	15	-	-	37,640,296	29,734,841
- associates	16	9,594,664	8,647,625	57,739	47,605
		54,443,155	40,110,905	53,986,872	41,771,676

14 Deposits, Prepayments and Other Receivables

	Group		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Deposits	7,505,386	3,221,939	6,775,394	3,004,676
Prepayments	1,370,579	765,684	526,738	224,404
Non-trade receivables	3,018,203	2,337,739	515,632	261,010
Interest receivable	71,183	167,877	67,668	167,877
	11,965,351	6,493,239	7,885,432	3,657,967

Notes to the Financial Statements

Year Ended 31 December 2004

15 Amounts Due from Subsidiaries

	Company	
	2004	2003
	\$	\$
Interest-bearing loans	6,261,575	2,500,000
Current accounts:		
- trade	7,022,060	1,199,938
- non-trade	32,636,661	31,714,903
	45,920,296	35,414,841
Allowance for doubtful receivables	(8,280,000)	(5,680,000)
	37,640,296	29,734,841

The non-trade amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The interest-bearing loans are unsecured and have no fixed terms of repayment. At the balance sheet date, the loans bear interests as follows:

- (i) 5% (2003: 5%) per annum on \$5,000,000 (2003: \$2,500,000).
- (ii) 6% (2003: Nil) per annum on A\$1,050,000, equivalent to \$1,261,575 (2003: Nil).

16 Amounts Due from Associates

	Group		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Interest-free loan	-	812,685	-	-
Interest-bearing loan	1,338,550	183,679	-	-
Current accounts				
- mainly non-trade	8,256,114	7,651,261	57,739	47,605
	9,594,664	8,647,625	57,739	47,605

The non-trade amounts due from associates 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 6% (2003: 6.138%) per annum at the balance sheet date.

Notes to the Financial Statements

Year Ended 31 December 2004

17 Cash and Cash Equivalents

		Group		Company	
	Note	2004	2003	2004	2003
		\$	\$	\$	\$
Cash at bank and in hand		11,565,557	4,163,449	7,715,596	251,816
Fixed deposits with banks		40,056,014	12,182,379	37,190,119	11,581,906
		51,621,571	16,345,828	44,905,715	11,833,722
Bank overdrafts	19	(1,971,634)	(1,335,986)	-	-
		49,649,937	15,009,842	44,905,715	11,833,722

Included in fixed deposits is \$2,925,000 (2003: \$2,682,707) 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 1.18% (2003: 0.70%) and 1.29% (2003: 0.71%), respectively. Interest rates reprice at intervals of less than one month.

18 Trade and Other Payables

	Group		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Trade payables and accruals	26,720,361	20,768,929	12,815,647	11,930,844
Retention monies payable	563,107	772,485	-	-
Amounts due to:				
- subsidiaries:				
- trade	-	-	853,880	485,017
- non-trade	-	-	7,069,748	12,266,148
Amounts due to:				
- associates (mainly non-trade)	83,691	1,785,572	-	-
- minority shareholder of a subsidiary (non-trade)	1,000,000	-	-	-
Other payables	4,870,362	3,694,047	3,147,024	2,798,493
	33,237,521	27,021,033	23,886,299	27,480,502

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

Notes to the Financial Statements

Year Ended 31 December 2004

19 Interest-Bearing Liabilities

	Note	Group	
		2004 \$	2003 \$
Non-current liabilities			
Secured bank loans		27,927,634	27,442,784
Finance lease liabilities		305,497	211,060
		<u>28,233,131</u>	<u>27,653,844</u>
Current liabilities			
Bank overdrafts	17	1,971,634	1,335,986
Secured bank loans		1,238,134	1,088,276
Trust receipts		1,001,587	824,522
Finance lease liabilities		149,702	159,266
		<u>4,361,057</u>	<u>3,408,050</u>
Total borrowings		<u>32,594,188</u>	<u>31,061,894</u>

Borrowings (excluding finance lease liabilities)

(i) Included in bank overdrafts of the Group is an amount of \$1,283,265 (2003: \$976,705), secured by a standby letter of credit from a bank of \$1,470,000 (2003: \$1,470,000) which is undertaken and guaranteed by the Company.

(ii) The secured bank loans comprise:

(a) Term loan of A\$21,530,000, equivalent to \$27,446,659 (2003: A\$22,330,000, equivalent to \$28,462,488), which is secured by first and second legal mortgages over the freehold land and building owned by a subsidiary with a carrying value of \$36,597,065 as at 31 December 2004 (2003: \$37,368,231), 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 \$254,962 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 the bank's cost of funds on A\$1,530,000, equivalent to \$1,950,459;
- (ii) 5.32% per annum on A\$5,000,000, equivalent to \$6,374,050, 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 \$19,122,150.

(b) Term loans of a newly acquired subsidiary amounting to \$1,719,109 (2003: Nil), secured by legal mortgage over the following:

- (i) leasehold building with a net book value of \$1,705,694 as at 31 December 2004;
- (ii) property with a market value of \$2,100,000 owned by a minority shareholder; and

Notes to the Financial Statements

Year Ended 31 December 2004

19 Interest-Bearing Liabilities (cont'd)

(iii) guarantee from a minority shareholder.

The term loans bear interest at the bank's business lending rate and are repayable by monthly instalments over a period of 5 and 20 years.

(c) Term loan of Nil (2003: RM153,024, equivalent to \$68,572) which formed part of a credit facility obtained by a subsidiary as at 31 December 2003. This loan was fully repaid during the year.

Maturity of borrowings (excluding finance lease liabilities):

	Group	
	2004 \$	2003 \$
Within 1 year	4,211,355	3,248,784
After 1 year but within 5 years	27,927,634	27,442,784
Total borrowings	<u>32,138,989</u>	<u>30,691,568</u>

Finance Lease Liabilities

As at 31 December 2004, the Group and the Company have obligations under finance leases that are repayable as follows:

	Payments \$	2004 Interest \$	Principal \$	Payments \$	2003 Interest \$	Principal \$
Group						
Within 1 year	179,574	29,872	149,702	182,882	23,616	159,266
After 1 year but within 5 years	363,101	57,604	305,497	253,037	41,977	211,060
	<u>542,675</u>	<u>87,476</u>	<u>455,199</u>	<u>435,919</u>	<u>65,593</u>	<u>370,326</u>

Notes to the Financial Statements

Year Ended 31 December 2004

19 Interest-Bearing Liabilities (cont'd)

Effective interest rates and repricing/maturity analysis:

Group	Effective interest rate %	Floating interest \$	Fixed interest maturing within 1 year \$	1 to 5 years \$	Total \$
2004					
Bank overdrafts	6.50 – 6.75	1,971,634	-	-	1,971,634
Secured bank loans:					
- A\$ fixed rate loan	5.32 – 5.62	-	-	25,496,200	25,496,200
- A\$ floating rate loan	5.46	1,950,459	-	-	1,950,459
- S\$ floating rate loan	3.75 – 4.50	1,719,109	-	-	1,719,109
Trust receipts	3.45 – 6.75	1,001,587	-	-	1,001,587
Finance lease liabilities	2.30 – 6.90	-	149,702	305,497	455,199
		6,642,789	149,702	25,801,697	32,594,188
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

20 Share Capital

	2004		2003	
	Number of shares	\$	Number of shares	\$
Authorised:				
Ordinary shares of \$0.05 each	2,000,000,000	100,000,000	2,000,000,000	100,000,000
Issued and fully paid:				
Ordinary shares of \$0.05 each				
At 1 January	1,113,539,875	55,676,994	1,113,539,875	55,676,994
Issue of private placement shares	220,000,000	11,000,000	-	-
Issue of rights issue shares	533,415,950	26,670,797	-	-
At 31 December	1,866,955,825	93,347,791	1,113,539,875	55,676,994

A private placement of 220,000,000 fully-paid ordinary shares of \$0.05 each at a consideration of \$0.12 per share, was made by the Company during the financial year.

In addition, a rights issue of 533,415,950 fully-paid ordinary shares of \$0.05 each at an issue price of \$0.055 for each rights share was made by the Company during the financial year to existing shareholders in the proportion of two shares for every five shares held ("Rights Issue").

Notes to the Financial Statements

Year Ended 31 December 2004

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 have 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 outstanding at 1/1/2004	Options cancelled	Options outstanding at 31/12/2004	Number of option holders at 31/12/2004	Exercise period
20/8/2003	\$0.086	23,350,000	(1,100,000)	22,250,000	26	20/8/2004 – 19/8/2013
20/8/2003	\$0.085	5,000,000	-	5,000,000	4	20/8/2004 – 19/8/2008
		28,350,000	(1,100,000)	27,250,000	30	

Arising from the completion of the Rights Issue on 8 November 2004, the exercise price of the options granted was adjusted from the initial exercise price of \$0.105 to \$0.086 per share for those options that will expire 120 months after date of grant, and to \$0.085 per share for those that will expire 60 months after date of grant.

Notes to the Financial Statements

Year Ended 31 December 2004

22 Reserves

	Group		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Capital reserves				
- Share premium	46,790,868	29,356,168	46,790,868	29,356,168
- Share premium arising from issue of ordinary shares by an associate	350,786	350,786	-	-
- 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	103,439	1,958,220	-	-
Accumulated profits	40,387,534	41,387,376	10,304,671	15,573,229
	<u>90,367,683</u>	<u>75,787,606</u>	<u>57,706,489</u>	<u>45,540,347</u>

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 operations of the Company.

23 Revenue

	Group	
	2004	2003
	\$	\$
Sale of goods	140,117,309	124,910,710
Revenue from hotel operations	19,058,031	18,102,579
Revenue from construction contracts and healthcare consultancy	752,135	6,568,174
Fee income from education business	191,000	181,292
	<u>160,118,475</u>	<u>149,762,755</u>

Notes to the Financial Statements

Year Ended 31 December 2004

24 Profit from Operations

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

	Note	Group	
		2004	2003
		\$	\$
Bad debts recovered (trade)		(3,289)	(18,083)
Dividend income from quoted equity securities		(446,831)	(463,416)
(Gain)/loss on disposal of:			
- quoted equity securities		(1,000)	(1,810,238)
- property, plant and equipment		83,916	(111,136)
- a subsidiary		-	(767,380)
Interest income:			
- debt securities		(426,968)	(492,501)
- fixed deposits		(170,928)	(455,638)
- associates		-	(6,462)
Amortisation of:			
- goodwill on consolidation	7	6,980	8,143
- development cost	7	39,072	-
- royalties	7	51,666	-
- licences	7	143,357	-
Bad debts written off (trade)		39,888	25,439
Consultancy fees paid to a director of a subsidiary		10,674	10,885
Depreciation of property, plant and equipment	3	3,724,855	3,550,500
Directors' fees:			
- directors of the Company		362,448	456,475
Directors' remuneration*:			
- directors of the Company		1,564,044	2,351,950
Exchange loss/(gain)		775,316	(385,653)
Impairment loss on property, plant and equipment		-	73,364
Inventories written off		20,025	32,509
Loss on dilution of interest in an associate		107,055	-
Non-audit fees paid to:			
- auditors of the Company		21,350	8,725
- other auditors		-	-
Operating lease expenses		1,311,324	945,482
Professional fees paid to firms in which directors of:			
- the Company is a member		144,000	338,641
- a subsidiary is a member		719,309	784,175
Property, plant and equipment written off		62,612	3,027
Staff costs		22,928,153	20,609,116
Contribution to defined contribution plans*		1,913,217	1,618,494

The number of employees as at 31 December 2004 for the Group was 924 (2003: 771).

* Included in staff costs

Notes to the Financial Statements

Year Ended 31 December 2004

25 Finance Costs

Interest paid and payable to:

- banks
- others

	Group	
	2004	2003
	\$	\$
	1,947,133	2,060,720
	31,246	59,808
	1,978,379	2,120,528

26 Income Taxes

Current tax expense

Current year
Overprovided in prior years

	Group	
	2004	2003
	\$	\$
	1,189,478	1,791,698
	(2,314)	(428,481)
	1,187,164	1,363,217

Deferred tax expense

Movements in temporary differences
Changes in tax rates
Benefit of tax losses recognised
Benefit of temporary differences recognised
(Over)/under provided in prior years

	(846,939)	402,156
	123,295	-
	208,966	(207)
	-	(35,215)
	(185,415)	4,188
	(700,093)	370,922

Share of tax of associates

	1,448,690	691,275
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Income tax expense

	1,935,761	2,425,414
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Reconciliation of effective tax rate

Profit before tax

	4,907,005	8,901,849
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Income tax using Singapore tax rate at 20% (2003: 22%)
Effect of reduction in tax rates
Effect of different tax rates in other countries
Income not subject to tax
Deferred tax benefit not recognised
Expenses not deductible for tax purposes
Utilisation of previously unrecognised temporary differences
Utilisation of previously unrecognised tax losses
Overprovided in prior years
Others

	981,401	1,958,407
	123,295	-
	246,827	(48,956)
	(96,517)	(48,156)
	1,176,442	581,553
	779,464	416,548
	649	(35,215)
	(1,100,000)	(207)
	(187,729)	(424,293)
	11,929	25,733

Income tax expense

	1,935,761	2,425,414
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Notes to the Financial Statements

Year Ended 31 December 2004

27 Earnings Per Share

Basic earnings per share is based on:

Net profit for the year

	Group	
	2004	2003
	\$	\$
	2,563,486	6,182,189

No. of shares No. of shares

Weighted average number of shares outstanding during the year*

	1,411,673,963	1,195,603,871
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In calculating diluted earnings per share, the weighted average number of ordinary share is adjusted for the effect of all dilutive potential ordinary shares:

2004 2003
No. of shares No. of shares

Weighted average number of shares issued, used in the calculation
of basic earnings per share*
Dilutive effect of share options

	1,411,673,963	1,195,603,871
	4,153,715	1,665,271

Weighted average number of ordinary shares (diluted)

	1,415,827,678	1,197,269,142
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*The calculation for the previous year has been adjusted for the rights issue during the current year.

28 Dividends

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

	Group	
	2004	2003
	\$	\$

Final dividend proposed of 0.10 cents (2003: 0.25 cents)
per share less tax at 20% (2003: 20%)

	1,493,565	2,227,080
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Special dividend proposed of Nil cents (2003: 0.15 cents)
per share less tax at 20% (2003: 20%)

	-	1,336,248
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	1,493,565	3,563,328
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Notes to the Financial Statements

Year Ended 31 December 2004

29 Acquisition and Disposal of Subsidiaries

(a) Acquisition

On 8 October 2004, the Group acquired 51% share in InnoForm Media Pte Ltd for \$2,784,600 satisfied in cash. The principal activities of the company and its subsidiaries are set out in Note 4 to the financial statements. The acquisition was accounted for using the purchase method. During the period from 9 October to 31 December 2004, the company and its subsidiaries contributed a net profit of \$321,641 to the consolidated net profit for the year.

(b) Effect of acquisition

	Group	
	2004	2003
	\$	\$
Net assets acquired		
Property, plant and equipment	2,453,564	2,448
Other assets	1,768,323	-
Inventories	985,721	-
Trade and other receivables	2,331,885	500
Cash and cash equivalents	452,385	1,201,605
Trade and other payables	(2,047,347)	(128,462)
Current tax payable	(300,073)	(288)
Long-term liabilities	(2,247,103)	-
Minority interests	(1,721,445)	-
Net assets acquired	1,675,910	1,075,803
Goodwill on acquisition	1,108,690	139,597
Purchase consideration	2,784,600	1,215,400
Cash and bank balances acquired	(452,385)	(1,201,605)
Net cash outflow	2,332,215	13,795

(c) Effect of disposal

	Group	
	2004	2003
	\$	\$
Net assets disposed		
Property, plant and equipment	-	2,721,945
Inventories	-	19,127
Trade and other receivables	-	10,357
Cash and cash equivalents	-	740
Trade and other payables	-	(1,712,599)
Interest-bearing liabilities	-	(979,057)
Minority interests	-	(349,814)
Net liabilities disposed	-	(289,301)
Realised exchange gain on disposal	-	(377,472)
Gain on disposal/de-registration of subsidiaries	-	767,380
Cash consideration received by the Group	-	100,607
Cash and cash equivalents disposed	-	(740)
Net cash inflow	-	99,867

Notes to the Financial Statements

Year Ended 31 December 2004

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 financial year:

- the Company entered into contracts with a company controlled by a director of the Company for the provision of advisory and consultancy services for an aggregate amount of \$144,000 (2003: \$64,420).
- the Company purchased quoted equity securities amounting to \$637,500 from a company which is indirectly wholly owned by a director, based on prices agreed between the parties and not exceeding the last traded price at the date of purchase.
- remuneration amounting to \$1,080,736 (2003: \$492,601) were paid to the key management of the Company.
- 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:

	2004	2003
	\$	\$
Purchases	1,118,814	1,147,012
Construction services rendered	244,226	6,568,174
Hire of motor vehicles payable	14,899	24,940
Management and administrative fees receivable	411,252	322,639
Interest income received/receivable	2,187	6,462
Rental income received/receivable	58,679	-

31 Contingent Liabilities - Unsecured

Company

- As at 31 December 2004, the Company has issued unsecured guarantees to banks in respect of credit facilities granted to its subsidiaries of \$43,094,597 (2003: \$47,836,805).
- The Company has given formal undertakings, which are unsecured, to provide financial support to certain of its subsidiaries. As at 31 December 2004, the deficits in shareholders' funds of these subsidiaries amounted to \$14,677,080 (2003: \$10,510,604).

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 US\$338,794 (equivalent to a total of \$618,419 at 31 December 2004) plus interest and costs.

The directors are of the opinion that the claim has no merit as the drawings submitted by the architects were incomplete and did not meet the government's contractual requirements. Accordingly, no provision for any liability arising from the claim has been made in the financial statements.

Notes to the Financial Statements

Year Ended 31 December 2004

31 Contingent Liabilities - Unsecured (cont'd)

Pursuant to a summary judgement of the High Court in 1999, the associate had issued a bank guarantee amounting to RM798,643 (equivalent to \$344,047 at 31 December 2004) in favour of the architects, which was called upon by the architects.

The companies had appealed against the summary judgement and the High Court has allowed the appeal, reinstating the counterclaim for general damages. Pursuant to a court order obtained in 2004, the companies have received a refund of RM407,000 (equivalent to \$175,332 at 31 December 2004) from the architect, with the remaining balance repayable in monthly instalments of RM7,000 (equivalent to \$3,016 at 31 December 2004) each until the companies receive in full the total sum of the guarantee called and interest due and payable.

32 Commitments

As at 31 December 2004, the Group and the Company have the following commitments:

(a) Capital commitments in respect of leasehold improvement contracts as follows:

	Group		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Contracted but not provided for	5,382,493	-	5,370,000	-
Authorised but not contracted for	1,062,000	-	1,062,000	-
	6,444,493	-	6,432,000	-

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

	Group		Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Payable:				
- Within 1 year	2,081,808	1,283,878	1,022,664	815,357
- After 1 year but within 5 years	6,692,819	5,746,220	4,079,156	4,100,125
- After 5 years	47,796,291	47,389,355	17,362,176	18,363,699
	56,570,918	54,419,453	22,463,996	23,279,181

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 (2003: \$587,059).

Notes to the Financial Statements

Year Ended 31 December 2004

32 Commitments (cont'd)

(c) 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:

	2004		2003	
	Notional amount	Fair value	Notional amount	Fair value
	\$	\$	\$	\$
Group				
Forward foreign exchange contracts	-	-	669,568	(4,003)

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 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, Renminbi and New Taiwan dollars.

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.

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.

Notes to the Financial Statements
Year Ended 31 December 2004

33 Financial Instruments (cont'd)

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:

Group	2004		2003	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Financial assets				
Quoted debt securities	1,995,620	2,036,000	2,994,620	3,117,400
Unquoted debt securities	-	-	9,649,200	10,027,827
Quoted equity securities	13,353,151	14,171,979	12,715,650	11,902,265
	15,348,771	16,207,979	25,359,470	25,047,492
Company				
Financial assets				
Quoted debt securities	1,995,620	2,036,000	2,994,620	3,117,400
Unquoted debt securities	-	-	9,649,200	10,027,827
Quoted equity securities	637,500	595,000	-	-
	2,633,120	2,631,000	12,643,820	13,145,227

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.

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(c).

34 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.

Notes to the Financial Statements
Year Ended 31 December 2004

34 Segment Information (cont'd)

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 interest-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 healthcare consultancy and hospital management services.
Hotel	:	Operation of a hotel comprising accommodation and related services and food, beverage and banqueting operations.
Others	:	Property investment, provision of education services and development, distribution and licensing of education and entertainment products for children.

Geographical Segments

The Group's business is managed in three principal geographical areas, namely, Singapore, Malaysia 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

Year Ended 31 December 2004

34 Segment Information (cont'd)

(a) Business Segments

Group	Consumer business \$	Healthcare \$	Hotel \$	Others \$	Consolidated \$
2004					
Total revenue	138,308,009	752,135	19,058,031	2,000,300	160,118,475
Segment results	3,206,567	(2,142,905)	1,534,471	(450,584)	2,147,549
Unallocated results					874,799
Profit from operations					3,022,348
Finance costs					(1,978,379)
Share of results of associates					3,863,036
Taxation					(1,935,761)
Minority interests					(407,758)
					2,563,486
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)
					6,182,189
2004					
Assets and Liabilities					
Segment assets	130,175,568	10,448,636	41,233,949	19,477,297	201,335,450
Investments in associates	19,453,091	17,402,527	2,438,348	582,891	39,876,857
	149,628,659	27,851,163	43,672,297	20,060,188	241,212,307
Unallocated assets					16,527,322
Total assets					257,739,629
Segment liabilities	27,798,570	1,024,674	2,353,108	2,061,169	33,237,521
Unallocated liabilities					34,897,351
Total liabilities					68,134,872

Notes to the Financial Statements

Year Ended 31 December 2004

34 Segment Information (cont'd)

(a) Business Segments (cont'd)

Group	Consumer business \$	Healthcare \$	Hotel \$	Others \$	Consolidated \$
2003					
Assets and Liabilities					
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
2004					
Non-Cash Expenses					
Amortisation	-	-	-	241,075	241,075
Depreciation of and impairment loss on property, plant and equipment	2,280,653	157,896	1,196,138	90,168	3,724,855
	2,280,653	157,896	1,196,138	331,243	3,965,930
2003					
Non-Cash Expenses					
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
2004					
Capital Expenditure					
Capital expenditure	5,784,472	289,711	294,779	82,932	6,451,894
2003					
Capital Expenditure					
Capital expenditure	3,130,753	51,635	323,390	164,868	3,670,646

Notes to the Financial Statements

Year Ended 31 December 2004

34 Segment Information (cont'd)

(b) Geographical Segments

	Singapore \$	Malaysia \$	Australia \$	Consolidated \$
2004				
Total revenue	108,374,789	32,685,655	19,058,031	160,118,475
Segment assets	126,768,498	33,333,003	41,233,949	201,335,450
Capital expenditure	5,046,405	1,110,710	294,779	6,451,894
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

Additional Information

Year Ended 31 December 2004

1 Directors' Remuneration

Company's directors receiving remuneration from the Group:

	No. of Directors	
	2004	2003
Remuneration band:		
\$500,001 to \$750,000	2	3*
\$250,001 to \$500,000	-	-
\$250,000 and below	6	7*
	8	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 from 1 May 1967 and an option to renew for 22 years, 3 months and 30 days
348 Jalan Boon Lay, Singapore 619529	Single-storey factory used by a subsidiary for its operations	60-year lease from 1 May 1967 and an option to renew for 22 years, 3 months and 30 days
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

Additional Information

Year Ended 31 December 2004

2 Properties Held by the Group (cont'd)

Location	Description	Tenure
Wilayah Pengembangan Sekupang Patam, Batam, Indonesia	Vacant land	30-year lease from 11 March 1986
PTD 63419 HSD 248337, PTD 63421 HSD 248339 and PTD 63422 HSD 248340 Mukim of Pulau District of Johore Bahru, Malaysia	Vacant land	Freehold
10 Ubi Crescent #05-80, 86-90 Singapore 408564	Flatted factory units used by a subsidiary for its operations	60-year lease from 5 July 1997

3 Interested Person Transactions

	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)
	\$	\$
Interested person		
Meadows Spring Enterprise Limited		
- Purchase of quoted equity securities	637,500	-

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.

Additional Information

Year Ended 31 December 2004

5 Usage of Proceeds from Private Placement and Rights Issue

A private placement of 220,000,000 fully-paid ordinary shares of \$0.05 each at a consideration of \$0.12 per share, was made by the Company during the financial year. The Company received net proceeds of \$26,060,000 from the private placement, of which utilisation as at 31 December 2004 were as follows:

	\$
Working capital	8,280,000
Investment in healthcare associate in the People's Republic of China	8,569,000
Increase in equity interest in healthcare associate in Australia	1,261,575
Purchase of 51% equity interest in InnoForm Media Pte Ltd and extension of shareholder loan	3,784,600
	<u>21,895,175</u>

In addition, a rights issue of 533,415,950 fully-paid ordinary shares of \$0.05 each at an issue price of \$0.055 for each rights share was made by the Company during the financial year to existing shareholders in the proportion of two shares for every five shares held ("Rights Issue"). The Company received net proceeds of \$29,045,497 from the Rights Issue and the amount has not been utilised as at 31 December 2004.

资产负债表 截至二零零四年十二月三十一日

	附注	集团 2004 \$	2003 \$	公司 2004 \$	2003 \$
非流动资产					
房屋及机器设备	3	65,552,233	63,964,742	12,877,976	10,387,609
子公司	4	-	-	23,904,185	24,704,185
联号公司	5	39,876,857	32,456,370	27,163,530	18,594,530
其他金融资产	6	12,794,202	7,703,480	-	1,995,620
无形资产	7	3,245,110	131,454	-	-
递延税款资产	8	1,100,000	351,461	-	-
		122,568,402	104,607,507	63,945,691	55,681,944
流动资产					
其他金融资产	6	2,633,120	17,655,990	2,633,120	10,648,200
非金融资产	9	410,176	410,176	90,000	90,000
有待开发房地产	10	581,134	604,498	-	-
存货	11	25,482,071	15,719,438	10,436,665	9,934,555
应收账款及其他应收款	13	54,443,155	40,110,905	53,986,872	41,771,676
现金和现金等同物	17	51,621,571	16,345,828	44,905,715	11,833,722
		135,171,227	90,846,835	112,052,372	74,278,153
流动负债					
应付账款及其他应付款	18	33,237,521	27,021,033	23,886,299	27,480,502
付息借贷	19	4,361,057	3,408,050	-	-
应付当期税款		1,681,910	1,846,468	1,013,286	1,240,254
		39,280,488	32,275,551	24,899,585	28,720,756
净流动资产		95,890,739	58,571,284	87,152,787	45,557,397
非流动负债					
付息借贷	19	28,233,131	27,653,844	-	-
递延应付资产	8	621,253	230,030	44,198	22,000
		28,854,384	27,883,874	44,198	22,000
少数股东权益		(5,889,283)	(3,830,317)	-	-
净资产		183,715,474	131,464,600	151,054,280	101,217,341
资本	20	93,347,791	55,676,994	93,347,791	55,676,994
储备	22	90,367,683	75,787,606	57,706,489	45,540,347
股东资金		183,715,474	131,464,600	151,054,280	101,217,341

附注内容是财务报表的组成部分之一。

损益表 截至二零零四年十二月三十一日

	附注	集团 2004 \$	2003 \$
收入	23	160,118,475	149,762,755
售出产品成本		(115,547,339)	(108,285,347)
毛利		44,571,136	41,477,408
其他营业收入		4,252,989	7,341,025
分销费用		(18,659,749)	(13,370,475)
行政费用		(26,195,275)	(25,625,031)
其他营业费用		(946,753)	(553,721)
营业盈利	24	3,022,348	9,269,206
财务费用	25	(1,978,379)	(2,120,528)
联号公司盈利		3,863,036	1,753,171
经常性业务获得的税前盈利		4,907,005	8,901,849
所得税	26	(1,935,761)	(2,425,414)
经常性业务获得的税后盈利		2,971,244	6,476,435
少数股东利润		(407,758)	(294,246)
本期净利		2,563,486	6,182,189
每股盈利（分）	27		
- 基额		0.18	0.52
- 摊薄		0.18	0.52

附注内容是财务报表的组成部分之一。

Shareholding Statistics

15 March 2005

Authorised Share Capital : S\$100,000,000
 Issued and Fully Paid Capital : S\$93,347,791.25
 Class of Shares : Ordinary Shares of S\$0.05 each with equal voting rights

SUBSTANTIAL SHAREHOLDERS as at 15 March 2005

SUBSTANTIAL SHAREHOLDERS	NUMBER OF SHARES HELD		SHAREHOLDING PERCENTAGE %
	DIRECT INTEREST	DEEMED INTEREST	
Pemscorp Pte Ltd	413,185,000	-	22.13 (1)
QAF Limited	-	413,185,000	22.13 (1)
Andree Halim	-	413,185,000	22.13 (2)
Rich Life Holdings Pte Ltd	389,968,506	-	20.89
Hanny Magnetics (B.V.I.) Limited	-	405,356,506	21.71 (3)
Hanny Holdings Limited	-	405,356,506	21.71 (4)
Famex Investment Limited	-	405,356,506	21.71 (4)
Mankar Assets Limited	-	405,356,506	21.71 (4)
ITC Investment Holdings Limited	-	405,356,506	21.71 (4)
ITC Corporation Limited	-	405,356,506	21.71 (4)
Galaxyway Investments Limited	-	405,356,506	21.71 (4)
Chinaview International Limited	-	405,356,506	21.71 (4)
Dr Chan Kwok Keung, Charles	-	405,356,506	21.71 (4)

Notes:

- (1) Pemscorp Pte Ltd is a wholly-owned subsidiary of QAF Limited. QAF Limited is deemed to be interested in the shares held by Pemscorp Pte Ltd.
- (2) Pursuant to Section 7(4)(b) of the Companies Act, Andree Halim is deemed to have an interest through QAF Limited, which is deemed to have an interest through its wholly-owned subsidiary Pemscorp Pte Ltd, by virtue of his controlling interest in QAF Limited.
- (3) Hanny Magnetics (B.V.I.) Limited is deemed to be interested in the 389,968,506 shares and 15,388,000 shares held by Rich Life Holdings Pte Ltd and Cyber Generation Limited respectively, both of which are wholly-owned subsidiaries of Hanny Magnetics (B.V.I.) Limited.
- (4) Dr Chan Kwok Keung, Charles is deemed to have an interest through Chinaview International Limited, which is deemed to have an interest through Galaxyway Investments Limited, which is deemed to have an interest through ITC Corporation Limited, which is deemed to have an interest through ITC Investment Holdings Limited, which is deemed to have an interest through Mankar Assets Limited, which is deemed to have an interest through Famex Investment Limited, which is deemed to have an interest through Hanny Holdings Limited, which is deemed to have an interest through Hanny Magnetics (B.V.I.) Limited.

DIRECTORS' SHAREHOLDING as at 21 January 2005

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	2,922,500	-

Shareholding Statistics

15 March 2005

ANALYSIS OF SHAREHOLDERS as at 15 March 2005

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	127	1.62	30,795	0.00
1,000 – 10,000	2,061	26.34	14,963,228	0.80
10,001 – 1,000,000	5,558	71.04	398,159,420	21.33
1,000,001 and above	78	1.00	1,453,802,382	77.87
	7,824	100.00	1,866,955,825	100.00

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 15 March 2005, 55.87% of the issued ordinary shares of the Company is 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 2005

NO.	NAME OF SHAREHOLDER	NO. OF SHARES HELD	%
1.	Pemscorp Pte Ltd	413,185,000	22.13
2.	DBS Vickers Securities (S) Pte Ltd	272,791,350	14.61
3.	Rich Life Holdings Pte Ltd	201,168,506	10.77
4.	Southern Nominees (S) Sdn Bhd	95,000,000	5.09
5.	United Overseas Bank Nominees Pte Ltd	91,319,770	4.89
6.	DBS Nominees Pte Ltd	70,363,397	3.77
7.	HL Bank Nominees (S) Pte Ltd	43,003,000	2.30
8.	G K Goh Stockbrokers Pte Ltd	33,756,479	1.81
9.	OCBC Nominees Singapore Pte Ltd	33,676,969	1.80
10.	UOB Kay Hian Pte Ltd	28,700,450	1.54
11.	Goi Seng Hui	10,877,000	0.58
12.	OCBC Securities Private Ltd	9,830,000	0.53
13.	Tan Ling San	8,875,875	0.48
14.	Sim Huat Hoe	8,663,750	0.46
15.	Citibank Nominees Singapore Pte Ltd	7,158,200	0.38
16.	Teo Piak Lim	4,809,400	0.26
17.	Tan Koon Poh	4,637,850	0.25
18.	Goh Kai Kui	4,500,000	0.24
19.	Philip Securities Pte Ltd	4,272,201	0.23
20.	Kim Eng Securities Pte Ltd	4,216,000	0.23
		1,350,805,197	72.35

Notice of Annual General Meeting

(Incorporated in the Republic of Singapore)
(Company Registration No. 197400888M))

NOTICE IS HEREBY GIVEN that the Thirty-First Annual General Meeting of PSC Corporation Ltd will be held at The Ballroom, Level 2, Raffles Marina, 10 Tuas West Drive, Singapore 638404 on Thursday, 28 April 2005 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 2004 and the Auditors' Report thereon. **[Resolution 1]**
2. To declare a Final Dividend of 0.1 cents per share less 20% income tax for the year ended 31 December 2004. **[Resolution 2]**
3. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:
 - (a) Mr Richard Lui Siu Tsuen **[Resolution 3a]**
 - (b) Mr Tan Kong King **[Resolution 3b]**

Note:

Mr Chan Yeuk Wai is retiring in accordance with the Company's Articles of Association and is not seeking re-election.

Mr Chua Keng Hiang is retiring on his own accord from the Board and is not seeking re-election.

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\$351,000 for the year ended 31 December 2004. (2004: S\$331,000) **[Resolution 5]**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions 6 to 9 with or without amendments as ordinary resolutions:

6. "That the authorised share capital of the Company be and is hereby increased from S\$100,000,000 to S\$200,000,000 by the creation of an additional 2,000,000,000 ordinary shares of S\$0.05 each." **[Resolution 6]**
7. "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:
 - (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,

[Resolution 7]

Notice of Annual General Meeting

(Incorporated in the Republic of Singapore)
(Company Registration No. 197400888M))

(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);
 - (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."
8. "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 8]**
 9. "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 9]**
 - (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").

Notice of Annual General Meeting

(Incorporated in the Republic of Singapore)
(Company Registration No. 197400888M))

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 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 2005, 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 2005.

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 2005 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 2005 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 2005.

BY ORDER OF THE BOARD

Angela Chan
Company Secretary
Singapore

11 April 2005

Notice of Annual General Meeting

(Incorporated in the Republic of Singapore)
(Company Registration No. 197400888M))

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 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 increase the authorised share capital of the Company from its existing S\$100,000,000 comprising 2,000,000,000 ordinary shares of S\$0.05 each to S\$200,000,000 comprising 4,000,000,000 ordinary shares of S\$0.05 each. More details of the proposed increase in the authorised share capital of the Company is set out in the letter to shareholders enclosed with this Notice.
- 2) Proposed ordinary Resolution 7, 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 7 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 7 is passed, and (b) any subsequent consolidation or subdivision of shares.
- 3) Proposed ordinary Resolution 8, 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.
- 4) Proposed ordinary Resolution 9, 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)

本公司第31届常年股东大会将于2005年4月28日，星期四，早上11时正，于新加坡邮区638404，大士西通道10号，Raffles Marina, The Ballroom, 2楼举行。大会主要议程如下：

普通事项

1.

接纳截至2004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2004年12月31日止财政年派发每股0.1分的年终股息（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) Richard Liu Siu Tsuen先生[决议案三（甲）]
(乙) Tan Kong King先生[决议案三（乙）]

注：

Chan Yeuk Wai先生根据公司章程退休并且不寻求重选。

蔡敬贤先生自行决定退休并且不寻求重选。
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2004年12月31日财政年之董事酬劳S\$351,000 (2003年： S\$331,000)

[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9为普通修正决议或无修正决议:-

6.

新增额外2,000,000,000每股S\$0.05的普通股，使之公司注册股份资本从S\$100,000,000增加到S\$200,000,000。

[决议案六]
7.

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：

(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）。

(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。

[决议案七]

8.

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％）。

[决议案八]
9.

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:-

(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”）。

[决议案九]

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。

登记截止日期通告

为决定股东从本公司将于2005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2005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2005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2005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2005年5月18日派发支付。

奉董事会令

Angela Chan
公司秘书
于新加坡
2005年4月11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，公司之注册股份资本将从目前的每股S\$0.05的2,000,000,000普通股总和的S\$100,000,000增加到每股S\$0.05的4,000,000,000普通股总和的S\$200,000,000。更多有关此增加公司之注册股份资本提案，收录在附于此通知书的信件中。
- 2) 决议案七若通过，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七通过之际，而且必须在调整（甲）于决议案七通过时，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。
- 3) 决议案八若通过，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计划核发之选股权而须核发之股份。
- 4) 决议案九若通过，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信件中。

PROXY FORM ANNUAL GENERAL MEETING

PSC CORPORATION LTD
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

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 No.: _____

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 Thirty-First Annual General Meeting of members of the Company to be held at The Ballroom, Level 2, Raffles Marina, 10 Tuas West Drive, Singapore 638404 on 28 April 2005 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 Dividend		
3	Re-election of Directors:		
	(a) Mr Richard Lui Siu Tsuen		
	(b) Mr Tan Kong King		
4.	Re-appointment of Auditors		
5.	Approval of Directors’ Fees		
	SPECIAL BUSINESS:		
6.	Increase in authorised share capital of the Company		
7.	Authority for Directors to issue shares and convertible securities		
8.	Authority for Directors to issue shares pursuant to the exercise of Options granted under PSC Executives’ Share Option Scheme		
9.	Authority for Directors to buy back Shares		

Dated this _____ day of _____ 2005

Total Number of Shares held

Signature(s) or Common Seal of Shareholder

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes:

- 1) Please insert the number of shares in the Company you hold, either in the Depository Register (as defined in Section 130A of the Companies Act) or in the Register of Members, or both. If no number is inserted, the proxy form will be deemed to relate to all the shares in the Company held by you.
- 2) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company. Where a member appoints more than one proxy, the appointments shall be deemed invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
- 3) If any other proxy other than the Chairman of the Meeting is to be appointed, please delete the words “The Chairman of the Meeting” and insert the name(s) and particulars of the proxy/proxies to be appointed in the box provided. If the box is left blank or is incomplete, the Chairman of the Meeting shall be deemed to be appointed as your proxy. If the Chairman of the Meeting is appointed as a proxy, this instrument shall be deemed to confer on him the right to nominate a person to vote on his behalf on a show of hands.
- 4) The instrument appointing a proxy shall, in the case of an individual, be signed by the appointor or his attorney duly authorised in writing. In the case of a corporation, it must be executed either under its common seal or signed by its attorney or a duly authorised officer on behalf of the corporation. A corporation who 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 Meeting in accordance with Section 179 of the Companies Act.
- 5) 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.
- 6) A company shall be entitled to reject an instrument appointing a proxy/proxies if it is incomplete, improperly completed, illegible, or where the true intentions of the appointor is not ascertainable from the instructions contained in the instrument. The Company may also reject any instrument appointing a proxy/proxies where the appointor is not shown to have shares in the Company entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.