

## Reaching for Greater Heights

攀上更高峰



### Contents

08
12
20
23
24
25
26
28
36
46
63
68
69
70
71
72
74
76
126
132
133
141



How do we measure our growth?





### **NUTRITIONAL INFORMATION**

### VISION

To be a multi-faceted consumer essentials company with strategic investments in the region

### MISSION

Building strong partnerships, growing new markets

Fostering an open and creative culture, attracting and nurturing talent

> Providing innovative products, portfolio building, meeting stakeholders' needs

Achieving operational excellence

**Building strong financial capabilities** 

A product of PSCO Group



## SOYA MILK

### TRUCY CROCKAL

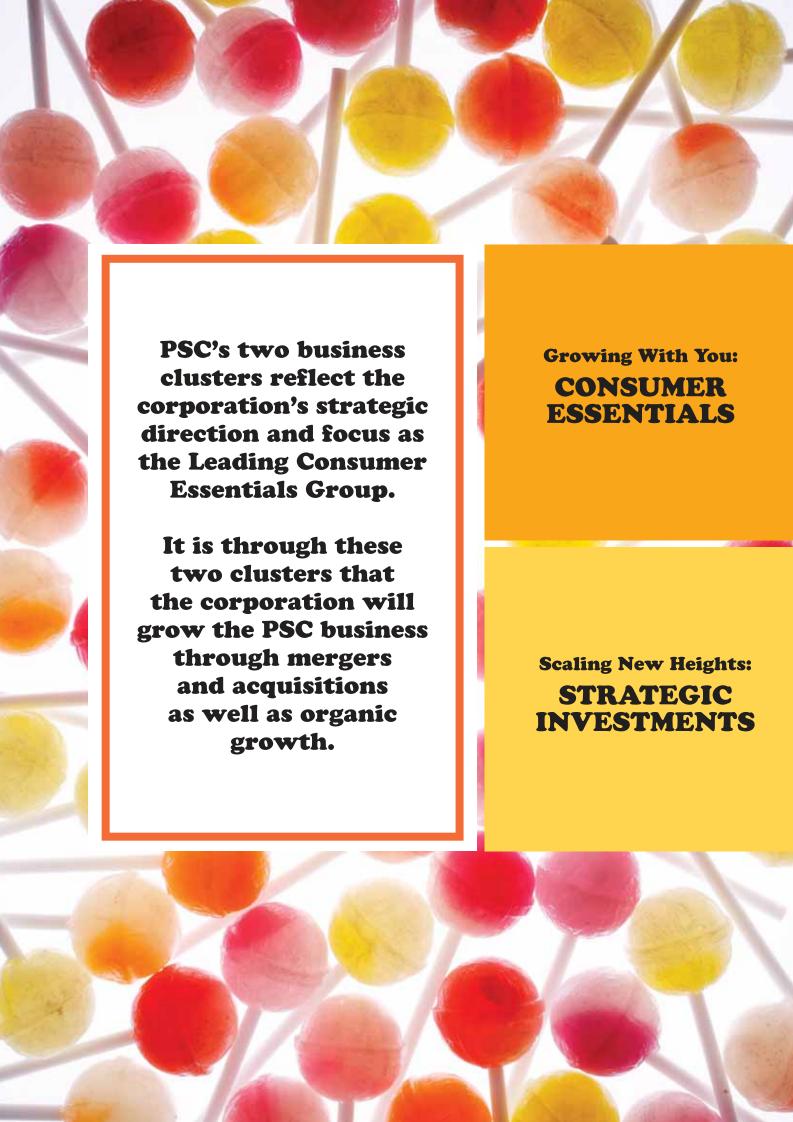
Once you've sectors
the test, admits leas ico haberta feel look life
antilog der will da. As the
power of Support for
patraised had not real
as committeed remain to
delening the sith distract bat
that you have great the
look had be prefet bles
of traditional look goodles
of traditional look goodles
of traditional look goodles

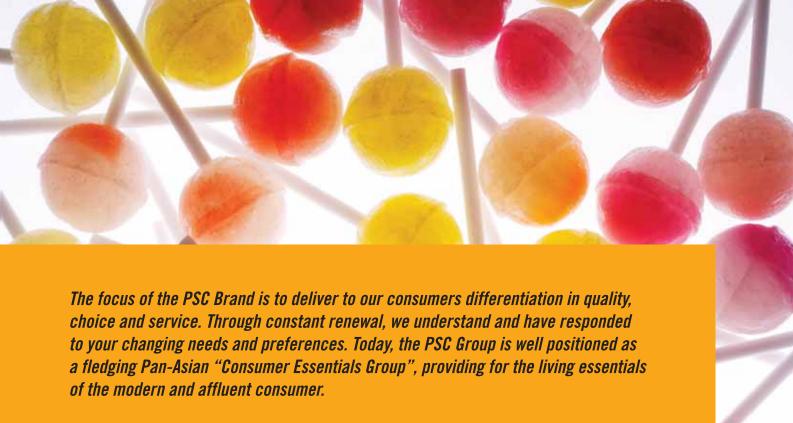


Sobe Cinginal
is an explired source
of posters. What's more,
you can here's rebulge
the full goodness
becoming that it is low in
saturated buty arcis.









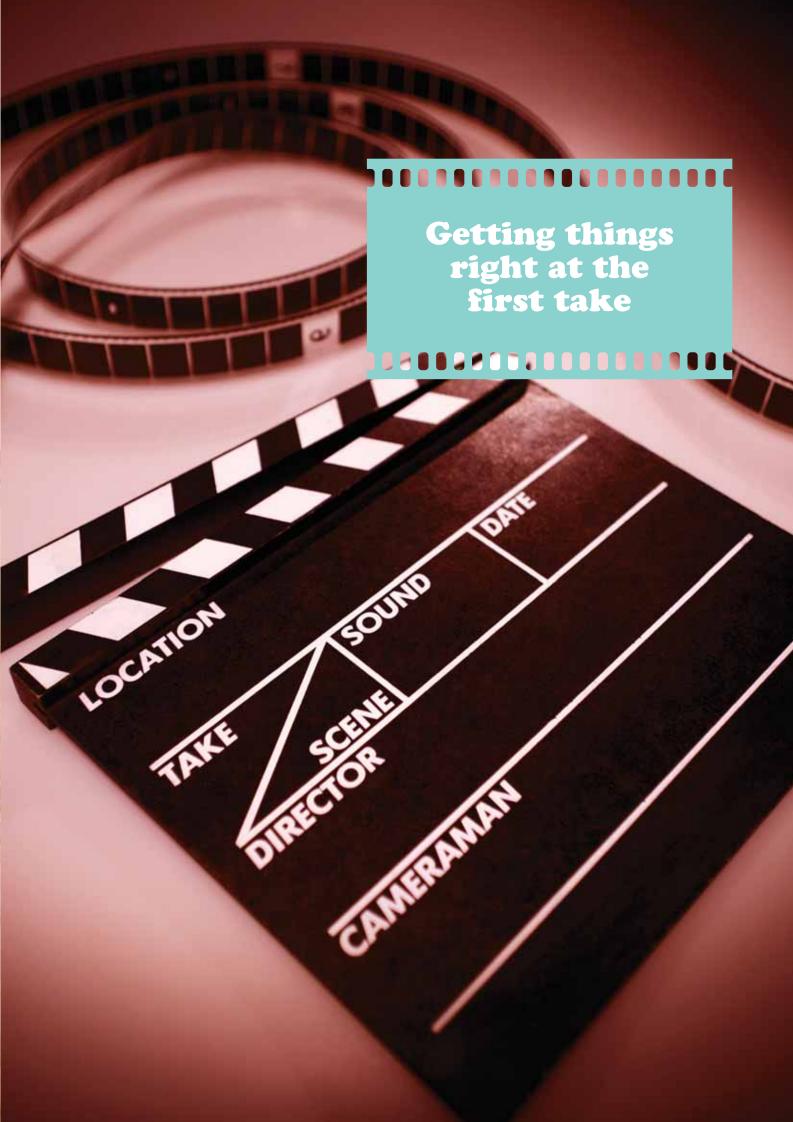
As the leader in consumer essentials, PSC will be bringing you more benefits, greater convenience towards a better, richer, easier and healthier lifestyle. Together, PSC will grow with you — our most valued consumer.

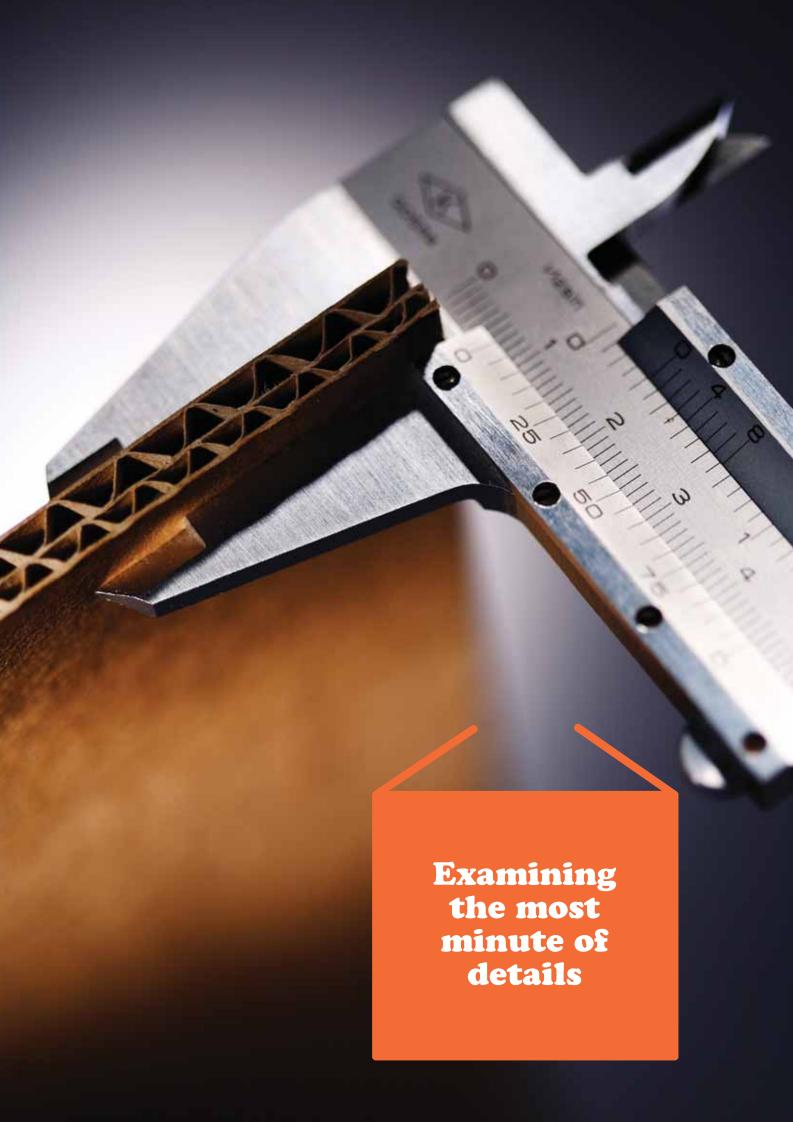
Our emphasis on generating shareholder returns and asset appreciation continues to drive PSC Corporation as a strategic investor. We have focused single-mindedly on what our customers want and how we can benefit from the growth and development in global markets.

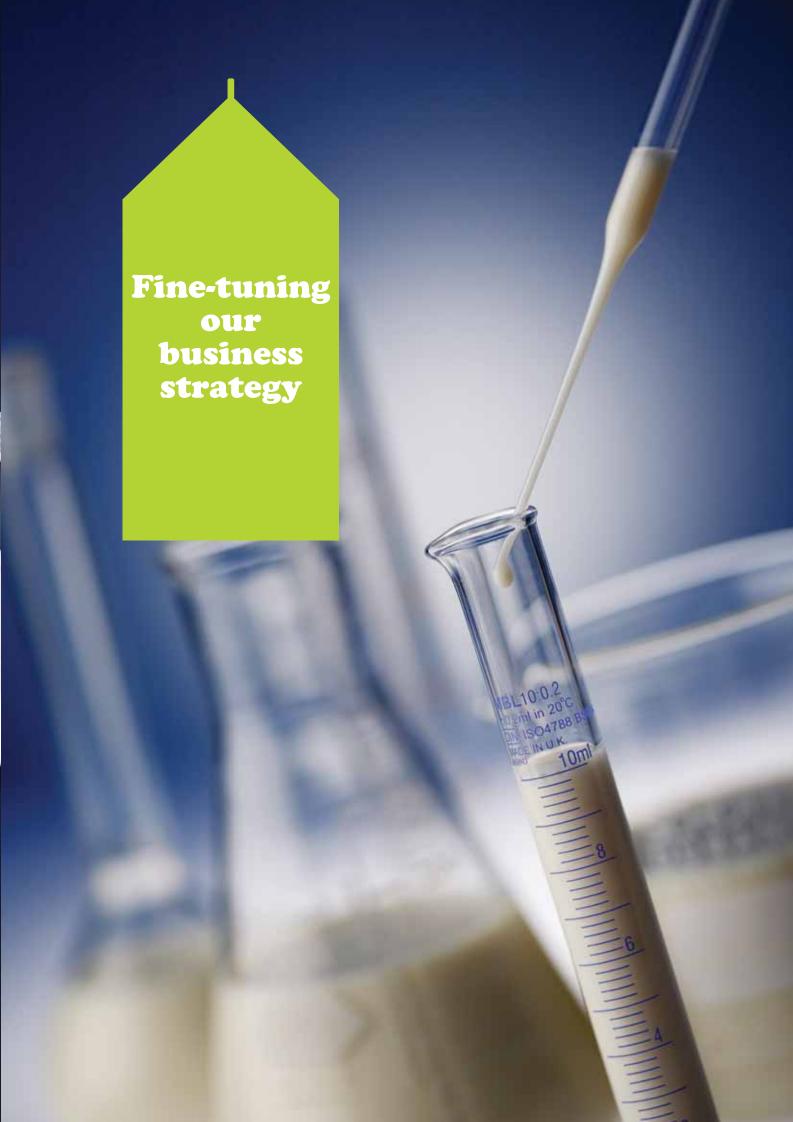
The relentless scale for new heights in investment opportunities is built on lots of intelligent insights, initiatives and actions within the businesses to bring on financial excellence and strategic growth.











## Executive Chairman's Message

that make us a great brand, our people have a passion for what we set out to deliver, anchored by good values and a strong ethical approach to business.

**Dr Allan Yap**Evecutive Chairman

Dear Valued Shareholders

### **Reviewing Our Actions**

This has been a steady year of measurable progress for PSC Group with a continued focus on the implementation of the numerous initiatives outlined in 2006. To complement the rapid expansion of our Group over the years, we set out to implement a comprehensive branding strategy designed to give our operations a competitive edge and stand out in local and global markets. There were numerous other activities and actions to follow through on the branding strategy. Despite global challenges such as increasing oil prices and a gradual slowdown of the US economy towards the end of 2007, our past year efforts have been encouraging with the PSC Group firmly entrenched in a leading brand position for taking our business operations and investments to greater heights.

### **Consolidating Our Financials**

For the year-end financial review ending 2007, we saw consistent performance and positive confidence in PSC Group among our stakeholders and shareholders. The Group's turnover for the financial year ended 31 December 2007 was \$261.93 million, an increase of 14.6% compared to \$228.54 million in the previous financial year. The increase was attributable to the higher turnover across all the business segments of Consumer Essentials, and Tat Seng Packaging, whose group turnover increased by \$19.80 million or 36.1% from \$54.81 million to \$74.61 million as compared to the previous corresponding year.

### **Growing Our Value**

We are defined by our core competence in Consumer Essentials and Strategic Investments. In the years ahead, we will leverage on our brand positioning as "The Consumer Essentials Group" to operate and invest in specific industries where we have strong competitive advantages in terms of experience and expansive drive. Our strength lies in our comprehensive range of commercial entities; the manufacturing of FMCG products, FMCG brand management and marketing, franchise management, health solutions, media education and entertainment. Through these offerings, we are able to live up to what consumers expect of us as their trusted brand.

### **Managing Our Value**

As value investors, we look into opportunities to benefit from changing consumer expectations and industry growth. In recent years, Asia has experienced a boom in its media and entertainment industries with homegrown movies and Asian directors producing award-winning movies. Consumer taste for entertainment now includes demand for Korean, Chinese, Taiwanese, Japanese and Asian styles in general. Even beyond Asia, the awareness and appreciation for Asian media and entertainment have increased with digital platforms carrying sounds and pictures to a broader audience at greater speed. These trends and consumer preferences have allowed InnoForm Media to seek out strategic partners and joint ventures to augment our services, bringing us closer to a wider audience.

Elsewhere in Asia, we continue to make inroads to China through Tat Seng, with expansions to existing plants and renovations for greater holding capacity. In 2007, we also incorporated a new Singapore subsidiary, Health Solutions Holdings, which is 89.7% owned by PSC Group, to be the holding company for our Malaysian and Australian operations. We continue to develop our capabilities to promote healthcare solutions and services in Asia and beyond. It allows us, as a group, to benefit from the growth in the needs of emerging markets for quality healthcare services and serving the more sophisticated needs of mature markets.

### **Appreciating Our People**

PSC Group has a strong tradition for quality, integrity and honesty. Of all the things that make us a great brand, our people have a passion for what we set out to deliver, anchored by good values and a strong ethical approach to business. I am especially encouraged by our efforts to provide our staff with a platform for development and success, building on our culture of integrity and excellence.

At the Board level, we continue to improve our strength through new knowledge and diversity of experience. I am very pleased to welcome Mr Jackey Chan who joined us as Non-Executive Director on 5 July 2007. We are also very glad to have Mr Teo Kee Bock join us as Executive Director with effect from 15 January 2008. Their vast experiences in consumer markets across Asia add a valuable dimension to our decision making process.

### **Acknowledgement**

I am deeply thankful for the inputs and insights of our Board members whose perspectives have sharpened our strategic focus and approach. On the same note, my appreciation goes out to our principals, business partners and customers. The directors, management and staff too deserve my deepest thanks for their hard work and dedication. The many activities that have taken place this year give encouraging signs that our progress is steady and on track. As we face another exciting year, there is a mood of excitement and energy around the PSC Group. This view is also being echoed by many of our stakeholders. Their support will give us strength as we continue to chart our journey into new horizons way beyond our humble beginnings.

Dr Allan Yap

**Executive Chairman** 

### 执行董事主席致辞

### 亲爱的股东们:

### 回廊

过去的一年是普威集团稳定成长的一年。公司落实了2006年所制定的多项计划,从而取得了显著增长。为了配合公司的迅速扩展,我们实施了全面的品牌推广策略来巩固营运优势,以便能在本地和区域市场的竞争中脱颖而出。同时,为了贯彻品牌推广策略,我们举办了各式各样的活动并实施了多项有效措施。虽然接近2007年底,新加坡的经济面临了石油价格上涨和美国经济放缓的挑战,我们的努力付出仍取得了骄人业绩。普威集团不仅巩固了领先品牌的地位,更在业务经营和策略投资方面迈上新的台阶。

### 稳健财务

在2007年底的年终财务报表中,我们能够看到股东和所有利益相关者对集团充满了信心。在2007年12月31日结止的财政年度中,集团营业额为2亿6193万元,同比增长14.6%。增长的幅度来自于集团旗下的民生必需品业务和达成包装(Tat Seng Packaging)业务的增长;其中,达成包装的营业额从上一年的5481万元增长到7461万元,同比增幅达36.1%或1980万元。

### 价值提升

集团的前景取决于我们的核心竞争力——民生必需品业务和策略性投资。在未来几年里,我们将凭藉"优质生活集团"的品牌定位及丰富的业内经验与扩展潜力,在集团的强势行业里进行经营和投资。我们的优势在于全面的商务实体:这包括畅销日用品的生产,品牌管理与营销、特许经营权管理、保健咨询服务以及媒体教育和娱乐。通过优质的产品和服务,我们将竭力满足客户对于品牌的期望。

### 价值管理

作为策略性投资者,我们会寻求机会,从不断变化的客户要求和行业增长中受益。近年来,亚洲媒体和娱乐行业形势大好,本地和亚洲的导演制作了多部获奖影片。消费者对娱乐传媒的品味需求逐渐广泛,对韩国、中国、台湾、日本和其他亚洲风格电影的需要日益提高。数码平台的采用使音像制品更快速地传递给更广泛的顾客群,因此亚洲以外地区的人们对亚洲媒体和娱乐的关注喜爱程度也越来越高。这种趋势促使新格媒体(InnoForm Media)寻求策略合作伙伴,组建合资企业等方式扩大业务,使我们的产品贴近更广泛的观众群。

在亚洲其它地区,我们继续通过达成包装进军中国市场,包括对现有工厂的扩建和翻新来扩展生产力。在2007年,我们将在马来西亚和澳洲的营运股份合并,成立了由普威集团控股89.7%的子公司 Health Solutions Holdings 。我们会继续开发营运潜力,扩充在亚洲及其它地区的保健咨询服务。对整个集团而言,这将使我们受益于新兴市场对高品质保健服务的广泛需要,进一步符合成熟市场复杂而多变的需求。

### 感谢员工

普威集团在品质、正直和诚实方面拥有浓厚的传统文化,这些优点造就了我们的品牌,同时我们的每一个员工都对工作充满热忱。他们秉持优良的价值观和高度的道德操守,为实现我们的共同目标而竭力奋斗。集团也一向努力为员工提供充分的发展机遇和工作平台,为此我深受鼓舞。

在董事会方面,我们会不断尝试和掌握各种新知识并累积各种新体验。我真诚地欢迎陈锡年先生于2007年7月5日加入公司,担任非执行董事,也由衷感谢张骐牧先生于2008年1月15日加入公司,担任执行董事。他们在亚洲消费市场的丰富经验将为我们的决策提供最宝贵的价值。

### 致谢

在此,我对董事会成员所提出的意见和见解深表谢意,他们的观点使我们的策略重点和方向更为清晰。同时,衷心感谢我们的代理委托商、商业伙伴和客户,以及公司董事、管理层和员工的辛勤付出、兢兢业业。去年举办的多项活动都频频出现令人鼓舞的表现,显示了我们向着正确的轨道稳步前进。在步入又一个振奋人心的一年之际,普威集团内部充满了喜悦和生机,相信我们的股东和相关人士也为之振奋。在我们大步向前继续奔向美好的前景时,他们的支持将为我们增添了无限动力。

# Managing Director & CEO's Message

deep knowledge of the markets in Asia, which will continue to be the fastest-growing region of the world in the foreseeable future. Together, these attributes give us a tremendous platform for achieving new success based on growth and innovation.

Mr Foo Der Rong
Managing Director & CEC



### Dear Valued Shareholders

The year 2007 was an exciting one for PSC Group as we continue to strengthen our operations and branding efforts. Step by step, we are on a measured journey to ensure the PSC Group keeps ahead of changes in the industries we serve and the global business environment. It has been an important year in which we have identified issues and laid out what needs to be done. I am pleased to be able to share and review the pace of progress we have made in 2007:

### **Financial Tracking**

We delivered another robust financial performance that is on track with our progress. The Group turnover reached \$261.93 million for the financial year ended 31 December 2007, an increase of 14.6% compared to \$228.54 million in the previous financial year. The increase was attributed to the higher turnover across all the business segments of Consumer Essentials and the Packaging business of Strategic Investments.

Our Consumer Essentials business segment achieved higher turnover of \$180.08 million in FY 2007, an increase of 6.2% over FY 2006. The business continued to expand its market coverage in both Singapore and Malaysia through ongoing promotional activities, capitalising on the strength of its established distribution network. For the media business, it enhanced its product coverage by marketing popular films and drama serials. The turnover in FY 2007 on our Health Solutions improved to \$7.24 million from \$4.22 million in FY 2006 from ongoing projects, coupled with new projects.

The Packaging business segment reported turnover of \$74.61 million in FY 2007 as compared to \$54.81 million in FY 2006. The increase was mainly due to the inclusion of full year results of Hefei Dansun Packaging Co., Ltd, which became a subsidiary of Tat Seng Packaging on 26 September 2006, in the current year's turnover and better performance of Tat Seng Suzhou. The plants in Singapore and China continued to improve its productivity and efficiency in generating higher profits. Even without the sales contributed by Hefei Dansun for current and corresponding year, Tat Seng Packaging still achieved an 18.2% growth in sales revenue.

The Group's gross profit for FY 2007 was maintained at 23.4% in line with FY 2006. Other operating income improved from \$1.95 million in FY 2006 to \$9.31 million in FY 2007, contributed mainly by the gain in sales and leaseback of a subsidiary's property and gain from dilution of interest in a subsidiary.

The Group's share of profit after tax of associates declined from \$5.20 million in FY 2006 to \$2.25 million in FY 2007 due to lower profit reported by associates in Singapore, Australia and China. The Group's profit before income tax in FY 2007 was \$12.29 million as compared to FY 2006's profit of \$12.17 million.

As a result, the net profit for FY 2007 was \$10.92 million, higher than FY 2006's net profit of \$10.54 million by 3.6%. The net profit attributable to shareholders for FY 2007 was \$7.58 million as compared to \$8.72 million profit reported for FY 2006.

### **Steady Progression**

The Group explored and identified areas of businesses to be further developed in order to maintain the momentum of progress in its various business clusters. In the Consumer Business segment, the Group continues to build on its strength and core competence in distribution and supply chain management, FMCG brand building, manufacturing and franchise operation. Though competition is expected to be intense, the Group remains focused on expanding its customer base through various marketing initiatives and introduction of new product lines into the market. Barring any unforeseen circumstances, the Group's consumer business in Malaysia will continue to perform within expectations as the business structure and management are ready to exploit market opportunities.

The iEcon stores reshaped their relevance to keep ahead of changing consumer lifestyle and competition from other players. PSC held a pilot run of the iEcon Service Quality workshop to 13 iEcon franchisees and their employees in September. Following good responses, more such workshops will be organised for the benefit of all our franchisees. Other business initiatives have also been discussed and adopted by enterprising iEcon stores.

Another significant development has been the distribution of Chupa Chups. Chupa Chups, arguably the world's most famous icon of fun and excitement for kids and adults alike, is a welcome addition to the many brands being distributed under the PSC wing in Singapore and Malaysia.

As we stretch our lead in consumer essentials, we also share our customers' passion for healthy, safe, and fresh essentials. Our efforts are geared towards providing leadership in delivering healthy, quality products. This year, Fortune Fresh Ginseng and other soybean related products were also introduced in a conveniently consumable form to cater to consumers' needs for health and nutrition. As the leader in consumer essentials, PSC will always look into ways to bring to our consumers easy, consumable nutrition towards a better and healthier lifestyle.

### **Towards New Success**

As a Group, we have a very deep knowledge of the markets in Asia, which will continue to be the fastest-growing region in the world in the foreseeable future. Together, these attributes give us a tremendous platform for achieving new success based on growth and innovation.

In 2007 we strengthened our focus on our strategic investments as well as core areas of business. In particular, a new Singapore subsidiary, Health Solution Holdings, was incorporated as part of the restructuring of our Health Solutions group. This move signals our aspiration for the Health Solutions group to become a global player in the expanding healthcare industry in Asia, Australia, Middle East and India. We seek to build on the successful track record of the Health Solutions group and position it to be a leading healthcare company.

Beyond healthcare, we are also moving on in the media and entertainment front, where we continue to build our market-leading footprint through InnoForm Media, and offer greater choices to the communities. On 25 February 2008, we acquired Alliance Entertainment Singapore, the exclusive distributor of Hollywood home video entertainment programmes in Singapore. From this year, InnoForm Media is able to supply and lease computerised music hardware and software, and venture into areas of Karaoke-On-Demand and new businesses. With networks already established in selected Asian countries, and with the ability to offer more services coupled with partnerships with major partners, the InnoForm Media group is poised for greater success in the coming years.

### **Solid Investments**

Since our acquisition of Tat Seng Packaging group in 2005, we have successfully synergised Tat Seng's activities with that of the Group to generate value and financial asset capabilities. The growth momentum of Tat Seng group will be from China operations as the countrywide paper and paper board output is expected to increase. Our two China operations would therefore be expected to reap new business opportunities.

Through its subsidiary, Hefei Dansun, Tat Seng is extending its lead in China. Facilities are being expanded at Hefei Dansun to meet the expectant business potential of the rapidly developing economic zone in Hefei. A re-layout of the plant began in the first quarter of 2008, and its completion will ensure uninterrupted process flows, thereby improving efficiency at production.

Tat Seng Suzhou is being expanded to house coating machines and to increase storage space. To ensure the supervisors are well-equipped with skills and knowledge to excel at their work functions, training was conducted with assistance from well-qualified consultants. Regular reviews will ensure the standard and qualifications of trained people are maintained throughout the year.

Concurrent with the theme of growth is the progress of the Intraco group. In the quest for new heights, the Intraco group has streamlined and re-categorised its operations into five defined business sectors – Agri-Business & Foods, Environment & Energy, Industrial Materials, Building Materials & Security Solutions, and Semiconductors. Bolstered by an established international network of partnerships and alliances, Intraco group serves as a viable launch pad for companies seeking regional expansion.

### 1

### **Outlining Our Responsibilities**

Beyond our operations and businesses, we continue to be deeply committed to the communities that we serve. Through various channels, we are able to support the larger communities in which we operate. Our sponsorships of community activities include the National Street Soccer League – Lee Hsien Loong Challenge Trophy, and the Pedal for Hope 07/08, an initiative by the Ministry of National Development. In addition, we also contributed through charity events, the most memorable ones being the SGX Bull Run, a charity fun run by the Singapore Exchange and the Kallang-Paya Lebar Expressway (KPE) Family Day-cum-Charity Walk-a-Jog.

### A Great Place to Work

As we grow our portfolio, we also grow the diversity and profile of our people at PSC Group. In the past few years, we have attracted new talented people, as well as retain the expertise and skills of those who know us as family. There is a good mix of people at PSC Group supported by a robust Human Resource team. We will continue to provide various opportunities for the self-development and career growth of our people. These range from training, workshops, fitness classes, health talks, seminars and events to ensure our people have a healthy work-life balance and modern working environment. Our support for our people is in keeping with meeting their essential needs, and giving back to them what they have given to the company.

### Conclusion

We are a major player in the industries and markets in which we operate; I would like to thank our people, past and present, for making this happen. My heartfelt appreciation also goes to our customers, suppliers, financial associates and shareholders. Their combined dedication, insights and contributions have been instrumental in the progress and growth of PSC Group.

As we continue to make our mark in our multi-faceted businesses, we will look ahead with the focused mission to build on partnerships, foster a conducive environment for talents, provide innovation and achieve excellence for operations and shareholder returns.

**Mr Foo Der Rong** 

**Managing Director & CEO** 

### 董事经理兼总裁致辞

### 亲爱的股东们:

2007年对于普威集团来说是令人振奋的一年,我们不断加强了经营和品牌推广的力度。我们正以稳健的步伐向前迈进,使普威集团在服务领域和国际商业环境的变化中始终保持领先。这是关键性的一年,我们发现了有待解决的问题并制定了强有力的措施。我很高兴能在此与您分享和回顾我们2007年所取得的进展:

### 财务状况回顾

在2007年12月31日结止的财政年度中,我们再一次取得了强劲的业绩增长,并保持了良好发展势头。集团的营业额达到2亿6193万元,同比增长了14.6%。增长主要来自于集团旗下的民生必需品业务和策略性投资的包装业务。

我们的民生必需品业务在2007财政年度的营业额达到1亿8008万元,同比增长了6.2%。该业务通过长期持续的促销活动和完善的分销网络,不断扩大市场覆盖面。在媒体业务方面,公司通过发售广受欢迎的电影和电视剧,来扩展产品范围。Health Solutions 则受益于进展中项目和开创的新项目,营业额同比增加302万元。

相比于2006财政年度的5481万元营业额,包装业务在2007财政年度的营业额增加到7461万元。主要的增长原因是将在2006年9月26日成为达成包装子公司的合肥丹盛包装公司的全年营业额纳入包装业务的营业额中,同时达成苏州公司也取得了良好业绩。新加坡和中国的工厂皆提高了生产效率,创造了更可观的利润。即使不把合肥丹盛包装公司当年和相应年份的销售额包括在内,达成公司的包装业务销售收入仍然增长了18.2%。

集团在2007财政年度的毛利率维持在23.4%,与2006财政年度一致。其它营业收入则从2006财政年度的195万元提高到2007财政年度的931万元,主要得益于销售和售后回租子公司的物业,以及在子公司的利息摊薄所取得的收益。

集团关联公司的税后盈利由2006财政年度的520万元下降至2007财政年度的225万元,这是由于在新加坡、澳洲和中国的关联公司盈利下降所致。集团在2007财政年度的税前盈利为1229万元,2006财政年度则为1217万元。

因此, 2007财政年度的净利润为1092万元, 与2006财政年度的1054万元净利润相比, 增长了3.6%。2007财政年度 应付股东净利为758万元, 而2006财政年度则为872万元。

### 稳健成长

集团一直以来都在不断探索有发展潜能的业务领域,确保各个业务领域都保持良好发展势头。在民生必需品业务领域中,集团一如既往的投身于分销、供应链管理、畅销日常用品的品牌建立、以及制造和特许经营等业务,加强其优势和核心竞争力。尽管预期竞争激烈,集团仍通过各种营销手段来推出新的产品系列,坚持把重心放在扩大客户基础上。除去不可预料的情况,集团在马来西亚的民生必需品业务的组织结构和管理层已为挖掘市场潜力做好充分准备,其业务增长将达到预期要求。

iEcon 商店已经开始重塑品牌形象,应对消费者不断变化的生活方式和业内竞争所带来的挑战。普威集团于9月试点性地向13个 iEcon 特许经营商店及员工开办了"iEcon 服务质量计划"的讲习会。由于反应良好,公司将会举办更多类似的讲座,使特许经营者受益。而富有创业精神的 iEcon 商店也兴致昂扬的积极参与讨论和采纳有效提升业务的措施。

另一个重要进展是我们已争取到 Chupa Chups 的独家分销权。Chupa Chups 可说是世界最具代表性的著名儿童和成年人的乐趣标志,这无疑为普威集团在新加坡和马来西亚所分销的众多品牌中增添了另一个重量级品牌。

在扩大民生必需品领先地位的同时,我们也非常理解客户对健康、安全、新鲜的需求,并竭尽所能为他们提供健康和高品质的产品。这一年里,我们以方便、可直接食用的形式推出了鸿运鲜人参和其它豆制品,以迎合消费者对健康和营养的需求。作为民生必需品领域的领导者,普威集团一直想方设法为消费者提供可方便食用的营养产品,使消费者的生活更美好、更健康。

### 迈向新的成功之路

作为一个集团,我们非常了解亚洲的各个市场,而这些市场在可预见的将来仍会是世界发展最快的地区。这些可预见 因素为我们提供了一个巨大的平台,使我们能够在发展和创新的基础上达到新的成就。

2007年,我们加强了策略性投资和核心业务。值得一提的是,我们在重组 Health Solutions 集团时,组建了新的子公司 Health Solution Holdings。这一举措标志着 Health Solutions 集团在亚洲、澳洲、中东和印度等地区的保健业务向国际化方向迈步前进。我们会在 Health Solutions 以往成功业绩的基础上继续发展壮大,并把它定位为领先的保健公司。

除了保健领域之外,我们也踏入媒体和娱乐市场的最前线,我们通过新格媒体(InnoForm Media)继续加强在市场中的领先地位,向广大群众提供更多的选择。我们于2008年2月25日收购了 Alliance Entertainment Singapore, 该公司是好莱坞家庭影像娱乐节目在新加破的独家分销商。在新的一年,新格媒体会参与电子化音乐硬件和软件的销售和出租业务,并涉足"随选卡拉OK(Karaoke-On-Demand)"的领域。由于新格媒体在某些亚洲国家已建立了相关网络,因此有资本提供更多更完善的服务,加上与主要商业伙伴的合作,新格媒体集团已经做好充分准备,在未来几年的业绩会有更丰硕的收获。

### 坚实投资

自2005年收购达成包装集团以来,我们已成功的将达成的业务活动与集团的业务活动整合在一起,共同创造价值和财务资产。由于预计中国各行业对纸张和纸板的需求量增加,因此达成集团未来的增长动力将会来自于中国业务。因此,我们在中国的两个工厂有机会直接接触新的商机并发挥它们的潜能。

达成集团正积极通过其子公司合肥丹盛扩大在中国的领导地位。为了把握合肥这个正在迅速发展的经济区的商业潜力,合肥丹盛公司于2008年第一季度开始重新规划布置工厂,竣工后将确保无中断的生产流程,从而提高生产效率。

达成苏州公司也在如火如荼地进行扩建,以容纳涂层设备和增加仓储空间。为了确保所有管工都能出色地履行职责, 公司委任了资深顾问为他们进行培训并定期审核,确保受训人员能保持应有水准。

集团的关联公司新加坡国际贸易公司集团采取了同一发展方向。为了攀登新的高峰,该集团精简机构并将业务重新划分为五个领域——农业与食品、环境与能源、工业材料、建筑材料与保安产品,以及半导体。在已建立的国际合作与联盟网络的支持下,该集团可作为寻求在本区域扩展公司的跳板,为国际公司服务。

### 我们的责任

除了生产和经营之外,我们也继续致力于回馈社会。通过各种不同渠道,我们能更广泛的支持我们的社会。我们赞助的社区活动包括"全国街头足球联赛 - 李显龙挑战杯(National Street Soccer League - Lee Hsien Loong Challenge Trophy)"以及由国家发展部主办的"Pedal for Hope 07/08"。另外,我们也通过慈善活动贡献力量,其中最令人难忘的活动是由新加坡股票交易所主办的乐趣赛跑 SGX Bull Run,以及"加冷-巴耶利峇快速路(KPE)家庭日-与慈善行兼跑(Kallang-Paya Lebar Expressway (KPE) Family Day-cum-Charity Walk-a-Jog)"。

### 良好的工作场所

随着我们产品和服务的扩展,普威集团的员工也日趋多元化。在过去几年中,我们除了拥有一批忠诚的雇员外,也积极吸纳了人才。在强有力的人力资源团队的支持下,普威集团的员工融洽相处,相辅相成。我们将继续为我们的员工提供多元化的自我发展和职业晋升机会,包括培训、讲习会、健身课程、健康讲座、专题研讨会和其它活动,来确保我们的员工在拥有现代化工作环境之余,更要平衡工作与生活的时间安排。我们为员工所提供的支持将着重于体现并满足其合理化要求,并根据所付出的贡献予以相应的回报。

### 结束语:

在相关的市场和行业中,我们是重要的一员。在此,我要感谢我们的员工在过去和现在为公司所做出的努力和贡献。 我还要对我们的客户、供应商、金融伙伴以及股东表示诚挚的谢意。他们敏锐的洞察力和始终如一的支持,在普威集团的 发展和成长中发挥了不可磨灭的影响力。

在继续开展多元化业务的同时,我们将放眼未来,着重建立合作伙伴关系,不断创新进取,争取更出色的经营业绩和股东回报。

符德荣

董事经理兼总裁

### **Board of Directors**



**DR ALLAN YAP**Executive Chairman





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 26 years. He is the Executive Director of Intraco Limited and Tat Seng Packaging Group Ltd. He is also the Independent Director and Chairman of the Nominating Committee of Sino Techfibre Limited and an Independent Director of China Farm Equipment Limited.

Mr Foo has a wealth of experience and knowledge in business development, corporate restructuring, investment strategies and operations management in the FMCG, service and manufacturing industries.



**DR JOHN CHEN SEOW PHUN**Deputy Chairman /
Non-Executive Director

Dr Chen sits on the Board of a number of publicly listed companies. He was a Member of Parliament from 1988 to 2006. 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 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 a member of the Institute of Chartered Accountants in England & Wales, the Australian Society of CPAs, the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants in U.K. He has more than 27 years of 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, and an Executive Director of Wing On Travel (Holdings) Limited; both companies are Hong Kong-listed. He is also a director of MRI Holdings Limited, a company whose shares are listed on the Australian Stock Exchange. Mr Lui holds a Master of Business Administration degree from the University of Adelaide in Australia.



MR TEO KEE BOCK
Executive Director

Mr Teo is the founder, Chairman and Managing Director of homegrown company, Super Coffeemix Manufacturing Ltd, and has more than 37 years of experience in leading and managing businesses. He is also the Chairman of Fuji Offset Plates Manufacturing Ltd, a Singapore-listed company since 25 March 1988. Mr Teo has been active in community services and was accorded the PBM - Pingat Bakti Masyarakat (The Public Service Medal) in 1993 and the BBM – Bintang Bakti Masyaraka (The Public Service Star) in 1998. He was also conferred the Honorable Citizen status by the Changzhou Peoples' Government in 2002, and clinched two Ernst & Young entrepreneur awards in 2006. He is currently the Honorable Committee Member of the Management Committee of Ren Ci Hospital & Medicare Centre and Patrons for Kebun Baru Citizens' Consultative Committee and Fengshan Citizens' Consultative Committee.



MR CHEE TECK KWONG PATRICK
Non-Executive Director/

Independent Director

Mr Chee Teck Kwong, PBM, has been an Independent Director of PSC Corporation Ltd since 1980 and is the current Audit Committee Chairman. Mr Chee holds a Bachelor of Laws (Hons) Degree from the University of Singapore. He has been in private legal practice since 1980. He is now a Senior Legal Consultant with KhattarWong.

Mr Chee is a Notary Public and a Commissioner for Oaths. He is a member of Singapore Institute of Arbitrators, Singapore Institute of Internal Auditors 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, Singapore Windsor Holdings Limited, Hengxin Technologies Ltd and Tat Seng Packaging.

Mr Chee is active in community service and is the Vice Chairman of Teck Ghee Community Club and the Organising Chairman of the National Street Soccer League. 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 TAO YEOH CHI Non-Executive Director / Independent Director

Mr Tao has a strong background in human resource management and is one of the founding members 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 LIEN KAIT LONG
Non-Executive Director /
Independent Director

Mr Lien Kait Long was appointed as the Independent Director and Chairman of the Nominating Committee of PSC Corporation Ltd on 1 June 2005. He has over 37 years experience in accounting and finance, corporate management and business investment. He has held a number of senior management positions as well as executive directorships in various public and private corporations in Singapore, Hong Kong and China. He currently serves as an Independent Director on the boards of several Singapore and Chinese companies listed on the Singapore Exchange. The listed companies that he has present and prior experience in are from diverse industries including manufacturing, stockist cum trading, telecommunications, oil & gas, consumer, textile and food & beverage. Mr. Lien holds a Bachelor of Commerce Degree from Nanyang University, and is a Fellow member of the ICPAS and CPA Australia.



MR CHAN SEK NIN JACKEY
Non-Executive Director

Mr. Chan is presently holding the capacity of Chief Operating Officer in Hanny Holdings Limited and has over 15 years of solid experience in sales and marketing in connection with the media industry by holding senior positions in Television Broadcasts Limited. He also has extensive experience in property development, project management and strategic alliance management by holding senior positions in other private and public listed companies.

### **Constitution of the Board Committees**

### 1. AUDIT COMMITTEE

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

### 2. NOMINATING COMMITTEE

- Mr Lien Kait Long (Chairman)
- Dr John Chen Seow Phun
- Mr Chee Teck Kwong Patrick

### 3. REMUNERATION COMMITTEE

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

### **Senior Management**



### Mr Chong Fah Shang

Executive Vice President Group Consumer Business

Mr Chong has more than 20 years of regional management experience in consumer business. Previously General Manager of Revlon Consumer Products International (South East Asia Region) and Director of Business Development of PepsiCo Foods International, he also held various senior positions with Malaysia Dairy Industries and Yeo Hiap Seng Ltd. He holds a Bachelor of Commerce (Economics & Management) from the Nanyang University.

### Ms Lena Teo Wai Leng

Senior Vice President Group Human Resource / Corporate Services / Special Projects

Ms Teo has over 17 years of experience in human resource, corporate services, business development and general management with MNCs in the manufacturing, FMCG 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

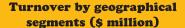
Mr Tang has more than 22 years of experience in food manufacturing, distribution, international business and franchising with MNCs and SMEs. He holds a Bachelor of Commerce degree from Nanyang University and an MBA from Henley Management College of the United Kingdom.

### Ms Wong Juan Meng

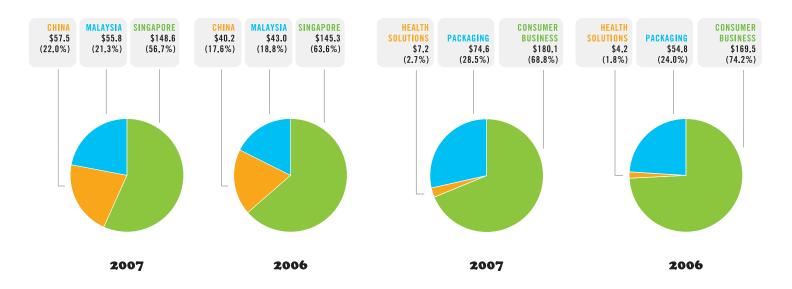
Group Financial Controller

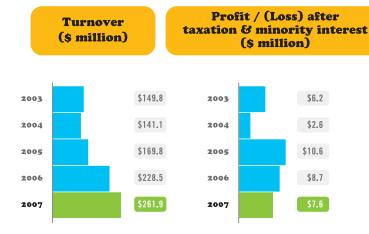
Ms Wong has more than 22 years of regional experience in audit, finance, corporate finance, treasury and risk management in industries ranging from FMCG, property and hospitality. She holds a Bachelor of Accountancy degree from the University of Singapore and is a member of the Institute of Certified Public Accountants of Singapore.

### **Group Financial Summary**



### Turnover by business segments (\$ million)







- \* Based on weighted average no. of shares in issue during the year after taking into account the rights issue in 2004.
- # Based on weighted average no. of shares in issue during the year after taking into account the share consolidation and rights issue in 2007.
- \* Based on the number of shares in issue as at 31 December 2003 after taking into account the rights issue in 2004.
- # Based on the number of shares in issue as at 31 December 2006 after taking into account the share consolidation and rights issue in 2007.

### **Corporate Information**

BOARD OF DIRECTORS

Allan Yap

Executive Chairman

**COMPANY SECRETARIES**  Chew Kok Liang

Tea Han Guat

Foo Der Rong

Managing Director / CEO

REGISTERED OFFICE

348 Jalan Boon Lay Singapore 619529 Tel: 6268 4822

John Chen Seow Phun

Deputy Chairman / Non-Executive Director

Richard Lui Siu Tsuen

Chee Teck Kwong Patrick

Non-Executive Director /

Independent Director

Executive Director

SHARE REGISTRAR M&C Services Private Limited

138 Robinson Road #17-00 The Corporate Office Singapore 068906

Teo Kee Bock

Executive Director

**AUDITORS** 

**KPMG** 

Certified Public Accountants (Partner in charge – Quek Shu Ping, since FY2005) 16 Raffles Quay #22-00

Hong Leong Building Singapore 048581

Tao Yeoh Chi

Non-Executive Director / Independent Director

Lien Kait Long

Non-Executive Director / Independent Director

**BANKERS** 

United Overseas Bank Limited

Development Bank of Singapore Limited

Standard Chartered Bank

Chan Sek Nin Jackey

Non-Executive Director

## Celebrating the PSC brand

PSC Corporation has been an active and dynamic player in the FMCG industry. Our consumers and stakeholders have welcomed our range of products and services over the years, making PSC a leader in many of their household choice.

In 2007, we celebrated the PSC brand with a brand and communications strategy in which we firmly established our position locally and regionally as "The Leader in Consumer Essentials". Building on the strengths that have given PSC our branding and competitive advantage, the repositioning of the PSC brand sharpens our focus and clarity for active entry and engagement in present and new markets.

Our way of doing business has always been guided by our core values and responsibilities to serve our stakeholders: to the public, we deliver economic value, quality and innovative products; to our shareholders, we deliver sound financial returns; to the people who work at PSC, we provide a conducive working environment that allows them to nurture their careers; to the community, we strive to give back and contribute. To strengthen our PSC brand, we will continue to consistently deliver to exceed customers' expectations, as we hold true to our brand promise - Innovation, Dependability, Passion and Leadership Confidence.

Innovation is the test of our resilience to rapidly changing market conditions and competition, as we continue to fulfil our mission of building innovative products and services. Dependability with a sense of passion defines our people and operations and brings on a sense of pride to being part of the PSC Group. Leadership Confidence distinguishes us as a leader in the markets and is the reason why our consumers continue to grow with us.

### Our People, Our Assets

PSC is where we are today because of our people. We are shaped by the values of our heritage, and we continue to be transformed and renewed by the perspectives of our brand, and the energies and resourcefulness of each generation. Collectively, our values, capabilities and continued commitment will ensure PSC's growth and success.

As champions of our brand, our people are imbued with a renewed sense of pride, energy and responsibility. At PSC, we recognise the value each individual brings. In our HR policies and processes, we aim to attract and retain talents by providing them the right environment and motivation to actively participate and charter the growth of PSC.

Globalisation and current market conditions have given people more choices in their job options. People with talent have greater choice than before in deciding who they want to work for and where they want to work. Employee concerns are changing as people focus not only on salary issues, but equally on work-life balance and career progression. Our range of businesses serves every sector of the community, and in the same manner, PSC as an employer is committed to being a choice employer for all our people.

Great emphasis is being placed on our people and our products as well as our service excellence. We take great pains in creating a working environment that is modern, comfortable in every way, a pleasant mix of office and nature. Work-life balance is supported with initiatives such as fitness classes, health talks and workshops with programmes covering our employees' physical and mental wellness.

Our culture allows our people to take ownership of their own development. These range from managing our priorities as part of a team to our ongoing learning through courses and training, supported by PSC. We continue to focus on developing capabilities and capacities as we seek out new talents and retain existing ones. We regard every employee as part of the greater PSC family. Through this sense of togetherness, passion and family spirit, we aim to inspire our people to grow the company and share the fruits of our labour.



### Consumer Essentials



As consumers become more affluent and aware with changing lifestyles, PSC has remained relevant by reinforcing our strength, commitment and differentiation in consumer essentials. True to our position as the leader in consumer essentials, we can better deliver economic value, quality and innovative products and services to you, our customer. This further gives us the opportunity to play an even greater role as a responsible corporate citizen towards the local communities that we operate in. It is this bedrock of success that will drive our presence and operations in local and regional markets.

During the past year, we have continued to set new standards, underlining our product innovation with Beautex, Fortune Ginseng, to name a few. With the increased services and products in Heath Solutions, Media and Education, our consumer essentials division is well poised to provide for the holistic needs of the modern consumer. From manufacturing, sourcing, packaging, distributing, marketing, retailing and managing, PSC is truly a multi-faceted consumer essentials company for the regional market.

### Franchise Management and Marketing

We are very proud that the chain of mini-mart franchise has continued to innovate to adapt and keep abreast of competition and new consumer needs. The first phase of change and innovation saw the conversion of Econ mini-marts to iEcon to keep pace with modern lifestyle. The strategic and accessible location of each outlet makes our mini-marts extremely convenient as a provider of consumer essential products. As we embark on the next wave of change and modernisation to better serve our loyal customers and reach out to younger and new customers, we continue to live up to the service reputation that is the hallmark of our mini-marts. To strive for service excellence, service quality workshops were conducted to raise the service levels of the franchisees and their staff. The passion to serve, to stay relevant and to offer customers what they want in the new age of convenient shopping will see our mini-marts adapt and improve in their product offerings to be the best and friendliest convenient outlet for consumers.



Our iEcon mini-marts are committed to build up its brand equity supported by PSC's efficient supply chain, information management and operation systems, advertising and promotion campaigns. Entrepreneurs can look forward to the proven business model of the iEcon Franchise for a great franchise opportunity to join a family with a history of success and repute.

### FMCG Manufacturing, Marketing and Brand Management

One of the key foundations of PSC's consumer essentials category is in marketing and brand management.

Topseller, with its capabilities in distribution, sales and marketing is a leading player in the FMCG industry. Topseller has under its distribution list many brands that are famous household brands such as 3M, Yeo Hiap Seng, Lion, Sara Lee and Kikkoman.

One outstanding player that has been built to great success in the consumer essentials category is Royal Umbrella Rice, sometimes better known to consumers by its attributes of 100% pure Thai Jasmine rice. Royal Umbrella has, in a matter of years, built up a leading position in a highly competitive environment. It is today widely recognised as a premium rice brand, a firm favourite among consumers and a household brand. Consumers appreciate it for its deep aroma, soft, slightly clingy and fluffy texture and the ease that they can purchase the product from various distribution outlets. In 2007, Royal Umbrella celebrated 21 years of quality and good taste. The celebrations included a thought for the environment as Royal Umbrella embarked on a "Save the Earth" campaign with free woven shopping bags given away with every purchase of Royal Umbrella Fragrant Rice. Royal Umbrella has aided in the cause to encourage consumers to use less plastic bags and save the earth.

In spite of new entrants into a highly competitive rice market, Royal Umbrella continues to strengthen its position as a market and brand leader. It bagged the Gold Winner of Reader's Digest Trusted Brands 2007, the fourth consecutive year it has received awards in the rice category. This achievement was made possible from nomination and votes by readers in seven Asian markets, confirming the high status and regard consumers have for this premium rice brand.

Golden Circle Oil is another acclaimed brand distributed by Topseller. In keeping with their business responsibility to always offer consumers a healthier choice, Golden Circle launched two new variants Canola Oil and Sunflower Oil, each rich in nutrients and benefits. Beyond a new look and packaging, Golden Circle range of oils is cholesterol-free, each carrying the *Healthier Choice* symbol by the Health Promotion Board. They are readily available at iEcon outlets and selected mini-marts.

As Topseller grows its portfolio, it has identified the snack and confectionery line of business as a key component to support its strategic growth. In line with this direction, Topseller successfully established a business partnership with Perfetti Van Melle (PVM), the third largest confectionery group in the world. The result of this partnership is the appointment of Topseller as the sole distributor for Chupa Chups and Smint in Singapore in April 2007. This decisive partnership marks Topseller's foray into the snack and confectionery business.

Since taking on the Chupa Chups account, Topseller has rolled out Chupa Chups display units at 7-Eleven stores, redressed Chupa Chups display units during Christmas, introduced Chupa Chups Standees and Side Cap displays at selected stores to strengthen its branding and visibility. It has also successfully listed Chupa Chups & Smint at 7-Eleven, NTUC, Fairprice Xpress, Cheers convenience stores, Cold Storage, Shop N Save, Carrefour and Toys R Us stores, making it easily available. As a brand, Chupa Chups lollipops convey a sense of fun, vibrancy, cheerfulness and excitement. Smint has in the meantime re-positioned itself as a dental friendly mint with the key ingredient, Xylitol, that whitens teeth. In line with the clear brand positioning and statements, two Topseller vans were sent for a complete make-over to convey these key messages through strong visuals.

Leveraging on the strengths of our distribution network in Malaysia, Socma Trading, PSC's subsidiary and the sole distributor of Chupa Chups in Malaysia, teamed up with 20<sup>th</sup> Century Fox Film in Malaysia to launch the animated movie *Alvin and the Chipmunks* and promote the popular lollipop. In all, there were seven consecutive road shows every weekend during which free movie tickets of *Alvin and the Chipmunks* were given with the purchase of Chupa Chups items. The happy crowds were delighted in the events as they sang, danced and took photos with the costumed characters. This was a highly successful event as Chupa Chups effectively conveyed the pleasure of the brand to all its consumers with positive associations.

As Chupa Chups celebrates 50 years of excitement and existence in 2008, PVM will be opening a Chupa Chups plant with state-of-the-art facilities in Vietnam. This will greatly improve the efficiency of the supply chain and reduce the lead time required for stock deliveries. There is certainly a lot to look forward to when it comes to Chupa Chups.

Taking into consideration the increasing emphasis on healthy lifestyle, Socma Trading also offers consumers healthier choices with the launch of Carbonell Pure Olive Oil and Extra Virgin Olive Oil. For variety, larger packages of Tai Sun Roasted Peanut, Peanut Cracker, Oriental Mix, Broad Beans and Broad Beans (Onion & Garlic) in 180 grams were launched, allowing consumers more choices to enjoy their favourite snack from a well-known household brand.

Manufacturing is also a key industry in which PSC has a strong presence in. As one of the leading players in the manufacturing and chilled food industry in Singapore, the position of Fortune Food, PSC's food manufacturing and distribution arm, gives it an in-depth understanding of consumer trends and it has always been committed to delivering healthy and quality products.

Fortune Food expanded its portfolio of quality products with the launch of Fortune Fresh Ginseng, which comes in an easy and consumable form to meet consumers' needs for healthy and wholesome products. The new Fortune Pressed Tofu was also introduced to give health-conscious consumers another option in planning their meals.

With its competitive edge, Fortune Food is also the preferred local partner in the distribution of many well-known product brands. It has partnered with DIMES, a Turkish fruit juice company, to be the exclusive distributor of DIMES 100% Fruit Juice in Singapore. Fortune Food is not only the distributor for some of PSC's popular house brands such as Royal Umbrella Fragrant Rice, Gitangkim Rice, Golden Circle Oil, OKOME Shortgrain Rice and Singpo Detergent Powder, it has also achieved the distribution of other brands such as Sinsin, a popular brand of sauces and seasonings, and JA Rice, Japanese short-grain rice which is well-received by the local Japanese community.

PSC's Malaysian subsidiary, Tipex Trading, a leading consumer paper product manufacturer, was featured in Singapore Books of Record 2007 for being the first to launch a complete range of premium and economical three-ply tissue product for its BEAUTEX range. It was also the first to offer the 30-roll bathroom tissue jumbo pack in Singapore. As a leading player in the industry, Tipex has launched a very unique product - the Beautex Mosquito Repellent Wipes - to meet consumer needs during the dengue fever period in Singapore. The special attributes of the wipes makes it effective as a shield to protect against mosquito and insects for an effective 6-hour, thereby making it very popular.

### **Health Solutions**

One of the primary concerns and a much emphasised topic for consumers worldwide is healthcare. PSC, a leader in consumer needs, is well positioned and at the forefront of addressing these concerns.

2007 is the year in which we incorporated a new Singapore subsidiary, Heath Solutions Holdings Pte Ltd, to be the holding company for our Malaysian and Australian operations. This move signalled our intent to become a major player in the provision of healthcare services and solutions in Asia and beyond.



Middle East - In 2007, Health Solutions made many strategic moves in preparation to be a leader in the industry within the region. We secured a significant contract for the design, planning and medical equipment planning consultancy for a surgery complex of a government hospital in Basrah, Iraq. Further headways into the Middle East markets include the procurement of two hospital construction projects in Saudi Arabia from a Saudi contractor, Al-Mobty Company for Contracting. These hospital projects, located respectively in Al-Lith and Al-Mukhwah in Saudi Arabia, are undertaken under a joint venture headed by Health Solutions.

It is also believed that healthcare is likely to be given priority in the national provisions of the Middle Eastern governments as they continue to intensify the development of their respective national infrastructures. With such intensification, the commercial potential for healthcare is expected to be lucrative and vast. As such, the group will seek to strengthen its base in the Middle East to tap into this potential market.

Philippines - We successfully completed a five-year management stint at De Los Santos Medical Center in Quezon City, Philippines, and recorded an organic growth in excess of 90% in operating revenue. A local management team was successfully nurtured and molded to skillfully undertake the hospital management services, creating a solid platform for an aggressive business model expected to be launched in the next five years. In its extension of the management contract, Health Solutions continues to maintain control over the operational management of this facility. Plans are also underway to further develop its specialties to remodel the Medical Center into a specialist facility, with an aim to ride on the good standing established thus far, besides providing a value-add to the healthcare services in this region.

Indonesia - In Semarang, Rumah Sakit Telogorejo's (RST) financial and operational performance under the management of Health Solutions surpassed the expectations of its owner, the Telogorejo Health Foundation. Operating revenues, margins and profits have increased steadily, giving the Foundation added confidence to further expand its facility. In response to the demands and needs, a master plan, prepared by Health Solutions, is in place to increase bed capacity from its current 286 to 450 beds. This is expected to be completed in three years. Upon completion of the expansion, the hospital is expected to be one of the leading healthcare providers in Central Java. RST was also voted the best managed organisation in a FORKUM gathering, a communication forum held annually by a group of foundation hospitals and nursing academies. At the same forum, RST was also selected to be the leading change agent in the FORKUM group.

China - The exclusive wellness Centre in Shanghai held by an associate company of PSC, China Worldbest Health Solutions Holdings Co., Ltd, was rebranded and repositioned in a bid to bolster bleak business operations pursuant to PSC's inheritance of operations management from the majority Chinese shareholder. A new business name "East Bund International" (EBI) was adopted to reflect a unique members-only wellness Centre in the attempt to create a niche in Shanghai. In line with its repositioning, several well-known international aesthetic brands were procured to offer their products and services at EBI and affiliations for referrals with other international clubs were also established. However, due to inherited complications, EBI's business operations still face significant difficulties in China, therefore currently, PSC is striving to improve its status by considering strategic alliances and exploring potential partnerships in order to enhance the business prospects of this wellness Centre.

Vietnam - In spite of fierce competition from existing and new competitors, Health Solutions' Family Care International Clinic in Vietnam had registered an 82% growth in its revenue. This is largely due to the efforts and actions of pragmatic marketing strategies, spearheaded by a highly competent and dynamic team and supported by strong commitments from its medical and non-medical staff. Continued efforts are being made to increase awareness on the importance of health screening amongst corporate clients, and also to focus on building a strong and loyal customer base through a unique privilege card programme. Alliances with other healthcare providers such as the Raffles Hospital in Singapore maintaining the Clinic as one of its Overseas Associates has also strengthened the presence and branding of our Health Solutions' Family Care International Clinic in Vietnam.

Malaysia - Under the Asian Development Bank Regional Technical Assistance (RETA), Health Solutions continued, throughout 2007, to work closely with the Disease Control Division of the Ministry of Health Malaysia to strengthen the country's epidemiological surveillance and response for communicable diseases. In addition to implementing the approved country's work-plans, Health Solutions also successfully organised the RETA's Subregional Technical Consultation, hosted in Kuala Lumpur in September 2007 and attended by representatives from Indonesia, Malaysia and Philippines, as well as from the relevant international organisations.

In addition, Health Solutions is also actively involved in several hospital development projects in Malaysia. One notable assignment involves the design, construction, completion, equipping, commissioning & maintenance of the nuclear and radiotherapy medical centre for the government of Malaysia in Kota Kinabalu, Sabah, Malaysia. 2007 was also a year when the group's in-house capabilities such as Medical Equipment Planning has been recognised. Its qualified and experienced Medical Equipment Planning team has been engaged for various hospital development projects, including a rehabilitation facility in Malaysia. The group intends to continue building and enhancing its in-house capabilities in areas such as Medical Equipment Planning and Hospital Information Systems.

### **Media Education and Entertainment**

InnoForm Media has been actively acquiring rights for video and theatrical releases over the years. In 2007, the company ventured into movie co-production as part of its expansion plans.

We are pleased to have our first co-produced local movie, *Just Follow Law*, directed by local celebrity Jack Neo, the veteran in Singapore's movie industry. Apart from delivering a successful box office, the movie also won honours for Singapore. The male lead, famous Singapore artiste, Gurmit Singh, was nominated for Best Leading Actor in the 44th Golden Horse Awards in 2007, against other renowned actors.

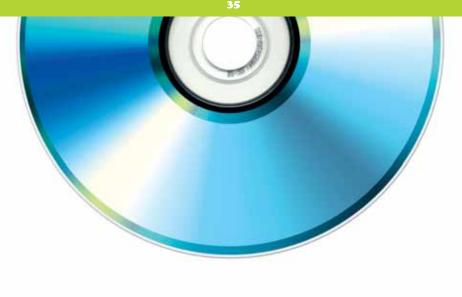
Next on the list is *Men In White*, directed by Kelvin Tong, and *Pleasure Factory* directed by Director Ekachai Uekrongtham. The release of *Pleasure Factory* captured much attention in the local community. *Pleasure Factory* was also selected to participate in many film festivals including the prestigious Cannes Film Festival and Pusan International Film Festival.

Apart from co-production, InnoForm Media has also been actively acquiring theatrical rights ranging from movies from Hong Kong, Taiwan and Thailand, as well as popular Japanese animation.

Some of the hit movies acquired include *Invisible Target*, directed by Mr Benny Chan, *The Detective* starring heavenly king Aaron Kwok, *Secret* starring and directed by Asian pop star Jay Chou, and war epic *The Warlords* directed by Peter Chan and starring Jet Li, Andy Lau and Takeshi Kaneshiro. *The Warlords* was viewed as the Asian blockbuster of the year and created a sensation by scoring box office success in China and many Asian territories.

We have also increased our involvement in the domain of Japanese animation, or anime, acquiring rights for popular anime for the big screen. *Vexille*, from the creators of *Appleseed*, did well boosting our confidence in this genre. In the coming months, we can look forward to more Japanese animation such as the release of *Evangelion: 1.0 You Are (Not) Alone*.

Korean drama serials have been a major global hit and we are very pleased to be able to consistently release Korean dramas in the second half of 2007. We initiated the Korean Kraze campaign to promote the release of dramas such as *Prince Hours*, *H.I.T.*, *Behind the White Tower*, *Coffee Prince* and many more. The campaign was strongly supported by many partners and the response towards the campaign was positive. We certainly have the plans to churn out similar campaigns in the near future.



InnoForm Media also released the highly anticipated Taiwanese Idol Drama Hanazakarino Kimitachine starring S.H.E and Fahrenheit. Some other releases include Tokyo Juliet starring heart throb Wu Chun and Ariel Lin, Angel Lovers starring Alex To, Ming Dao and supermodel Coco Chiang. Moving forward, InnoForm Media will be involved in movie acquisition and movie productions. Movie releases along the pipeline in 2008 include Three Kingdoms Resurrection of the Dragon 《三国之见龙卸甲》 starring Asian megastar Andy Lau and international actress Maggie Q.

A marked achievement by InnoForm Media is the acquisition of Alliance Entertainment Singapore, the exclusive distributor of Hollywood motion pictures and home video entertainment in Singapore, on 25 February 2008. This enhances InnoForm Media's diversification into the manufacturing and distribution of home video entertainment, further strengthening and increasing its market share in Singapore.

Another significant event is the appointment of InnoForm Entertainment as the exclusive licensee by the nine major record companies - Asiamuse Entertainment, EMI Music, Forward Music, HIM Music, OceanButterflies Music, Rock Records, SONYBMG Music, Universal Music and Warner Music. With this move, we will be able to make extensive repertoires of music videos available to Karaoke-On-Demand (KOD) Operators. We will also be authorised to collect licence fees on behalf of the record labels from KOD operators for the reproduction of the record labels' music videos and thereafter by the KOD Systems at karaoke outlets in Singapore. This has been with effect from 1 April 2007 and is a substantial stride in our expansion and growth.

InnoForm Digital Media, a joint-venture company formed by InnoForm Media and three individual joint-venture partners, will act as a technical support team to InnoForm Entertainment. In the coming months, InnoForm Digital Media will seek to increase the KOD's market shares, undertake advertising and look into growing demand for digital platform IPTV technology.

Collectively, InnoForm with its extensive offerings will be able to reinforce its role to keep up its lead as the entertainment provider in Singapore and beyond.

# Strategic Investments

As the region transforms and grows, PSC has the opportunity to reshape our investment focus and strengthen our portfolio. Our strategy is to invest in promising enterprises for sustainable development and growth. As a strategic investor, we seek opportunities with the aim of creating and maximising shareholder returns and value for our investments.

## **Tat Seng Group**

One of Singapore's leading manufacturers of corrugated paper packaging products, Tat Seng Packaging designs, manufactures and sells corrugated paper packaging products for a diverse range of industries. With a clientele encompassing a wide range of industries including multi-national corporations and local manufacturers in the electronics, electrical, plastic and metal stamping, pharmaceutical, chemical and other exporting related industries, Tat Seng has three plants, one in Singapore, and two in Suzhou and Hefei, China to meet their unique demands.

Tat Seng Suzhou, a fully owned subsidiary of the Tat Seng group, is being expanded to house coating machines and to increase storage space. Tat Seng Suzhou is expected to reap more economies of scale as increase in business volume and improvements in productivity optimise the utilisation of the expanded production capabilities.

Hefei Dansun, Tat Seng's subsidiary in China, has been identified and accredited by two major Chinese consumer electronics manufacturers, Gree Electric Appliance Inc. of Hefei and Hefei ChangHong Meiling Electric Applicance Co., Ltd as the main supplier of their packaging requirements.

Singapore's economic growth in 2008 is expected to be slower as compared to the growth in 2007 and the shortage of paper and increase in paper cost will create an impact in the corrugated paper industry. Nevertheless, the company is cautiously optimistic that Singapore operations would maintain a modest growth.



## **Intraco Group**

In the quest for new growth levels, the group has streamlined and re-categorised its operations into five clearly defined business sectors – Agri-Business & Foods, Environment & Energy, Industrial Materials, Building Materials & Security Solutions, and Semiconductors.

The Agri-Business & Foods sector focuses on the integrated global procurement, processing and value-add customisation of Agricultural and Food products. These products include Coffee, Frozen Seafood, Fertilisers as well as other Agri-Commodities.

The Environment & Energy sector concentrates on environmentally friendly Integrated Energy Saving Lighting Solutions and Lighting Management Solutions which help customers to minimise electricity usage and therefore, lower operating costs.

The Industrial Materials sector focuses on the integrated global procurement, trading and marketing of industrial materials, including Metals and Minerals, Plastics and Petrochemicals, inter alia. Going forward, the sector will strive to develop a sustainable product mix from multiple sources close to customers' delivery points so as to achieve lower transportation costs and delivery lead time.

This sector concentrates on integrated global procurement, trading and design, and consultancy services in building and security solutions. The range of product and service offerings includes Conventional Lighting, Cable, Furnishing, Water-themed Parks/Aquariums, Biometric, RFID Airport Baggage Handling, Container Scanners, and Security Training Facilities and Programmes. Solutions are customised to meet customers' needs and to lower operating costs.

The Semiconductors sector concentrates on the distribution of semiconductors and computer components including the AMD processors, as well as the provision of embedded and wireless design services and solutions to global customers.

# 强化普威品牌

普威集团一直是畅销日常用品行业中主动性强且充满活力的经营者。多年来,我们的各种产品和服务深受广大消费 者和相关人士的喜爱,普威集团已成为他们家庭用品的首选品牌。

在2007年,我们为强化普威品牌而采用了"品牌与沟通"的策略。在这一策略中,我们确立了集团在本地和区域的 定位——"步入优质生活的领域"。凭借我们的卓越实力,普威集团将能够秉持明确的方针,清晰的方向,积极而有力地 冲击和渗透现有市场和新市场。

我们的经营方针一直是以我们的核心价值和为利益相关者服务的责任为导向:对于公众——我们提供经济实惠、高品质的新兴产品:对于股东——我们提供稳健的财务回报;对于集团员工——我们提供理想的工作环境和光明的事业前景;对于社会——我们热心公益,回馈社会,竭尽所能做出贡献。为了强化我们的普威品牌,我们将持之以恒地满足客户需求,切实履行我们的品牌承诺——创新、可靠、热忱和领导地位的自信。

我们对新产品和新服务的不断研发与创新是能否迅速应对市场变化与竞争的考验。我们的经营模式和充满热忱的团 队精神,足以让每一位普威成员感到骄傲和自豪。对于领导地位的自信更使我们卓越不群,也正是消费者一如既往选择我 们的原因。

# 我们的员工,我们的资产

普威集团能发展到今时今日的规模,我们的员工功不可没。我们所传承的价值观成就了今日的普威,凭藉品牌实力、每一代人的才干和努力,我们不断改革推陈出新,与时并进。我们的价值观、能力和坚持不懈的奉献精神将确保普威集团的发展和成功。

作为品牌的捍卫者,我们员工的内心充满自豪、干劲和责任。普威集团认可每个人所创造的价值。我们积极吸引和 保留人才,为人才营造适宜的环境和发展空间,激励他们参与并促进集团的发展。

全球化影响和目前的社会状况使人们在选择工作时有更多的空间和方向,尤其是拥有才能和潜力的人,他们的选择 范围可谓是广之又广。而人们对于工作的关注角度也在不断提升变化,不仅关心薪金多少,并更注重工作与生活的协调和 职业前景。普威集团的业务广泛,服务种类繁多,绝对是炙手可热的首选雇主。

我们重视员工、产品与服务水准,竭尽所能地创造现代化的工作环境,并加强办公区域与自然环境的和谐融洽。同时通过开办健身课程、健康讲座、讲习会等有益身心健康的活动,来协助员工平衡工作与生活。

我们的企业文化使员工主动关心自身发展。这不仅包括发扬团队精神,更在集团的支持下通过各类的课程培训不断学习进步。在发掘人才和保留人才的同时,我们也着重提高员工的能力和才干。我们视每名员工为普威大家庭的一员,通过这种充满友爱、热忱和一家人似的心灵纽带,激励我们的员工为公司的发展贡献力量,并共同分享劳动成果的喜悦。

# 民生必需品

随着消费者生活水平的提高及生活方式的改变,普威集团也随之加强在民生必需品领域的实力、经营力度和特色,从而保存市场价值。我们是民生必需品领域的领先者,拥有充分的实力向客户提供更经济、更高品质和更新颖的产品服务。这使我们有机会作为一个企业公民对社会做出更大的回报。我们成功的基础将推动我们在本地和全球市场中的生产和经营。

在过去的一年,我们继续制定新的标准,强调产品创新,例如 Beautex、鸿运鲜人参等品牌。随着我们保健、媒体和教育等产品服务的增加,我们的民生必需品部门为满足现代消费者需求已做好充分的准备。从生产、寻找货源、包装、分销、营销、零售以至管理,普威集团是区域市场上名副其实的多元化民生必需品公司。

#### 特许经营权管理与营销

值得我们骄傲的是,迷你市场特许经营连锁业务持续不断的创新,以应对市场竞争和满足消费者的新需求。在变革和创新的第一阶段,我们将宜康(Econ)迷你市场转变为 iEcon,与现代生活保持同步发展。每个迷你商店都设在显要且方便的地理位置,能非常便利地为消费者提供日常所需。我们正在着手新一轮的现代化改革,在为忠实的老顾客提供更完善服务的同时,也吸引更多的新顾客和年轻顾客,继续巩固我们迷你市场引以为标志的服务声誉。为了争创优异的服务水平,我们开办了服务品质讲习会,提高特许经营业者及员工的服务水准。在这个购物便利的年代,讲求的是热情服务、与市场同步、不仅要满足顾客所需,更要做到"只有顾客想不到,没有我们做不到"的理念。为此,我们的迷你市场将不断调整和改善其产品和服务,力争成为最佳、最友善的便利店。

在普威集团的高销量供应链、资讯管理和经营系统、广告和促销活动的支持下,我们的 iEcon 迷你市场十年如一日的 致力于营造品牌价值。iEcon 特许经营的商业模式为企业家提供了极佳的经营机遇,让他们有机会加入这个拥有成功经验和良好声誉的大家庭。

## 畅销日常用品生产、营销与品牌管理

普威集团民生必需品类别中的重要基础之一就是营销和品牌管理。

Topseller 在分销、销售和营销方面具有很强劲的实力,在畅销日常用品行业中处于领先地位。在 Topseller 所分销的产品中,有许多是家喻户晓的知名品牌,例如3M、杨协成、Lion、Sara Lee、Kikkoman 等。

在民生必需品领域中,皇族安培哪香米是取得巨大成功的品牌之一,其100%泰国纯香米的特点为消费者所熟知。皇族安培哪香米在短短的几年内就在激烈竞争中脱颖而出,建立了领先地位。目前它已被普遍视为优质香米品牌、消费者喜爱的品牌和家用产品品牌。它以持久的芳香和松软的口感,以及购买便利而深受消费者的青睐。2007年,公司为皇族安培哪举办了21周年庆祝活动。为了表示对环境保护的支持,皇族安培哪开展了"拯救地球"活动,消费者每次购买皇族安培哪香米时都能免费获得一个环保购物袋。皇族安培哪以实际行动鼓励消费者使用环保袋来拯救地球环境。

尽管一直有新品牌进入竞争激烈的稻米市场,皇族安培哪坚持不懈地巩固其市场和品牌的领先地位。它荣获"读者文摘2007年度值得信赖品牌金奖(稻米类)",这也是它连续四年在这个类别中获得奖项。这个奖项是由7个亚洲市场的读者提名和评选的,证实了这个优质稻米品牌在消费者心目中的地位和受重视的程度。

金圈(Golden Circle)食用油是另一个由 Topseller 分销的畅销品牌。为了履行金圈品牌坚持为消费者提供更健康选择的商业责任,金圈推出了两个极富营养的新产品——芥花籽油和葵花籽油。金圈一系列的食用油均不含胆固醇,除了崭新的外观和包装外,标签上还有保健促进局的"更健康选择"(Healthier Choice)标志。这些食用油在 iEcon 商店和指定迷你商店皆可买到。

Topseller 在扩大其产品范围时,也把糖果业务列为其策略发展的主要支柱之一。Topseller 成功地与世界第三大糖果集团 Perfetti Van Melle (PVM)建立了商务伙伴关系,于2007年4月被委认为 Chupa Chups 和 Smint 在新加坡的独家分销商。这一明确的合作关系标志着 Topseller 已成功进军糖果领域。

自开始销售 Chupa Chups 以来,Topseller 大规模地在 7-Eleven 商店设立了 Chupa Chups 展示架,在圣诞节期间更隆重装饰 Chupa Chups 展示架,另外也选择性地在某些商店推出了 Chupa Chups Standees 和 Side Cap 展示品,以加强品牌推广,更引人注目。Topseller 还成功地把 Chupa Chups 和 Smint 列入 7-Eleven、NTUC、Fairprice Xpress、Cheers便利店、Cold Storage、Shop N Save、Carrefour 和 Toys R Us 等商店的商品目录,使消费者随处都可购买到。Chupa Chups 棒棒糖品牌要传达的是一种充满乐趣、活力、快乐和兴奋的感觉。与此同时,Smint则定位为对牙齿有益的薄荷糖,其主要成分木糖醇能够洁白牙齿。为了配合明确的品牌定位和产品特点,Topseller 特地把两辆厢式货车重新包装,通过强烈的视觉效果来传递以上讯息。

普威集团子公司 Socma Trading 凭藉其在马来西亚分销网络的优势,以及作为 Chupa Chupa 的独家分销商,与马来西亚的"20世纪福克斯电影公司"(20th Century Fox Film)合作,推出了动画片"Alvin and the Chipmunks",从而推广这一个广受欢迎的棒棒糖。公司连续7个周末举办了街头促销活动,在这些活动中,购买 Chupa Chups 产品的消费者都能免费获得"Alvin and the Chipmunks"电影票。消费者积极参与活动,载歌载舞,并与戏中人物一起合照留念。这是一次非常成功的活动,Chupa Chups 有效地将快乐品牌的概念传递给所有消费者,并留下了良好的印象。

2008年是 Chupa Chups 品牌创立50周年纪念,PVM 将在越南开设一个最先进的 Chupa Chups 生产工厂。这将大大提高供应链效率,缩短库存供货期。毫无疑问,接下来 Chupa Chups 还会给我们带来更多激动人心的好消息。

Socma Trading 意识到人们越来越注重健康的生活方式,因此推出了 Carbonell 纯橄榄油和 Extra Virgin 橄榄油,使消费者有更健康的选择。为了增加品种,公司推出了180克大包装的 Tai Sun 烤花生、花生脆饼干、Oriental Mix、蚕豆以及洋葱和大蒜味蚕豆,使消费者在喜爱的著名品牌小吃中享有更多的选择。

生产业也是普威集团的重点行业之一。作为新加坡领先的生产和冷冻食品厂商之一,身为普威集团生产和分销重要支柱的鸿运食品(Fortune Food)能够深入了解消费者需求的趋势,致力于提供健康、高品质的产品。

鸿运食品推出了鸿运鲜人参,扩大了高品质产品的范围,这种产品采用了简易、可直接食用的形式,以满足消费者对卫生、健康的需求。公司还推出了新的 Fortune 豆干,让注重健康的消费者在计划膳食时有另一选择。

由于占有竞争优势,鸿运食品也是许多知名品牌分销商首选的本地合作伙伴。它与土耳其果汁公司 DIMES 公司建立了合作关系,成为 DIMES 100% 果汁在新加坡的独家分销商。鸿运食品不仅是皇族安培哪香米、一桶金、金圈食用油、OKOME 短粒米和 Singpo 洗衣粉等普威集团自家品牌的分销商,它还获得其它品牌的分销权,例如新新——深受欢迎的调味酱汁品牌,和 JA 米——广受本地日本社群喜爱的日本短粒米。

普威集团在马来西亚的子公司 Tipex Trading 是一家著名的生活用纸制品制造商,该公司率先推出了完整系列的优质 且经济的 BEAUTEX 品牌三层纸巾,因而在 Singapore Books of Record 2007 中获得专题介绍。它还是第一家在新加坡提供 30卷大包装卫生纸的公司。作为本行业领先的公司之一,Tipex 推出了非常独特的产品 - Beautex 驱蚊擦纸 - 以满足新加坡在骨痛热症流行期间消费者的需求。这种擦纸具有特殊的性质,可有效地驱赶蚊子和昆虫,时效长达6小时,因而深受欢迎。

#### **Health Solutions**

全球消费者关注和重视的一大课题就是保健。作为满足消费者需求的领导者, 普威集团的定位非常明确, 并已走在这一行业的最前锋。

2007年,我们在新加坡成立了一家新的子公司 Heath Solutions Holdings Pte Ltd, 它是我们在马来西亚和澳洲业务的 控股公司。这标志着我们要成为亚洲和其它地区保健产品和服务的主要供应商和咨询服务公司。

中东地区——在过去一年里,Health Solutions 为准备成为该地区的业内领导者而采取了多项策略性举措。我们获得了一个重要的合同,就是为伊拉克巴士拉一家政府医院的手术综合楼提供设计、计划和医疗设备咨询服务。此外,Health Solutions 和沙地承包商 Al-Mobty Company for Contracting 合作建设了沙地阿拉伯两家医院的项目。这两个医院项目分别位于沙地阿拉伯的 Al-Lith 和 Al-Mukhwah,由 Health Solutions 领导合作。

随着各中东国家继续加大基础设施的建设力度,相信当地政府将在计划安排时优先考虑保健行业。因此,预计保健业的商业潜力巨大,利润丰厚。所以,集团会继续寻求并加强中东市场的优势发挥,从而进军这个具潜力的市场。

非律宾——我们在非律宾 Quezon 市 De Los Santos 医疗中心成功完成了为期五年的管理合同,创下营业收入90%以上的内部增长。我们成功培养了一支当地管理团队,他们能够熟练地从事医院的管理业务,为即将在今后五年推出的积极经营模式奠定了扎实的基础。在延长管理合同之后,Health Solutions 继续掌控该医疗中心的经营管理。公司正在制定计划,以便进一步施展其专长,利用目前的有利形势,把此医疗中心打造成为专科医院,为本地区的保健服务提供增值。

印尼——设在印尼三宝珑市的 Rumah Sakit Telogorejo(RST)公司在 Health Solutions 的管理下,财务和经营业绩皆超出业主 Telogorejo Health Foundation 的预期。营业收入、利润率和盈利都稳定增长,加强了 Foundation 公司进一步扩建其设施的信心。为了适应市场需求,Health Solutions 制定了一份总体规划,将床位总数由目前的286张增加到450张。扩建工程预计将在三年内完成。扩建完成后,预计该医院将成为中爪哇地区领先的保健机构之一。在医院和护理学会的常年沟通论坛 FORKUM 的聚会上,RST 公司被评选为最佳管理机构。在同一论坛上,RST公司还获选为 FORKUM 集团中领先的变革促进者。

中国——由普威集团接管了原由中方股东经营不佳的关联公司 China Worldbest Health Solutions Holding Co. Ltd. 并重新命名和定位为高档健康与保健中心。该中心采用了新的名称 "East Bund International" (EBI),体现它是一个仅向会员开放的高档保健中心,从而在上海确立其独特的定位。为了配合其新的定位,Health Solutions 成功争取到数个著名国际美学品牌在 EBI 提供产品和服务,并与其它国际俱乐部建立了推荐转诊合作关系。不过,由于一些复杂的内在因素,EBI 在中国的业务仍然面临较大的困难,为此,普威集团正在设法建立策略联盟和寻求合作伙伴,以改善其经营状况并加强经营潜力。

越南——尽管面对激烈竞争,Health Solutions 在越南 Family Care International Clinic 的收入仍然增长了82%。这在很大程度上是由于在一支精明强干并且生气勃勃的团队的带领下,采取了实际可行的营销策略,并获得了医务人员和非医务人员的大力支持。该诊疗所正在继续努力增强公司客户对健康检查的重视,通过独特的特惠卡计划来建立一个牢固并忠诚的客户群。它还与其它保健业者,例如新加坡的莱佛士医院建立了联盟,使该诊疗所成为其海外合作机构,这些联盟关系加强了 Health Solutions 在越南的 Family Care International Clinic 的业务和品牌推广。

马来西亚——在"亚洲开发银行区域技术协助"(Asian Development Bank Regional Technical Assistance ("RETA")) 计划下,Health Solutions 在2007年整年继续与马来西亚卫生部疾病控制司密切合作,加强对该国流行病的监控和对传染病的反应。除了执行已批准的国家工作计划之外,Health Solutions 还于2007年9月在吉隆坡成功主办了 RETA "次区域技术咨询"(Subregional Technical Consultation),来自印尼、马来西亚、菲律宾、以及相关国际组织的代表参加了此次活动。

除此之外,Health Solutions 还积极参与马来西亚的数个医院开发项目。其中一项重要任务包括在于沙巴州哥打京那峇鲁的核与放射医疗中心的设计、建设、设备配备以及维护。2007年是集团"医疗设备计划"(Medical Equipment Planning)等内部实力受到认可的一年。其合格且经验丰富的"医疗设备计划"团队参与了多个医院开发项目,包括马来西亚的一个康复设施。集团打算继续在"医疗设备计划"和"医院资讯系统"(Hospital Information Systems)等方面加强内部实力。

#### 媒体教育与娱乐

新格媒体(InnoForm Media)公司在过去几年中积极争取录像和戏剧的发行权。2007年,作为扩展计划的一部分,该公司大胆进军于合作电影制作的领域。

我们很高兴有了第一部合作制作的本地电影,《我在政府部门的日子》,该片由新加坡电影界资深人士、本地著名导演梁志强执导。除了票房销售报捷之外,该影片还为新加坡赢得了荣誉。在2007年第44届金马奖评选中,男主角、新加坡著名演员葛米星被提名为最佳男主角候选人,与其他著名演员争夺这一奖项。

另一部本地电影则是由唐永健执导的《鬼啊,鬼啊》以及由吕翼谋(Ekachai Uekrongtham)执导的《快乐工厂》。《快乐工厂》的发行引起本地社会的广泛关注,它还被选送参加多个电影节,包括著名的"加纳电影节"和"釜山国际电影节"。

除了合作制作电影之外,新格媒体还积极争取影院播映权,从香港、台湾和泰国电影,到受欢迎的日本动画片,范围相当广泛。

其中一些叫座的影片包括陈木胜执导的《男儿本色》、天王巨星郭富城主演的《C+侦探》、亚洲歌星周杰伦主演和执导的《不能说的秘密》,以及陈可辛执导、由李连杰、刘德华和金城武主演的战争英雄故事《投名状》。《投名状》被视为该年亚洲巨片,在中国和许多亚洲国家和地区引起轰动,票房取得巨大成功。

我们也加大了日本动画片领域的参与力度,获得了受欢迎动画片在电影院的放映权。《苹果核战记》(Appleseed)制作人所创作的《日本锁国》(Vexille)获得不俗反应,大大地增强了我们在这一领域的信心。在今后几个月中,大家可期待更多日本动画片的发行,例如《福音战士新剧场版: 序》(Evangelion: 1.0 You Are (Not) Alone)。

韩国电视连续剧已风靡全球,我们很高兴能够在2007年下半年连续发行韩国电视剧。我们开展了韩国 Kraze 活动,以宣传《宫S-我的野蛮王子》、《重案组》、《白色巨塔》、《咖啡王子1号店》等许多韩剧的发行。这次活动受到了许多合作伙伴的鼎力支持,反应相当热烈。我们一定会在不久的将来再次开展类似活动。

新格媒体还发行了令众人期待的,由 S.H.E 和飞轮海主演的台湾偶像剧《花样少年少女》。发行的其它剧目还包括,由吴尊和林依晨主演的《东方朱丽叶》,以及由杜德伟、明道和超级名模蒋怡主演的《天使情人》。展望未来,新格媒体会继续参与影片采办和电影制作。计划于2008年发行的电影包括由亚洲巨星刘德华和国际影星 Maggie Q 主演的《三国之见龙卸甲》。

新格媒体在这一年所取得的显著成果是收购了 Alliance Entertainment Singapore, 该公司是好莱坞电影和家庭影像娱乐节目在新加坡的独家分销商。这将使新格媒体的业务进一步多元化,从而进入家庭影像制作与分销领域,加强和提高在新加坡的市场占有率。

这一年的另一件大事是 InnoForm Entertainment 被9家主要唱片公司指定为独家许可发行人,这9家公司是: 亚神音乐娱乐、百代唱片、丰华唱片、华研国际音乐、海蝶音乐、滚石唱片、新力美高梅音乐、环球唱片和华纳唱片。这样一来,随选卡拉 OK (Karaoke-On-Demand)业者将能获得大量的音乐录像节目。我们还被授权代表这九家唱片公司向新加坡的 KOD 业者收取其音乐录像的复制许可证费以及之后在卡拉 OK 歌厅使用 KOD 系统的许可证费。这一安排于2007年4月1日起生效,是我们发展壮大过程中的一个重要进展。

新格媒体与三个个别商业伙伴成立了合资企业—— InnoForm Digital Media, 该公司将作为 InnoForm Entertainment 的 技术支持团队。在接下来的几个月中,InnoForm Digital Media 将尽力增加 KOD 的市场份额,开展广告业务,并着重满足市场对数码平台 IPTV 科技日益增加的需求。

综合来看,新格将运用其广泛的产品和服务,加强在市场中所发挥的作用,保持在新加坡和其它地区娱乐市场的领先 地位。

# 策略性投资

随着本地区的转变和发展,普威集团有机会重新规划我们的投资重点,强化我们的投资组合。我们的策略是投资于 有持续发展前景的企业。作为策略性投资者,我们寻找能够提供最高回报率和价值的投资项目与目标。

#### 达成集团

作为新加坡领先的瓦楞纸包装产品制造商之一,达成包装公司为各种不同的行业设计、生产和销售瓦楞纸包装产品。公司的客户包括跨国公司和本地企业,范围非常广泛,涉及电器、电子、塑料与金属精密冲压、制药、化工和其它相关出口行业。达成公司拥有3个工厂,分别设在新加坡、中国苏州和合肥,以满足不同客户的独特要求。

达成集团的全资子公司达成苏州正在进行扩建,以容纳涂层设备和增加储存空间。业务量的增加和生产率的提高最 能充分利用扩建后的生产能力,因此,达成苏州预计将获得更大规模的效益。

合肥丹盛已经获得中国两家重要消费电子产品制造商——格力合肥电器公司(Gree Electric Appliance Inc. of Hefei)和合肥长宏美菱电器有限公司(Hefei ChangHong Meiling Electric Applicance Co., Ltd)鉴定和认可,作为其包装材料的主要供应商。

新加坡2008年的经济增长速度预计将低于2007年,而纸张短缺和纸成本上升将影响瓦楞纸行业。不过,公司谨慎乐观地认为,新加坡的业务将能保持适度增长。

# 新加坡国际贸易公司

为寻求达到新的发展水平,该集团精简了业务,将其重新划分为五大领域——农业与食品、环境与能源、工业材料、建筑材料与保安产品,以及半导体。

农业与食品部门的重点是一体化全球采购、加工和增值特制农产品和食品。这些产品包括咖啡、冷冻海鲜、化肥以及其它农用物资。

环境与能源的重点是环保型综合节能照明与照明管理,协助客户最大限度地降低耗电量,从而降低经营成本。

工业材料部门的重点是一体化全球采购、贸易和营销工业材料,尤其是金属和矿产品、塑料和石油化工产品。展望未来,该部门将努力开发出可持续性产品组合,具有多重货源,靠近客户,从而降低运输成本,缩短交货周期。

建筑材料与保安产品部门的重点是一体化全球采购、贸易设计以及咨询服务。提供的产品和服务包括,普通照明、 线缆、配件、水上主题公园/水族馆、生物识别、RFID 机场行李搬运、集装箱扫描仪,以及保安培训设施和计划。其产品 和服务将满足个别客户的特殊需求,降低经营成本。

半导体部门的重点是向全球客户分销半导体和电脑元件,包括 AMD 处理器,以及提供嵌入和无线设计服务和解决方案。

# Financial Report

The Company is committed to complying with the Code of Corporate Governance 2005 ("Code") 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. For easy reference, sections of the Code under discussion are specifically identified.

#### 1 Board Matters

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

#### 1.1 Role of the Board

The Board of Directors (the "Board") comprises 4 Executive Directors and 5 Non-Executive Directors. 3 of the 5 Non-Executive Directors are Independent Directors. The Board's primary role is to protect and enhance long-term shareholder value. To fulfill this, the Board sets the overall strategy and direction for the Group, establishes management's goals and monitors the achievement of those goals, supervises executive management, ensures that the Company has the necessary resources to meet its goals and establishes a framework of prudent and effective controls to assess and manage risks.

## 1.2 Board Processes

The Board has established Board Committees, namely, 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.

The Board will meet on a quarterly basis and ad-hoc Board meetings will be convened when they are deemed necessary. During the year, the Board held 5 meetings to review the Group's operations, conduct strategic review of the business affairs and address other specific significant matters that arose. The Company's Articles of Association provides for meetings of Directors by way of telephone and video conferencing. 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.

# 1.3 Directors' meeting held in Financial Year 2007

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	4
Mr. Foo Der Rong	5
Mr. Richard Lui Siu Tsuen	5
Dr. John Chen Seow Phun	5
Mr. Chee Teck Kwong Patrick	5
Mr. Tao Yeoh Chi	5
Mr. Tan Kong King (resigned on 5 February 2007)	-
Mr. Derek Cheong Kheng Beng (resigned on 5 February 2007)	1
Mr. Lien Kait Long	5
Mr. Chan Sek Nin Jackey (appointed on 5 July 2007)	1
Mr. Teo Kee Bock (appointed on 15 January 2008)	Not Applicable

## 1.4 Matters Requiring Board Approval

The directors have identified a few areas for which the Board has direct responsibility for decision making (which are embodied in its internal guidelines) 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.

# 1.5 Training of Directors

Our directors are provided with extensive background information about our Group's history, mission, values and business operations. The Company also provides opportunities for ongoing education on Board processes and best practices as well as updates on relevant new laws and regulations. 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. The Company has set up a more formal procedure for the issue of the appointment letter setting out the directors' duties and obligations and for the provision of relevant corporate information to newly appointed directors.

# 1.6 Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The 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:

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/ 26 April 2006	Executive Chairman	Executive Chairman of Intraco Limited  Executive Chairman of Tat Seng Packaging Group Ltd	Vice Chairman and Director of China Strategic Holdings Limited	Honorary degree of Doctor of Laws from University of Victoria	
			Managing Director of Hanny Holdings Limited			
			Executive Director of Wing On Travel (Holdings) Limited			
			Chairman, CEO and Director of China Enterprises Limited			
			Chairman, CEO and Director of Burcon NutraScience Corporation			
			Chairman and Director of MRI Holdings Limited			
Mr. Foo Der Rong	1 September 2002	Managing Director & Chief	Executive Director of Intraco Limited		Bachelor of Commerce from Nanyang	
		Executive Executiv Officer Tat Sens		Executive Director of Tat Seng Packaging Group Ltd		University, Singapore
			Independent Director of Sino Techfibre Ltd and China Farm Equipment Limited			

# 1.6 Board Composition and Balance (cont'd)

Name of Director	Date of appointment/ Date of last re-election	Functions	Directorships in other listed companies and other major appointments	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/ 28 April 2005	Executive Director	Deputy Managing Director of Hanny Holdings Limited Executive Director of Wing On Travel (Holdings) Limited	Alternate Director to Dr Allan Yap of China Strategic Holdings Limited	Member of The Chartered Institute of Management Accountants  Master of Business Administration from the University of Adelaide
Dr. John Chen Seow Phun	9 June 2003/ 25 April 2007	Non-Executive Deputy Chairman  Member of Audit, Nominating and Remuneration Committee	Non-Executive Chairman of Matex International Limited  Non-Executive Chairman of Fu Yu Corporation Limited  Non-Executive Deputy Chairman of Tat Seng Packaging Group Ltd  Independent Director of Thai Village Holdings Ltd, OKP Holdings Ltd, Hiap Seng Engineering Ltd, Hongguo International Holdings Limited and HLH Group Limited (previously known as PDC Corp Ltd).	Director of Intraco Limited	PhD in Electrical Engineering from the University of Waterloo, Canada
Mr. Chee Teck Kwong Patrick	1 August 1990/ 25 April 2007	Non-Executive/ Independent Director  Chairman of Audit Committee, Member of Nominating and Remuneration Committee	Non-Executive Chairman of CSC Holdings Limited Independent Director of King's Safetywear Limited, Richland Group Limited, Tat Seng Packaging Group Ltd, Singapore Windsor Holdings Ltd and Hengxin Technology Ltd		Bachelor of Laws (Honours) from University of Singapore

# 1.6 Board Composition and Balance (cont'd)

Name of Director	Date of appointment/ Date of last re-election	Functions	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major appointments over the preceding three years	Academic and professional qualifications
Mr. Tao Yeoh Chi	13 November 1997/ 26 April 2006	Non-Executive/ Independent Director Chairman of			Bachelor of Arts (Economics) from University of Newcastle Bachelor of Engineering
		Remuneration Committee and Member of Audit Committee			(Mechanical) (Honours) from University of Newcastle
Mr. Lien Kait Long	1 June 2005/ 26 April 2006	Non-Executive/ Independent Director	Director of China Enterprises Limited Independent Director	Director of China Strategic Holdings Limited and its subsidiaries	Bachelor of Commerce Degree from Nanyang University
		Chairman of Nominating Committee and Member of Audit Committee	of Tat Seng Packaging Group Ltd, 8Telecom International Holdings Co., Ltd, Jishan Holdings Limited, Memstar Technology Ltd, MRI Holdings Limited, Ocean International Holdings Limited, Falcon Energy Group Limited, Youcan Foods International Limited, CMZ Holdings Ltd and Kian Ho Bearings Ltd.	Director of China Development Corporation Limited and its subsidiaries  Director of Delong Holdings Limited	Fellow of CPA Australia and Institute of Certified Public Accountants of Singapore
Mr. Chan Sek Nin Jackey	5 July 2007	Non-Executive Director	Chief Operating Officer of Hanny Holdings Limited Independent Director of Wonson International Holdings Limited		Diploma in Economics from Lingnan College
Mr. Teo Kee Bock	15 January 2008	Executive Director	Chairman and Managing Director of Super Coffeemix Manufacturing Limited		
			Chairman and Director of Fuji Offset Plates Manufacturing Limited		

## 1.6 Board Composition and Balance (cont'd)

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

- the Board should comprise 8 to 10 directors. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified;
- the Board should comprise at least one-third of non-executive independent directors;
- the Board should have enough directors to serve on various committees of the Board without over-burdening the directors or making it difficult for them to fully discharge their responsibilities;
- the Board should comprise directors with a broad range of competencies and expertise both nationally and internationally;
   and
- 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.
   Article 87 of the Articles of Association of the Company 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 Nominating 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. Candidates may be suggested by directors or management or sourced from external sources. The Nominating Committee will interview the candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his responsibilities, good decision making track record, relevant experience and financial literacy. The Nominating Committee will make a recommendation to the Board on the appointment. 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.

## 1.7 Independent Members of the Board of Directors

The Board has 3 independent directors, representing at least one-third of the Board: Mr. Chee Teck Kwong Patrick, Mr. Tao Yeoh Chi and Mr. Lien Kait Long. The criteria for independence are 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.

## 1.8 Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company's business - which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

There is a distinct separation of responsibilities between the Executive Chairman and the Chief Executive Officer ("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 leads the Board and is responsible for the effective working of the Board including facilitating contributions from the non-executive directors and encouraging constructive relationship between the directors as well as exercising control over the quality, quantity and timeliness of information flow to the Board, ensuring effective communication with the Company's shareholders and encouraging high standards of corporate governance.

#### 1.9 Board Membership

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

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

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

The Board has delegated to the Nominating Committee ("NC") 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.

The NC comprises 3 members, the majority of whom (including the Chairman) are independent - Mr. Lien Kait Long (Chairman, and Independent Director), Mr. Chee Teck Kwong Patrick (Independent Director) and Dr. John Chen Seow Phun. The NC Chairman is also a director who is not a substantial shareholder and is not directly associated with a substantial shareholder.

The NC's functions are to develop and maintain a transparent and formal process for the appointment of new directors, to make recommendations on directors who are due for retirement by rotation to seek re-election at general meeting, and to determine the status of independence of each director. The role of the NC includes overseeing the appointment and induction process for directors. Where a director has multiple board representations, the NC will evaluate annually whether or not a director is able to and has been adequately carrying out his duties as director of the Company based on internal guidelines such as attendance, contactability and responsiveness.

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.

## 1.9 Board Membership (cont'd)

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

Name of director Appointment		Number of meetings attended
Mr. Lien Kait Long (Chairman)	Non-Executive / Independent	2
Mr. Chee Teck Kwong Patrick	Non-Executive / Independent	2
Dr. John Chen Seow Phun	Non-Executive	2

#### 1.10 Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

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 direction 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 contribution and performance based on factors such as attendance, preparedness, participation and candour.

The NC has implemented a procedure of Board assessment commencing from Financial Year 2004. The results of the Board assessment are discussed by the NC and suggestions arising from the assessment are circulated to the Board for consideration. The NC has also implemented a procedure to evaluate the contribution of each individual director to the effectiveness of the Board commencing from Financial Year 2006. The Board assessment is done by circulating assessment forms to the directors for their evaluation of various Board issues and processes such as the Board structure, conduct of Board meetings, review of the Company's corporate strategy and planning, ensuring and reviewing the Company's risk management and internal control processes, review of the Company's performance, review of the Board's compensation evaluations and communication with the Company's shareholders. The result of the Board assessment is circulated to the Board, discussed at the Board meeting and suggestions by any director or the NC are considered for further action. The individual directors' evaluations are self assessments carried out by each director. The evaluations are discussed by the NC and any appropriate action taken.

The financial indicators set out in the Code 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.

#### 1.11 Access to Information

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an ongoing basis.

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 circulated to all directors prior to the scheduled meetings. The Board papers provided include background or explanatory information relating to matters to be brought before the Board. A presentation is made to the Directors at the Board meeting on budgets, forecasts and variances from the budget disclosed.

All directors have separate and independent access to the advice and services of the company secretary. The company secretary attends the Board meetings and is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with as well as ensuring good information flow within the Board and its committees, between senior management and the non-executive directors, facilitating orientation and assisting with professional development as required. The appointment and removal of the company secretary is a matter which is approved by the Board.

The Board also has separate and independent access to the Company's senior management.

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

## 2 Remuneration Matters

## 2.1 Procedure for developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

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.

The Remuneration Committee ("RC") comprises solely of non-executive directors, the majority of whom, including the Chairman, is independent. The RC 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 meets at least once each year and at other times as required. The number of meeting attended by each member during the financial year is as follows:

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

## 2.1 Procedure for developing Remuneration Policies (cont'd)

The RC is responsible for recommending to the Board a framework of remuneration for the directors and the executive directors (including the CEO) which is submitted to the whole Board for endorsement. The RC reviews and approves recommendations on remuneration policies and packages for directors in the interests of improved corporate performance.

The RC's 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.

All non-executive Directors are paid a Director's fee, with additional fees for serving as the chairman or member of a Board committee and attendance fees for Board and Board committee meetings. 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 shareholders' approval at the AGM.

#### 2.2 Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The remuneration packages of the CEO and the executive directors are determined based on the framework recommended by the RC. In doing so, the RC reviews the length of the fixed appointment period, the notice period for termination and the terms of the compensation package in the event of the termination of any executive directors' contracts of service to ensure that the terms of such clauses are not onerous to the Company. The executive directors' framework of remuneration includes a fixed element as well as a variable element in the form of a bonus and a profit sharing incentive which is linked to the Company's performance.

With effect from Financial Year 2006, the RC also reviews the senior management's remuneration annually.

The Company has implemented the PSC Executives' Share Option Scheme 2003 ("ESOS") for the Company's executives, including its directors. The ESOS will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Information on the ESOS is set out in the Directors' Report. The RC is responsible for reviewing, approving and administering the ESOS.

# 2.3 Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

## 2.3 Disclosure on Remuneration (cont'd)

Summary compensation table of Company's Directors receiving remuneration from the Group for the financial year ended 31 December 2007:

Directors	Base Salary	Bonus	Profit Sharing	Director Fees	Allowance*	TOTAL
Range S\$250,000 and below Mr. Richard Lui Siu Tsuen	49.49%	8.25%	29.23%	13.03%	0.00%	100%
Dr. John Chen Seow Phun	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr. Chee Teck Kwong Patrick	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr. Tao Yeoh Chi	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr. Tan Kong King (resigned on 5 February 2007)	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr. Derek Cheong Kheng Beng (resigned on 5 February 2007)	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr. Lien Kait Long	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr. Chan Sek Nin Jackey (appointed on 5 July 2007)	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Range \$\$750,000 to below \$\$1,000,000 Mr. Foo Der Rong	48.81%	8.13%	35.22%	5.24%	2.60%	100%
<b>Range S\$1,000,000 to below S\$1,250,000</b> Dr. Allan Yap	45.33%	7.55%	42.26%	2.49%	2.37%	100%

<sup>\*</sup> Employer's CPF contribution is included here.

## 2.4 Remuneration of Employees Related to Directors

As at 31 December 2007, 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.

# 2.4 Remuneration of Employees Related to Directors (cont'd)

Summary compensation table of the executive who is related to the CEO for the financial year ended 31 December 2007:

	Allow					nces	
	Base		Profit	Director	and other		
Remuneration Band	Salary	Bonus	Sharing	Fees	benefits*	TOTAL	
Range S\$500,000 and below	80.06%	13.34%	0.00%	0.00%	6.60%	100%	

<sup>\*</sup> Employer's CPF contribution is included here.

# 2.5 Remuneration of Top 5 Key Management Executives

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

Key Management Executives	Base Salary	Bonus	Profit Sharing	Director Fees	Allowances*	TOTAL
Range \$\$500,000 and below Chong Fah Shang	73 <b>.</b> 88%	12.31%	4.36%	5.38%	4.07%	100%
Tang Yick Chong	65.28%	16.32%	8.02%	5.82%	4.56%	100%
Teo Wai Leng, Lena	66.09%	16.52%	9.03%	3.06%	5.30%	100%
Foo Der Chyang Desmond	80.06%	13.34%	0.00%	0.00%	6.60%	100%
Range \$\$250,000 and below Wong Juan Meng	70.71%	17.68%	7.71%	0.00%	3.90%	100%

<sup>\*</sup> Employer's CPF contribution is included here.

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.

# 3 Accountability And Audit

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

In presenting the annual financial statements and quarterly announcements to shareholders as well as any price sensitive reports to the public, the Board aims 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

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("AC") comprises 4 members, all of whom are non-executive directors and the majority of whom, including the Chairman, is independent. The AC's members are Mr. Chee Teck Kwong Patrick (Chairman, and Independent Director), Mr. Tao Yeoh Chi (Independent Director), Dr. John Chen Seow Phun and Mr. Lien Kait Long (Independent Director). At least 2 members have accounting or related financial management expertise or experience.

The AC's main objective is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls, overseeing the external audit process, reviewing the financial information to be disclosed to the public and ensuring that arrangements are in place for the independent investigation and follow up of reports by staff of improprieties in financial reporting and other matters.

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

- (a) review the audit plans of the external and internal auditors;
- (b) review the external and internal auditors' reports;
- (c) review the co-operation given by the Company's officers to the external and internal auditors;
- (d) review the adequacy of the internal audit function;
- (e) evaluate 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) review the financial statements of the Company and the Group before their submission to the Board;
- (g) review 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) nominate external auditors for appointment or re-appointment;
- (i) review 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) review 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.

## 3.1 Audit Committee (cont'd)

The AC 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. Based on the information provided to the AC, nothing has come to the AC's attention that the system of internal controls and risk management is inadequate.

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 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 amount of non-audit fees paid to the external auditors for the financial year ended 31 December 2007 was S\$101,659. 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.

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

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
Dr. John Chen Seow Phun	Non-executive	4
Mr. Lien Kait Long	Non-executive / Independent	4

## 3.2 Internal Controls

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Board 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;

## 3.2 Internal Controls (cont'd)

- 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 Whistle-Blowing Policy

The Group has adopted a constructive whistle-blowing policy and guideline in order to detect and deter any fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement, financial reports and records of the Company.

Demonstrating its pledge to good corporate governance, the Group provides an avenue for employees to bring their complaints responsibly to report any possible improprieties in matters of financial reporting or other matters that they may encounter to the AC or any other committees established by the Audit Committee for such purpose without fear of reprisal. The establishment of the whistle-blowing structure also augments the Group's ability to detect potential fraud, providing another level of comfort and assurance to investors.

## 3.4 Internal Audit

# Principle 13: The company should establish an internal audit function that is independent of the activities it audits.

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 functionally to the Chairman of the AC and administratively to the CEO. 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.

## 4 Communication with our Shareholders

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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 Company's Articles of Association allow a shareholder to appoint more than 2 proxies to attend a shareholder's meeting on his behalf. 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 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 Rule 1207(18) of the Listing Manual 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 full year results and 14 days before the announcement of the first three quarters of the Company's financial results.

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

## 6 Interested Person Transactions

The Company is required to comply with the requisite rules under Chapter 9 of the SGX-ST Listing Manual for interested person transactions. To ensure compliance with Chapter 9, the AC meets quarterly to review if the Company will be entering into an interested person transaction in order to ensure that the interested person transactions are carried out on normal commercial terms and will not prejudicial to the interests of the shareholders. Save as disclosed in the audited financial statements of this Annual Report, there are no interested person transactions for the financial year ended 31 December 2007.

# 7 Material Contracts

Save as disclosed in the audited financial statements of this Annual Report, there are no material contracts of the Company or its subsidiaries involving the interest of the CEO, directors or controlling shareholder subsisting at the end of the financial year ended 31 December 2007 or have been entered into since the end of the previous financial year.

#### 8 Risk Management

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The significant risk management policies are as disclosed in the audited financial statements of this Annual Report.

Year Ended 31 December 2007

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 2007.

#### Directors

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

Allan Yap
Foo Der Rong
Richard Lui Siu Tsuen
Chee Teck Kwong Patrick
Tao Yeoh Chi
John Chen Seow Phun
Lien Kait Long

Chan Sek Nin Jackey (Appointed on 5 July 2007)
Teo Kee Bock (Appointed on 15 January 2008)

# **Directors' Interests**

According to the register kept by the Company for the purposes of Section 164 of the Singapore 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 and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Holdings at beginning of the year/date of appointment(1)	Holdings at end of the year(2)
Name of director and corporation in which interests are held		
Allan Yap PSC Corporation Ltd - options to subscribe for ordinary shares between 20/08/2004 and 19/08/2013 <sup>(3)</sup>	5,000,000	1,000,000
Foo Der Rong PSC Corporation Ltd - ordinary shares - options to subscribe for ordinary shares between 20/08/2004 and 19/08/2013 <sup>(3)</sup>	2,922,500 4,000,000	876,750 800,000
Lien Kait Long PSC Corporation Ltd - ordinary shares	-	5,530
Richard Lui Siu Tsuen PSC Corporation Ltd - options to subscribe for ordinary shares between 20/08/2004 and 19/08/2013 <sup>(3)</sup>	2,000,000	400,000
Chee Teck Kwong Patrick PSC Corporation Ltd - options to subscribe for ordinary shares between 20/08/2004 and 19/08/2008 <sup>(4)</sup>	1,000,000	200,000

Year Ended 31 December 2007

	Holdings at beginning of the year/date of appointment <sup>(1)</sup>	Holdings at end of the year(2)
Name of director and corporation in which interests are held (cont'd)		
Tao Yeoh Chi PSC Corporation Ltd - options to subscribe for ordinary shares between 20/08/2004 and 19/08/2008 <sup>(4)</sup>	1,000,000	200,000
John Chen Seow Phun PSC Corporation Ltd - options to subscribe for ordinary shares between 20/08/2004 and 19/08/2008 <sup>(4)</sup>	2,000,000	400,000

- 1. The number of shares/share options stated is before the completion of the consolidation of every five (5) issued ordinary shares into one (1) ordinary share in the capital of the Company on 18 October 2007 ("Share Consolidation Exercise").
- 2. The number of shares/share options stated is after the completion of the Share Consolidation Exercise and Rights Issue (as defined below).
- 3. The exercise price of the options had been adjusted from \$0.086 at the date of grant to \$0.220 pursuant to the Share Consolidation Exercise and Rights Issue (as defined below).
- 4. The exercise price of the options had been adjusted from \$0.085 at the date of grant to \$0.325 pursuant to the Share Consolidation Exercise and Rights Issue (as defined below).

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2008.

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 the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 35 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

# **Share Options**

The PSC Executives' Share Option Scheme (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 when the Scheme was first adopted on 8 July 2003. Pursuant to the EGM of the Company held on 28 September
2007, the maximum number of shares issued or to be issued for options under the Scheme had been changed to 15% of
the issued share capital of the Company.

Year Ended 31 December 2007

# Share Options (cont'd)

- 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.

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price of the options	Options outstanding at 01/01/2007 <sup>(1)</sup>	Options cancelled	Options exercised	Options reduced subsequent to Share Consolidation Exercise on 18/10/2007	Options outstanding at 31/12/2007 <sup>(2)</sup>	Number of option holders at 31/12/2007	Exercise period
20/08/2003	\$0.220(3)	19,650,000	(1,850,000)	(3,300,000)	(11,600,000)	2,900,000	8	20/08/2004 - 19/08/2013
20/08/2003	\$0.325(4)	4,000,000	-	-	(3,200,000)	800,000	3	20/08/2004 - 19/08/2008
		23,650,000	(1,850,000)	(3,300,000)	(14,800,000)	3,700,000		

- 1. The number of share options stated is before the completion of the Share Consolidation Exercise.
- 2. The number of share options stated is after the completion of the Share Consolidation Exercise and Rights Issue (as defined below).
- 3. The exercise price of the options had been adjusted from \$0.086 at the date of grant to \$0.220 pursuant to the Share Consolidation Exercise and Rights Issue (as defined below).
- 4. The exercise price of the options had been adjusted from \$0.085 at the date of grant to \$0.325 pursuant to the Share Consolidation Exercise and Rights Issue (as defined below).

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 share consolidation and a rights issue of one rights share for every two existing ordinary shares in the capital of the Company on 15 November 2007 ("Rights Issue"), the exercise price of the options granted was adjusted from the exercise price of \$0.086 to \$0.220 per share for share options that will expire 120 months after the date of grant, and from \$0.085 to \$0.325 per share for share options that will expire 60 months after the date of grant.

Year Ended 31 December 2007

# **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 2007	Aggregate options granted since commencement of Scheme to 31 December 2007 <sup>(1)</sup>	Aggregate options exercised since commencement of Scheme to 31 December 2007	Aggregate options outstanding as at 31 December 2007 <sup>(2)</sup>
Allan Yap	-	5,000,000	-	1,000,000
Foo Der Rong	-	4,000,000	-	800,000
Richard Lui Siu Tsuen	-	2,000,000	-	400,000
Chee Teck Kwong Patrick	-	1,000,000	=	200,000
Tao Yeoh Chi	-	1,000,000	=	200,000
John Chen Seow Phun		2,000,000	=	400,000
Total	-	15,000,000	-	3,000,000

<sup>1.</sup> The number of share options stated is before the completion of the Share Consolidation Exercise.

Since the commencement of the Scheme, no participant 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
- Lien Kait Long, non-executive independent director
- John Chen Seow Phun, non-executive director

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

The Audit Committee has held four 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.

<sup>2.</sup> The number of share options stated is after the completion of the Share Consolidation Exercise.

Year Ended 31 December 2007

## **Audit Committee (cont'd)**

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual 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 SGX Listing Manual).

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

12 March 2008

# **Statement by Directors**

Year Ended 31 December 2007

In our opinion:

- (a) the financial statements set out on pages 70 to 125 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 2007 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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

12 March 2008

# Independent Auditors' Report Members of the Company PSC Corporation Ltd

We have audited the financial statements of PSC Corporation Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2007, the income statement, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 70 to 125.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of 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 2007 and 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

12 March 2008

# **Balance Sheets**

As at 31 December 2007

		G	roup	Company		
	Note	2007	2006 (restated)	2007	2006	
		\$	\$	\$	\$	
Non-current assets						
Property, plant and equipment	3	68,246,015	75,345,090	20,231,988	19,726,942	
Investment properties	4	1,999,778	1,947,141	-	-	
Subsidiaries	5	-	-	46,218,055	46,218,055	
Associates	6	41,207,606	48,223,638	24,479,155	27,163,530	
Other financial assets	7	13,917,899	13,668,881	2,482,660	2,480,300	
Other receivable		-	3,962,034	-	-	
Intangible assets	8	7,411,043	6,161,800	-	-	
Deferred tax assets	9	699,409	981,305	-	<u>-</u>	
		133,481,750	150,289,889	93,411,858	95,588,827	
Current assets						
Non-financial assets	10	322,812	353,123	45,000	45,000	
Inventories	11	31,990,350	29,504,950	4,547,726	6,803,598	
Trade and other receivables	13	80,365,659	60,088,179	45,341,616	41,124,518	
Cash and cash equivalents	17	120,483,443	49,306,658	83,415,558	27,502,284	
		233,162,264	139,252,910	133,349,900	75,475,400	
Total assets		366,644,014	289,542,799	226,761,758	171,064,227	
Equity attributable to equity						
holders of the Company						
Share capital	18	202,363,853	140,792,609	202,363,853	140,792,609	
Reserves	20	59,431,391	53,666,234	2,811,932	6,929,967	
		261,795,244	194,458,843	205,175,785	147,722,576	
Minority interests		26,972,234	23,268,025	-		
Total equity		288,767,478	217,726,868	205,175,785	147,722,576	
Non-current liabilities						
Financial liabilities	21	1,060,891	3,099,595	-	-	
Deferred capital grant	22	72,313	-	-	-	
Deferred tax liabilities	9	4,093,884	5,890,427	638,532	375,134	
		5,227,088	8,990,022	638,532	375,134	
Current liabilities						
Deferred capital grant	22	2,912	-	-	-	
Trade and other payables	23	45,957,966	41,536,665	20,947,441	22,637,014	
Financial liabilities	21	24,118,763	18,713,224	-	-	
Current tax payable		2,569,807	2,576,020	-	329,503	
		72,649,448	62,825,909	20,947,441	22,966,517	
Total liabilities		77,876,536	71,815,931	21,585,973	23,341,651	
Total equity and liabilities		366,644,014	289,542,799	226,761,758	171,064,227	

# **Consolidated Income Statement**

	Note	2007 \$	2006
Revenue	24	261,934,615	228,543,067
Cost of sales		(200,694,690)	(175,126,016)
Gross profit		61,239,925	53,417,051
Other operating income		9,308,311	1,946,762
Distribution expenses		(29,214,227)	(25,093,156)
Administrative expenses		(27,924,369)	(23,501,051)
Other operating expenses		(2,853,643)	(1,214,180)
Results from operating activities		10,555,997	5,555,426
Net finance (expenses)/income	25	(518,624)	1,420,550
Share of profit of associates, net of tax		2,246,967	5,194,684
Profit before income tax		12,284,340	12,170,660
Income tax expense	26	(1,360,590)	(1,629,629)
Profit for the year	27	10,923,750	10,541,031
Attributable to:			
Equity holders of the Company		7,580,845	8,723,642
Minority interests		3,342,905	1,817,389
Profit for the year		10,923,750	10,541,031
Earnings per share	0.0		(restated)
Basic earnings per share (cents)	28	1.74	2.09
Diluted earnings per share (cents)	28	1.73	2.09

# **Consolidated Statement of Changes in Equity**

Group	Note	Share capital \$	Share premium \$	Other capital reserves	
At 1 January 2006		93,372,791	47,159,654	2,735,056	
Translation differences relating to financial statements of: - subsidiaries - associates		- -	- - -	- -	
Change in fair value of available-for-sale quoted equity securities		_	-	_	
Net losses recognised directly in equity		-	-	-	
Net profit for the year			-	-	
Total recognised income and expense for the year Transfer from share premium account and capital redemption reserve to share capital upon implementation of the Companies (Amendment)		47 410 010	- (47.150.654)	- (000 104)	
Act 2005 Transfer from accumulated profits to other		47,419,818	(47,159,654)	(260,164)	
capital reserves		-	-	150,349	
Acquisition of a subsidiary		-	-	, -	
Dividend paid	29		-	-	
At 31 December 2006		140,792,609	-	2,625,241	
At 1 January 2007 Issuance of shares		140,792,609 61,571,244	- -	2,625,241	
Translation differences relating to financial statements of: - subsidiaries		-	-	_	
- associates		-	-	-	
Share of an associate's non distributable reserve Change in fair value of available-for-sale quoted		-	-	52,022	
equity securities  Net change in fair value of available-for-sale financial assets transferred to the income statement		-	-	- -	
Net gains recognised directly in equity  Net profit for the year		-	-	52,022 -	
Total recognised income and expense for the year			-	52,022	
Transfer from accumulated profits to other capital reserves		-	-	232,446	
Dilution of interest in a subsidiary		-	-	-	
Dividend paid	29		-	-	
At 31 December 2007		202,363,853	-	2,909,709	

Fair value reserve \$	Currency translation reserve \$	Accumulated profits	Total attributable to equity holders of the Company \$	Minority interests	Total equity \$
(198,040)	(1,398,541)	50,612,575	192,283,495	21,316,922	213,600,417
- -	(1,341,477) (788,588)	- -	(1,341,477) (788,588)	(495,895) -	(1,837,372) (788,588)
(1,430,300)	-	-	(1,430,300)	(69,142)	(1,499,442)
(1,430,300)		-	(3,560,365)	(565,037)	(4,125,402)
-	-	8,723,642	8,723,642	1,817,389	10,541,031
(1,430,300)	(2,130,065)	8,723,642	5,163,277	1,252,352	6,415,629
-	_	-	<u>-</u>	-	-
-	-	(150,349)	-	-	-
-	-	-	-	736,191	736,191
-	-	(2,987,929)	(2,987,929)	(37,440)	(3,025,369)
(1,628,340)	(3,528,606)	56,197,939	194,458,843	23,268,025	217,726,868
(1,628,340	) (3,528,606)	56,197,939 -	194,458,843 61,571,244	23,268,025	217,726,868 61,571,244
- - -	37,371 100,002	- - -	37,371 100,002 52,022	332,049 - -	369,420 100,002 52,022
(390,963)	-	-	(390,963)	673	(390,290)
1,449,328	-	-	1,449,328	-	1,449,328
1,058,365		-	1,247,760	332,722	1,580,482
	<u> </u>	7,580,845	7,580,845	3,342,905	10,923,750
1,058,365	137,373	7,580,845	8,828,605	3,675,627	12,504,232
_	-	(232,446)	-	-	-
-	-	-	-	1,112,538	1,112,538
	<u> </u>	(3,063,448)	(3,063,448)	(1,083,956)	(4,147,404)
(569,975)	) (3,391,233)	60,482,890	261,795,244	26,972,234	288,767,478
(222,070)		,,	,,	,,	

# **Consolidated Cash Flow Statement**

	Note	2007 \$	2006 \$
Operating activities			
Profit for the year		10,923,750	10,541,031
Adjustments for:			
Bad debts written off		121,720	83,780
Depreciation of property, plant and equipment	3	6,788,166	6,734,778
Depreciation of investment properties	4	26,528	-
Amortisation of intangible assets	8	3,639,040	1,591,067
Loss on disposal of interest in an associate		180,214	-
Impairment loss on non-financial assets		45,311	42,053
Impairment loss on investment in an associate		85,691	-
Provision for contingencies in an associate		1,185,958	-
Income tax expense		1,360,590	1,629,629
Inventories written off		227,786	17,429
Deferred expenditure written off		164,326	319,075
(Gain)/loss on disposal of property, plant and equipment		(3,618,523)	6,811
Gain on dilution of interest in a subsidiary		(1,469,655)	_
Net finance expense/(income)	25	518,624	(1,420,550)
Property, plant and equipment impaired and written off		844,519	675,585
Share of profit of associates		(2,246,967)	(5,194,684)
		18,777,078	15,026,004
Changes in working capital:			
Inventories		(2,687,236)	6,945,653
Trade and other receivables		(15,612,758)	4,975,981
Trade and other payables		3,164,861	(11,524,675)
Cash generated from operations		3,641,945	15,422,963
Income taxes paid		(2,844,708)	(1,355,789)
Cash flows from operating activities		797,237	14,067,174
Investing activities			
Dividends received		9,794,328	1,999,956
Acquisition of a subsidiary, net of cash acquired	31	(701)	(1,635,907)
Interest received		1,047,882	1,308,720
Investment in associate		, , =	(1,205,625)
Deferred proceeds from disposal of a subsidiary		975,525	883,500
Proceeds from sale of:		,	,
- associate		-	588,813
- property, plant and equipment		12,436,719	289,347
- quoted equity securities		-	706,645
- unquoted debt securities		-	4,172,800
Purchase of property, plant and equipment		(8,916,959)	(4,425,630)
Purchase of intangible assets	8	(4,895,208)	(2,914,237)
Purchase of quoted equity securities	-	-	(4,152,095)
Cash flows from investing activities		10,441,586	(4,383,713)
each home from introduits doubtilles			(1,000,710)

# **Consolidated Cash Flow Statement**

	Note	2007 \$	2006 \$
Figure		·	· · · · · · · · · · · · · · · · · · ·
Financing activities		(0.45,007)	740.040
Deposits pledged		(945,887)	748,840
Dividends paid		(4,147,404)	(2,987,929)
Interest paid		(767,555)	(392,300)
Payment of finance lease liabilities		(120,702)	(39,969)
Proceeds from borrowings		7,932,012	6,788,784
Proceeds from issue of shares, net of issue expense		61,571,244	-
Repayment of borrowings		(4,494,100)	(414,337)
Trust receipts		105,882	(154,557)
Cash flows from financing activities		59,133,490	3,548,532
Net increase in cash and cash equivalents		70,372,313	13,231,993
Cash and cash equivalents at beginning of year		44,126,049	30,964,675
Effect of exchange rate fluctuations		19,696	(70,619)
Cash and cash equivalents at end of year	17	114,518,058	44,126,049

Year Ended 31 December 2007

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 March 2008.

#### 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 its subsidiaries. The principal activities of the subsidiaries are set out in note 5 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (together 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 have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements are presented in Singapore dollars which is the Company's functional currency. They have been prepared on the historical cost basis except for certain financial assets and financial liabilities which are measured at fair value.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

- Note 2.9 classification of leases
- Note 8 assumptions of recoverable amounts relating to goodwill impairment
- Note 13, 15 and 16 impairment loss on trade receivables and allowance for doubtful receivables due from subsidiaries and associates
- Note 23 and 34 measurement of contingent liabilities
- Note 31 valuation of assets, liabilities and contingent liabilities acquired in business combinations
- Note 32 valuation of financial instruments

Year Ended 31 December 2007

## 2 Summary of significant accounting policies (cont'd)

#### 2.1 Basis of preparation (cont'd)

The following accounting policy was changed during the year:

• classification of investment properties, as described in note 2.6;

Except for the above change, the accounting policies set out below have been applied consistently by the Group. The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

New accounting standards and interpretations not yet adopted

The Group has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 23 Borrowing Cost
- FRS 108 Operating Segments
- INT FRS 111 FRS 102 Group and Treasury Share Transactions
- INT FRS 112 Service Concession Arrangements

The initial application of these standards (and its consequential amendments) and interpretations is not expected to have any material impact on the Group's financial statements. The Group has not considered the impact of accounting standards issued after the balance sheet date.

### 2.2 Consolidation

Business combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to the income statement in the period of the acquisition.

### Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Year Ended 31 December 2007

## 2 Summary of significant accounting policies (cont'd)

#### 2.2 Consolidation (cont'd)

#### Associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income, expenses and equity movements of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries and associates by the Company

Investments in subsidiaries and associates are stated in the Company's balance sheet at cost less accumulated impairment losses.

### 2.3 Foreign currencies

## Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below).

#### Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Year Ended 31 December 2007

## 2 Summary of significant accounting policies (cont'd)

#### 2.3 Foreign currencies (cont'd)

Foreign currency differences are recognised in the currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange translation reserve is transferred to the income statement.

Net investment in a foreign operation

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. When the foreign operation is disposed of, the cumulative amount in equity is transferred to the income statement.

#### 2.4 Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is recognised in the income statement on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

Leasehold buildings Remaining lease periods

Freehold buildings 50 years

Leasehold improvements Remaining lease periods

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

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

Year Ended 31 December 2007

## 2 Summary of significant accounting policies (cont'd)

#### 2.5 Intangible assets

#### Goodwill

Goodwill and negative goodwill arise on the acquisition of subsidiaries and associates.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates is presented together with investments in associates.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 2.10. Negative goodwill is recognised immediately in the income statement.

#### Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses.

#### i) Trademarks

Trademarks are amortised and recognised in the income statement as an expense using a straight-line method over their useful lives of 3 to 10 years.

### ii) Development costs

- a) The development costs incurred in the development of video programmes, comprising the 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 programmes are available for sale.
- b) Film rights acquired are stated at cost less accumulated amortisation and impairment losses. The costs of film rights are amortised at a rate of 70% in the first year, 20% in the second year and 10% in the third year. Amortisation commences when the films are available for sale.

## iii) Royalties and licences

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

Year Ended 31 December 2007

## 2 Summary of significant accounting policies (cont'd)

#### 2.6 Investment properties

Investment property is property held either to earn rental income or capital appreciation or both. It does not include properties for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes.

Investment property is stated at cost less accumulated depreciation and impairment losses. Freehold land is not depreciated. Depreciation on freehold building is recognised in the income statement on a straight-line basis over 50 years.

Change in accounting policy

The Group adopted FRS 40 *Investment Property* on 1 January 2007. Under FRS 40, the Group continues to state its investment properties at cost, less accumulated depreciation and impairment losses.

On adoption of FRS 40, the Group reclassified certain property, plant and equipment and property held for development to investment properties on 1 January 2007.

The change in accounting policy was accounted for on a retrospective basis. The effects on the financial statements of the Group are as follows:

	Increase/ (Decrease) \$
Property, plant and equipment as at 1 January 2006	(1,150,087)
Property, plant and equipment as at 1 January 2007	(1,361,474)
Investment properties as at 1 January 2006	1,744,414
Investment properties as at 1 January 2007	1,947,141
Property held for development as at 1 January 2006	(594,327)
Property held for development as at 1 January 2007	(585,667)

## 2.7 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, financial liabilities, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Year Ended 31 December 2007

## 2 Summary of significant accounting policies (cont'd)

#### 2.7 Financial instruments (cont'd)

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the cash flow statement, 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 and exclude bank deposits held to secure bank facilities.

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein and other than for impairment losses, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses once recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in fair value of such assets is recognised directly in equity.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Year Ended 31 December 2007

### 2 Summary of significant accounting policies (cont'd)

#### 2.7 Financial instruments (cont'd)

Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, is presented as a deduction from equity. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity. No gain or loss is recognised in the income statement.

#### 2.8 Non-financial assets

Transferable country club memberships are stated at cost less impairment losses.

#### 2.9 Leases

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, 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. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

When entities within the Group are lessees of an operating lease

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

When entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in investment properties and property, plant and equipment, and are accounted for as described in notes 2.4 and 2.6. Rental income is recognised on a straight-line basis over the lease term.

## 2.10 Impairment - non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Year Ended 31 December 2007

## 2 Summary of significant accounting policies (cont'd)

Notes to the Financial Statements

#### 2.10 Impairment – non-financial assets (cont'd)

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 2.11 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 costs necessary to make the sale. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

#### Manufactured corrugated paper products

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials is determined on a specific identification basis. In the case of work-in-progress and finished goods, cost includes raw materials, direct expenditure and an attributable portion of manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

### Contract work-in-progress

Contract work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Contract costs comprise cost that relate directly to the contracts, cost attributable to the contract activity in general and that can be allocated to the specific contract, and other cost chargeable to the customer within the terms of the contract.

Contract work-in-progress is presented as part of inventories in the balance sheet. If payments received from customers exceed the income recognised, the difference is presented as part of trade and other payables in the balance sheet.

Year Ended 31 December 2007

## 2 Summary of significant accounting policies (cont'd)

#### 2.12 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### 2.13 Revenue recognition

Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statement in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statement.

Healthcare consultancy

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

Year Ended 31 December 2007

## 2 Summary of significant accounting policies (cont'd)

#### 2.14 Finance income and expense

Finance income comprises interest income on fixed deposits, dividend income and gains on the disposal of available-for-sale financial assets that are recognised in the income statement. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings and impairment losses recognised on financial assets that are recognised in the income statement. All borrowing costs are recognised in the income statement using the effective interest method, 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 be prepared for its intended use or sale.

#### 2.15 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Year Ended 31 December 2007

## 2 Summary of significant accounting policies (cont'd)

#### 2.16 Intra-group financial guarantees

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Group considers these to be insurance arrangements, and accounts for them as such. The Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

### 2.17 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to the income statement over the useful life of the relevant asset by equal annual instalments.

#### 2.18 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Year Ended 31 December 2007

## 3 Property, plant and equipment

Group	Leasehold buildings \$	Freehold land \$	Freehold buildings \$	Leasehold improvements \$	Renovations \$
Cost					
At 1 January 2006, as previously reported	31,774,101	2,752,841	5,539,554	9,633,409	5,803,762
Reclassified to investment properties on adoption of FRS 40	_	_	(1,150,087)	_	_
At 1 January 2006, restated	31,774,101	2,752,841	4,389,467	9,633,409	5,803,762
Additions	2,644	-	-	51,785	1,103,978
Disposals	-	-	-	-	(22,145)
Assets acquired in business combinations	4,871,450	-	-	-	-
Write-offs	-	-	(8,756)	-	(1,247,709)
Translation differences on consolidation	(653,906)	(44,404)	(25,677)	-	(5,473)
At 31 December 2006	35,994,289	2,708,437	4,355,034	9,685,194	5,632,413
At 1 January 2007, as previously reported	35,994,289	2,708,437	5,716,508	9,685,194	5,632,413
Reclassified to investment properties on adoption of FRS 40	-	-	(1,361,474)	_	-
At 1 January 2007, restated	35,994,289	2,708,437	4,355,034	9,685,194	5,632,413
Additions	293,729	-	-	-	1,794,223
Disposals	(8,501,100)	-	-	-	- -
Reclassification	1,762,827	493,045	(493,045)	-	-
Write-offs	-	-	-	-	-
Translation differences on consolidation	115,217	12,722	4,493	-	3,359
At 31 December 2007	29,664,962	3,214,204	3,866,482	9,685,194	7,429,995
Accumulated depreciation and					
impairment losses					
At 1 January 2006	4,141,671	571,211	2,852,166	1,373,332	2,086,386
Depreciation charge for the year	1,087,184	-	21,243	263,010	557,380
Disposals	-	-	-	-	(8,497)
Write-offs	(15.646)	- (0.004)	- (0.005)	-	(1,217,891)
Translation differences on consolidation At 31 December 2006	(15,646)	(8,324)	(3,225)	1 626 240	(3,498)
	5,213,209	562,887	2,870,184	1,636,342	1,413,880
Depreciation charge for the year Disposals	992,271	-	21,502	264,690	713,567
Write-offs	(318,771)	-	-	<del>-</del>	-
Impairment loss	-	-	_	-	-
Translation differences on consolidation	4,296	2,049	753	- -	2,943
At 31 December 2007	5,891,005	564,936	2,892,439	1,901,032	2,130,390
Carrying amount					
At 1 January 2006	27,632,430	2,181,630	2,687,388	8,260,077	3,717,376
At 31 December 2006	30,781,080	2,145,550	1,484,850	8,048,852	4,218,533
At 31 December 2007	23,773,957	2,649,268	974,043	7,784,162	5,299,605

Furniture, fittings						
	and office equipment \$	Warehouse equipment \$	Motor vehicles \$	Plant and machinery \$	Computers \$	Total \$
	4,793,793	2,239,411	7,398,106	48,124,862	3,917,936	121,977,775
	-	-	-	-	-	(1,150,087)
	4,793,793	2,239,411	7,398,106	48,124,862	3,917,936	120,827,688
	437,127	158,525	465,015	1,612,813	527,541	4,359,428
	(121,392)	-	(336,338)	(93,936)	(246,462)	(820,273)
	39,441	-	59,891	2,417,472	8,473	7,396,727
	(845,713)	(499,127)	-	(215,003)	(1,824,092)	(4,640,400)
	(32,459)	(5,862)	(28,908)	(995,079)	(7,952)	(1,799,720)
	4,270,797	1,892,947	7,557,766	50,851,129	2,375,444	125,323,450
	4,270,797	1,892,947	7,557,766	50,851,129	2,375,444	126,684,924
	-	_	-	-	_	(1,361,474)
	4,270,797	1,892,947	7,557,766	50,851,129	2,375,444	125,323,450
	497,306	92,707	1,042,254	4,950,952	434,050	9,105,221
	(456,027)	(33,434)	(1,578,309)	(554,075)	(856)	(11,123,801)
	-	-	-	(1,762,827)	-	-
	(63,658)	-	-	(208,894)	(339,547)	(612,099)
	7,632	(3,665)	3,748	126,075	(252)	269,329
	4,256,050	1,948,555	7,025,459	53,402,360	2,468,839	122,962,100
	3,083,805	1,675,690	2,696,688	27,111,880	2,516,938	48,109,767
	422,689	115,129	893,020	2,922,138	452,985	6,734,778
	(41,373)	· =	(196,766)	(94,209)	(183,270)	(524,115)
	(832,005)	(493,727)	· =	(212,189)	(1,209,003)	(3,964,815)
	(20,674)	(6,964)	(10,926)	(301,239)	(6,759)	(377,255)
	2,612,442	1,290,128	3,382,016	29,426,381	1,570,891	49,978,360
	422,291	79,065	856,358	3,148,748	289,674	6,788,166
	(387,980)	(7,533)	(1,054,955)	(536,033)	(333)	(2,305,605)
	(56,268)	· =	-	(202,450)	(261,782)	(520,500)
	- -	-	-	748,547	-	748,547
	3,677	722	(3,139)	15,834	(18)	27,117
	2,594,162	1,362,382	3,180,280	32,601,027	1,598,432	54,716,085
	1,709,988	563,721	4,701,418	21,012,982	1,400,998	73,868,008
	1,658,355	602,819	4,175,750	21,424,748	804,553	75,345,090
	1,661,888	586,173	3,845,179	20,801,333	870,407	68,246,015
	1,661,888	586,173	3,845,179	20,801,333	870,407	68,246,0

Furniture, fittings

Year Ended 31 December 2007

## 3 Property, plant and equipment (cont'd)

Company	Leasehold building \$	Leasehold improvements \$	Renovations \$	Furniture, fittings and office equipment \$
Cost				
At 1 January 2006	8,517,028	9,633,409	4,680,868	1,748,146
Additions	- -	51,785	1,067,092	68,255
Disposals	-	-	-	(1,436)
Write-offs		-	(1,209,626)	(753,784)
At 31 December 2006	8,517,028	9,685,194	4,538,334	1,061,181
Additions	-	-	1,724,224	19,756
Disposals	=	-	-	(2,224)
Write-offs	<u> </u>	-	=	(1,038)
At 31 December 2007	8,517,028	9,685,194	6,262,558	1,077,675
Accumulated depreciation				
At 1 January 2006	3,579,448	1,373,332	1,451,779	969,868
Depreciation charge for the year	224,435	263,010	395,997	119,806
Disposals	-	-	-	(209)
Write-offs	-	-	(1,179,808)	(751,280)
At 31 December 2006	3,803,883	1,636,342	667,968	338,185
Depreciation charge for the year	224,435	264,690	560,497	109,303
Disposals	-	-	-	(1,977)
Write-offs	-	-	-	(562)
At 31 December 2007	4,028,318	1,901,032	1,228,465	444,949
Carrying amount				
At 1 January 2006	4,937,580	8,260,077	3,229,089	778,278
At 31 December 2006	4,713,145	8,048,852	3,870,366	722,996
At 31 December 2007	4,488,710	7,784,162	5,034,093	632,726
			<u> </u>	<u> </u>

Warehou equipme \$		les machine		Total \$
818,543	3,327,	823 744,90	4 2,384,140	30,854,861
84,130	33,	272	- 362,310	1,666,844
	-	-	- (72,573)	(74,009)
(499,127	7)	- (128,70	3) (1,807,105)	(4,398,345)
403,546	2,361,	095 616,20	1 866,772	28,049,351
44,060	436,	392	- 339,435	2,563,867
(33,434	(667,	730) (205,12	2) (856)	(909,366)
-	-	- (47,50	0) (139,358)	(187,896)
414,172	2,129,	757 363,57	9 1,065,993	29,515,956
F.C. 200	7.46	050 454.01	1 005 070	10 425 001
566,388	,	· · · · · · · · · · · · · · · · · · ·		10,435,961
42,835	236,	815 38,02		1,646,905
(402.707	-	- (100.70	- (14,754)	
(493,727		- (128,70		
115,496	,	· ·	,	8,322,409
43,028	,	· ·		1,637,659
(7,533	(351,3			,
150.001	-	- (47,49		
150,991	856,9	907 145,18	8 528,118	9,283,968
252,155	1,581,	765 290,88	9 1,089,067	20,418,900
288,050	1,378,	222 252,86	0 452,451	19,726,942
263,181	1,272,	850 218,39	1 537,875	20,231,988

Year Ended 31 December 2007

## 3 Property, plant and equipment (cont'd)

Included in the carrying amount of property, plant and equipment of the Group are assets with carrying amount of \$458,834 (2006: \$514,918), which are acquired under finance lease.

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$9,105,221 (2006: \$4,587,574), of which \$188,262 (2006: \$161,944) was acquired under finance leases and payables. Cash payments of \$8,916,959 (2006: \$4,425,630) were made to purchase the property, plant and equipment.

During the year, a subsidiary of the Group entered into a sale and leaseback agreement with a third party on its leasehold building at 28 Senoko Drive, Singapore 758214. At the time of sale, the leasehold building had a carrying amount of \$8,243,657. The consideration for the sale is \$12,000,000 and the agreed lease term is 15 years. The leasehold building was leased back by the subsidiary for 15 years from June 2007. The subsidiary has the option to renew the lease for an additional 5 years at a rate to be agreed with the lessor. The subsidiary has determined that all the significant risks and rewards of ownership of this building has transferred to the lessor. Accordingly, the leaseback has been accounted for as an operating lease.

During the year, a subsidiary of the Group carried out a review of the recoverable amount of certain of its plant and machinery as these had not been put into production since they were assembled. An impairment loss of \$748,547 (2006: \$Nil), representing the write down of the cost of these equipments to their recoverable amount was recognised in "other operating expenses" line item of the income statement for the financial year ended 31 December 2007. The recoverable amount of the equipment was based on its fair value less costs to sell.

The following property, plant and equipment are pledged as security for secured bank loans and credit facilities:

	Gr	oup
	2007 \$	2006 \$
Freehold building	974,028	991,789
Leasehold buildings	16,317,237	17,439,380
Plant and machinery	12,146,000	2,213,000

## 4 Investment properties

Group	Freehold land 2007 \$	Freehold building 2007 \$	Total 2007 \$
Cost			
At 1 January 2006, as previously reported	=	-	-
Reclassified from property, plant			
and equipment on adoption of FRS 40	-	1,150,087	1,150,087
Reclassified from property held for			
development on adoption of FRS 40	594,327	-	594,327
At 1 January 2006, restated	594,327	1,150,087	1,744,414
Addition	-	228,146	228,146
Translation difference	(8,660)	(16,759)	(25,419)
At 31 December 2006	585,667	1,361,474	1,947,141

Year Ended 31 December 2007

Investment properties (cont'd)	Freehold land 2007	Freehold building 2007	Total 2007
Group	\$	\$	\$
Cost			
At 1 January 2007, as previously reported	-	-	-
Reclassified from property, plant and equipment			
on adoption of FRS 40	-	1,361,474	1,361,474
Reclassified from property held for development			
on adoption of FRS 40	585,667	-	585,667
At 1 January 2007, restated	585,667	1,361,474	1,947,141
Addition	· -	71,917	71,917
Translation difference	2,131	4,955	7,086
At 31 December 2007	587,798	1,438,346	2,026,144
Accumulated depreciation			
At 1 January 2006 and 31 December 2006	-	_	-
Depreciation charge for the year	-	26,528	26,528
Translation difference	=	(162)	(162)
At 31 December 2007	<u> </u>	26,366	26,366
Carrying amount			
At 31 December 2006	585,667	1,361,474	1,947,141
At 31 December 2007	587,798	1,411,980	1,999,778

Investment properties include a number of resort apartments that are leased to the developer for a guaranteed rental period of 3 years with an option to renew for an additional 3 years and property held for development.

The carrying amount of investment properties of the Group relating to apartments under operating leases at 31 December 2007 is \$1,411,980 (2006: \$1,361,474). This carrying amount approximates their fair values which are based on market value, being the latest transacted price for which a property was exchanged between a willing buyer and a willing seller in an arm's length transaction.

The carrying amount of investment properties relating to freehold vacant land at 31 December 2007 is \$587,798 (2006: \$585,667). Fair values of these investment properties cannot be determined reliably in the absence of current prices in an active market.

Year Ended 31 December 2007

			_	_
<b>E</b>	Cul	bsid	liar	ioc
23	அய	เมราน	пап	16.5

	Com	Company		
	2007 \$	2006 \$		
Equity investments at cost	47,818,055	47,818,055		
Impairment losses	(1,600,000)	(1,600,000)		
	46,218,055	46,218,055		

Details of significant subsidiaries are as follows:

De	tails of significant subsidiaries are	as follows.			equity held Group
Na	nme of subsidiary	Principal activities	Country of incorporation	2007 %	2006 %
@	Topseller Pte Ltd	Marketing and sale of agency lines and proprietary brands	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.	Dormant	Malaysia	74	74
٨	Socma Trading (M) Sdn. Bhd. and its subsidiaries:	Marketing and sale of household and consumer products	Malaysia	100	100
^	Econfood Manufacturing (M) Sdn. Bhd.	Dormant	Malaysia	100	100
٨	Fresh Fruit Juice Manufacturing (M) Sdn. Bhd.	Manufacture of grass jelly products	Malaysia	100	100
@	PSC Investment Pte Ltd	Investment holding	Singapore	100	100
@	Fortune Food Manufacturing Pte Ltd and its subsidiary:	Manufacture of soya bean products and noodles	Singapore	100	100
@	Fortune Food Marketing Pte Ltd	Sale of soya bean products, yoghurt, noodles, and dry groceries products	Singapore	100	100

Year Ended 31 December 2007

#### 5 Subsidiaries (cont'd)

St	ıbsidiaries (cont'd)				equity held Group
Na	ame of subsidiary	Principal activities	Country of incorporation	<b>2007</b> %	2006 %
@	PSC Resort Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
γ	Palm Meadow Sdn. Bhd.	Property investment	Malaysia	100	100
∞	Tat Seng Packaging Group Ltd. and its subsidiaries:	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	Singapore	64	64
#	Tat Seng Packaging (Suzhou) Co., Ltd.	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	People's Republic of China	64	64
#	Hefei Dansun Packaging Co., Ltd.	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	People's Republic of China	51.2	51.2
@	Topseller Development Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
٨	Flobina Sdn. Bhd.	Property investment	Malaysia	100	100
@	PSC International Pte Ltd and its subsidiaries:	Investment holding	Singapore	100	100
@	Health Solutions International Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	95	95
@	Health Solutions Holdings Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	89.7	-
Ω	Health Solutions (Malaysia) Sdn. Bhd. and its subsidiaries:	Construction of hospital turnkey projects and provision of healthcare consultancy and hospital management services	Malaysia	89.7	95
Ω	Health Solutions Services Sdn. Bhd.	Construction of hospital turnkey projects and provision of healthcare consultancy and hospital management services	Malaysia	89.6	28.5

Year Ended 31 December 2007

#### 5 Subsidiaries (cont'd)

					equity held Group
Na	me of subsidiary	Principal activities	Country of incorporation	2007	2006
*	Health Solutions Medical Services (Vietnam) Co., Ltd	Provision of healthcare consultancy and healthcare and medical services	Vietnam	89.7	95
Δ	PT Health Solutions Indonesia	Provision of healthcare consultancy services	Indonesia	89.7	95
@	Education Solutions International Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	100	100
@	InnoForm Media Pte Ltd and its subsidiaries:	Publisher, licensee, importer, exporter and distribution of entertainment programs (such as theatrical films, television programs, children edutainment and lifestyle programs)	Singapore	51	51
β	InnoForm Media (HK) Limited	Publisher, licensee, importer, exporter and distribution of compact discs, tapes and records of all kinds	Hong Kong	51	51
^	InnoForm Media (Taiwan) Co. Limited	Importer, exporter and distribution of compact discs, tapes and records of all kinds	Taiwan	40.8	40.8
٨	InnoForm Media (M) Sdn. Bhd.	Production and distribution of tapes and compact discs	Malaysia	51	51
@	InnoForm Entertainment Pte. Ltd.	Exclusive collective licensing agent for music label companies for karaoke music and songs	Singapore	51	51
@	I-Econ Management Services Pte. Ltd. and its subsidiary:	Franchise ownership	Singapore	100	100
@	I-View Media Pte. Ltd.	Dormant	Singapore	100	100

<sup>@</sup> Audited by KPMG Singapore.

<sup>^</sup> Audited by other member firms of KPMG International.

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

<sup>∞</sup> Audited by Ernst & Young, Singapore.

<sup>#</sup> Audited by Ernst & Young, People's Republic of China.

 $<sup>\</sup>Omega$  Audited by Moore Stephens, Malaysia.

<sup>\*</sup> Audited by Grant Thornton, Vietnam.

Δ Audited by Grant Thornton, Indonesia.

 $<sup>\</sup>beta$  Audited by Keith Lam & Co., Hong Kong.

Year Ended 31 December 2007

#### 6 Associates

	Gr	Group		Company		
	2007 \$	2006 \$	2007 \$	2006 \$		
Investment in associates	41,293,297	48,223,638	27,163,530	27,163,530		
Impairment losses	(85,691)	=	(2,684,375)	-		
	41,207,606	48,223,638	24,479,155	27,163,530		

Investment in associates at 31 December 2007 include goodwill of \$1,045,953 (2006: \$1,131,644).

At each balance sheet date, the Group and the Company review the recoverable amount of the investment in associates to determine whether there is any indication of impairment. The recoverable amounts have been determined on the basis of the net assets value of these associates at the balance sheet date as in the opinion of the Directors of the Company, the net assets value reasonably approximate the fair values. As at 31 December 2007, the Group and the Company recorded impairment losses of \$85,691 (2006: \$NiI) and \$2,684,375 (2006: \$NiI) on the investment in associates respectively.

Details of significant associates are as follows:

					Effective e Group	quity held the Co	-
Nan	ne of associate	Principal activities	Country of incorporation	2007 %	2006	2007 %	2006
&	Health Solutions (Australia) Pty Ltd	) Provision of health ) care consultancy and	Australia	43.9	46.5	-	-
~	Health Solutions (WA) Pty Ltd	<ul><li>) hospital management</li><li>) services</li><li>)</li></ul>	Australia	42.0	44.5	-	-
Ω	Health Solutions (S.E. Asia) Sdn. Bhd.	Construction of hospital turnkey projects and provision of health care consultancy and hospital management services	Malaysia	26.9	28.5	-	-
α	HSI Philippines Inc.	Advisory and management services to hospitals, healthcare facilities and medical establishments	Philippines	35.9	38	-	-
$\checkmark$	Harbin Puwei Real Estate Development Co Ltd	Development of property	People's Republic of China	40	40	-	-
Δ	Hainan Groupforce Laboratories Co Ltd	Manufacture and export of green tea extract	People's Republic of China	22	22	-	-

Year Ended 31 December 2007

## 6 Associates (cont'd)

ASS	ociates (cont u)				Effective e Group	quity held the Co	by mpany
Nar	ne of associate	Principal activities	Country of incorporation	2007 %	2006	2007 %	2006 %
+	Longkou Luzhibei Preserved Fruit Company Limited	Manufacture and distribution of preserved fruits	People's Republic of China	40	40	-	-
+	Topseller Chemical (China) Company Limited	Supply of washing powder and detergents	People's Republic of China	-	40	-	-
0	Youcan E-Distribution Network Co Ltd	Distribution, wholesale and retail of fast moving consumer products (food and non-food)	People's Republic of China	20	20	-	-
**	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
f	China Worldbest Health Solutions Holding Co Ltd	Consulting, contract management, and supplies and hospital ownership and operation	People's Republic of China	31.3	31.3	31.3	31.3

- & Not required to be audited by law of country of incorporation.
- Audited by Ernst & Young, Australia.
- $\Omega$  Audited by Moore Stephens, Malaysia.
- $\alpha$  Audited by Jaime B. Santos, Philippines.
- ✓ Audited by Harbin Public Accountant Office, People's Republic of China.
- Δ Audited by Hainan Haizheng Accounting firm, People's Republic of China.

- + Audited by Yantai Yiji Accounting firm, People's Republic of China.
- o Audited by Hangzhou Dai Accounting firm, People's Republic of China.
- \*\* Audited by KPMG Singapore.
- f Audited by Zhong Xin Cai Certified Public Accountants, People's Republic of China.

Year Ended 31 December 2007

#### 6 Associates (cont'd)

The summarised financial information of the associates is as follows:

	Associates		
	2007	2006	
	\$	\$	
Assets and liabilities			
Total assets	241,475,296	280,129,426	
Total liabilities	98,737,104	124,341,772	
Results			
Revenue	482,494,260	555,562,054	
Profit after taxation	8,516,385	20,905,774	

The summarised financial information relating to associates is not adjusted for the percentage of ownership held by the Group.

The Group has not recognised losses relating to certain associates where the Group's share of losses exceeds the carrying amount of its investment in those associates. The Group's share of cumulative unrecognised losses is \$1,932,217 (2006: \$1,726,403), of which \$205,814 (2006: \$10,619) is its share of the current year's losses. The Group has no obligation in respect of these losses.

### 7 Other financial assets

	Gı	Group		pany
	2007 \$	2006 \$	2007 \$	2006 \$
Non-current investments				
Available-for-sale equity securities	13,917,899	13,668,881	2,482,660	2,480,300

Year Ended 31 December 2007

## 8 Intangible assets

Group	Goodwill on consolidation	Trademarks \$	Development costs \$	Royalties \$	Licences \$	Total \$
Cost						
At 1 January 2006	1,108,690	363,050	972,368	1,163,257	4,209,182	7,816,547
Acquisition through business combination	608,447	_	_	_	_	608,447
Additions	-	_	647,127	58,125	2,208,985	2,914,237
Translation differences	(9,900)	_	(13,055)	(1,853)	(131,414)	(156,222)
At 31 December 2006	1,707,237	363,050	1,606,440	1,219,529	6,286,753	11,183,009
Acquisition through						
business combination	8,728	-	-	-	-	8,728
Additions	-	-	374,896	15,745	4,504,567	4,895,208
Reclassification	-	-	(27,461)	(129,803)	157,264	<u>-</u>
Translation differences	- 1 715 005	-	(14,437)	(608)	(91,358)	(106,403)
At 31 December 2007	1,715,965	363,050	1,939,438	1,104,863	10,857,226	15,980,542
Accumulated amortisation						
At 1 January 2006	_	363,050	481,351	863,821	1,811,417	3,519,639
Amortisation charge		000,000	101,001	000,021	1,011,117	0,013,003
for the year	-	-	206,837	137,626	1,246,604	1,591,067
Translation differences	-	_	(5,968)	(1,854)	(81,675)	(89,497)
At 31 December 2006	-	363,050	682,220	999,593	2,976,346	5,021,209
Amortisation charge						
for the year	-	-	500,681	88,601	3,049,758	3,639,040
Reclassification	-	-	(27,461)	(50,015)	77,476	-
Translation differences		-	(8,058)	(608)	(82,084)	(90,750)
At 31 December 2007		363,050	1,147,382	1,037,571	6,021,496	8,569,499
Comming opposit						
Carrying amount At 1 January 2006	1,108,690		491,017	299,436	2,397,765	4,296,908
At 31 December 2006	1,707,237		924,220	219,936	3,310,407	6,161,800
At 31 December 2007	1,715,965		792,056	67,292	4,835,730	7,411,043
, 1. 31 D000111D01 2007	1,710,000		, , , , , , , , ,	01,232	1,000,700	/, III,UTU

Amortisation of intangible assets for the financial year is included in the following line items of the income statements:

	Grou	Group		
	2007 \$	2006 \$		
Administrative expenses	2,243,290	1,591,067		
Cost of sales	1,395,750	-		
	3,639,040	1,591,067		

Year Ended 31 December 2007

## 8 Intangible assets (cont'd)

Impairment testing for cash-generating units containing goodwill

Goodwill is primarily allocated to the cash-generating units within the media and packaging business segments operating largely in Singapore and China respectively.

The recoverable amount of the cash-generating units is based on value-in-use. These calculations use cash flow projections based on financial budgets approved by the Group's management covering a three-year period for the media segment and a five-year period for the packaging business. The key assumptions used are as follow:

	Gross margin %	Growth rate %	Discount rate %
2007			
Media	57	8	8
Packaging	14	3	7
2006			
Media	62	3	7
Packaging	10	10	10

Management determined the key assumptions based on past performance and its expectations of market developments, and the specific risks relating to the segments.

#### 9 Deferred tax

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

		Recognised				Recognised		
	At	in income	Acquisition	Exchange	At	in income	Exchange	At
	1 January	statement	of	translation	31 December	statement	translation	31 December
	2006	(Note 26)	subsidiary	differences	2006	(Note 26)	differences	2007
Group	\$	\$	<b>\$</b>	\$	<b>\$</b>	\$	\$	<b>\$</b>
Deferred tax assets								
Property, plant and								
equipment	71,358	17,340	-	(1,473)	87,225	33,055	(132)	120,148
Other financial assets	77,112	(10,558)	-	-	66,554	(40,849)	185	25,890
Tax value of loss								
carry forward	1,100,000	(231,403)	-	-	868,597	(174,828)	(72)	693,697
Other items	103,549	(32,628)	-	-	70,921	6,112	37	77,070
Total	1,352,019	(257,249)	-	(1,473)	1,093,297	(176,510)	18	916,805
Deferred tax liabilities								
Property, plant and								
equipment	(5,183,790)	481,825	(360,817)	(11,309)	(5,074,091)	1,352,989	39,825	(3,681,277)
Intangible assets	(353,921)	(427,722)	-	1,720	(779,923)	(188,473)	1,461	(966,935)
Other financial assets	(27,318)	(121,087)	-	-	(148,405)	485,337	-	336,932
Total	(5,565,029)	(66,984)	(360,817)	(9,589)	(6,002,419)	1,649,853	41,286	(4,311,280)

Year Ended 31 December 2007

#### 9 Deferred tax (cont'd)

Company	At 1 January 2006 \$	Recognised in income statement \$	At 31 December 2006 \$	Recognised in income statement \$	At 31 December 2007 \$
Deferred tax assets					
Other financial assets	74,275	(74,275)	-	-	-
Other items	66,402	(19,900)	46,502	120,844	167,346
Total	140,677	(94,175)	46,502	120,844	167,346
Deferred tax liabilities					
Property, plant and equipment	(449,501)	177,786	(271,715)	(342,529)	(614,244)
Other financial assets	(27,959)	(121,962)	(149,921)	(41,713)	(191,634)
Total	(477,460)	55,824	(421,636)	(384,242)	(805,878)

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 included in the balance sheet as follows:

	Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Deferred tax liabilities Deferred tax assets	4,093,884 699,409	5,890,427 981,305	638,532 -	375,134

Deferred tax assets have not been recognised in respect of the following items:

	Gro	oup
	2007 \$	2006 \$
Tax losses	5,373,048	6,802,148
Deductible temporary differences	(38,344)	(36,898)
	5,334,704	6,765,250

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The deductible temporary differences do not expire under current tax legislation. 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 Group can utilise the benefits.

### 10 Non-financial assets

	Group		Company	
	2007 \$	2006 \$	<b>2007</b> \$	2006 \$
Transferable country club memberships	322,812	353,123	45,000	45,000

Year Ended 31 December 2007

#### 11 Inventories

		G	roup	Con	прапу
	Note	2007 \$	2006 \$	2007 \$	2006 \$
Raw materials		11,562,808	8,240,691	-	-
Work-in-progress		283,780	234,489	-	-
Finished goods		19,348,200	20,433,762	4,547,726	6,803,598
Packing materials		340,428	281,954	-	-
		31,535,216	29,190,896	4,547,726	6,803,598
Contract work-in-progress	12	455,134	314,054	-	-
		31,990,350	29,504,950	4,547,726	6,803,598

## 12 Contract work-in-progress

		iroup
	2007	2006 \$
Project costs	455,134	314,054
Comprising: Work-in-progress	455,134	314,054

#### 13 Trade and other receivables

	G	roup	Company	
	2007	2006	2007	2006
Note	\$	\$	\$	\$
	64,675,236	50,658,786	7,461,041	8,023,444
	(4,267,111)	(2,690,213)	(471,832)	(547,088)
	60,408,125	47,968,573	6,989,209	7,476,356
14	12,972,362	4,356,880	1,120,522	472,919
15	_	-	37,220,711	33,117,504
16	6,985,172	7,762,726	11,174	57,739
	80,365,659	60,088,179	45,341,616	41,124,518
	14 15	Note \$  64,675,236 (4,267,111) 60,408,125  14 12,972,362  15 - 16 6,985,172	Note         \$           64,675,236         50,658,786           (4,267,111)         (2,690,213)           60,408,125         47,968,573           14         12,972,362         4,356,880           15         -         -           16         6,985,172         7,762,726	Note         2007 \$         2006 \$         2007 \$           64,675,236 (4,267,111)         50,658,786 (2,690,213)         7,461,041 (471,832)           60,408,125         47,968,573         6,989,209           14         12,972,362         4,356,880         1,120,522           15         -         -         37,220,711           16         6,985,172         7,762,726         11,174

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, engage in a wide spectrum of activities, and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

Year Ended 31 December 2007

## 13 Trade and other receivables (cont'd)

The maximum exposure to credit risk for trade receivables (including trade amounts due from subsidiaries) at the reporting date (by type of customer) is:

	Gr	Group		Company	
	2007 \$	<b>2006</b> \$	2007 \$	2006 \$	
Consumer business	38,492,383	35,091,280	7,098,602	8,492,240	
Health solutions	3,797,340	531,919	-	-	
Packaging	18,118,402	12,345,374	-	-	
	60,408,125	47,968,573	7,098,602	8,492,240	

Impairment losses

The ageing of trade receivables (including trade amounts due from subsidiaries) at reporting date is:

	Impairment			Impairment
	Gross	losses	Gross	losses
	2007	2007	2006	2006
	\$	\$	\$	\$
Group				
Not past due	48,400,712	28,629	37,688,564	55,938
Past due 0 – 90 days	12,208,174	1,586,384	9,252,291	123,762
Past due 91 – 180 days	1,592,970	263,544	580,132	74,399
Past due 181 – 365 days	381,415	320,217	788,921	188,938
More than one year	2,091,965	2,068,337	2,348,878	2,247,176
	64,675,236	4,267,111	50,658,786	2,690,213
Company				
Not past due	6,183,892	452,265	7,200,800	484,097
Past due 0 – 90 days	1,275,379	-	1,746,414	9,835
Past due 91 – 180 days	77,513	2,068	20,703	6,751
Past due 181 – 365 days	37,601	30,602	-	-
More than one year	448,314	439,162	523,676	498,670
	8,022,699	924,097	9,491,593	999,353

The change in impairment loss in respect of trade receivables (including trade amounts due from subsidiaries) during the year is as follows:

	Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
At 1 January Impairment loss recognised At 31 December	2,690,213	2,652,423	999,353	1,857,806
	1,576,898	37,790	(75,256)	(858,453)
	4,267,111	2,690,213	924,097	999,353

Year Ended 31 December 2007

## 14 Deposits, prepayments and other receivables

	G	Group		Company	
	2007	2006	2007	2006	
	\$	\$	\$	\$	
Deposits	1,328,680	918,410	16,306	83,386	
Prepayments	909,584	1,072,853	174,436	99,838	
Non-trade receivables	9,939,627	2,152,681	238,155	259,479	
Tax recoverable	634,589	181,778	534,641	-	
Interest receivable	159,882	31,158	156,984	30,216	
	12,972,362	4,356,880	1,120,522	472,919	

## 15 Amounts due from subsidiaries

	Company		
	2007 \$	2006 \$	
Interest-bearing loans Current accounts:	5,000,000	5,000,000	
- trade	561,658	1,468,149	
- non-trade	42,374,728	36,606,355	
	47,936,386	43,074,504	
Allowance for doubtful receivables	(10,715,675)	(9,957,000)	
	37,220,711	33,117,504	

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand. The interest-bearing loans are unsecured and repayable on demand. At the balance sheet date, the loans bear interest of 5% (2006: 5%) per annum.

## 16 Amounts due from associates

	Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Current accounts:				
- non-trade	7,876,486	7,762,726	68,913	57,739
Allowance for doubtful receivables	(891,314)	-	(57,739)	-
	6,985,172	7,762,726	11,174	57,739

The non-trade amounts due from associates are unsecured, interest-free and repayable on demand.

Year Ended 31 December 2007

## 17 Cash and cash equivalents

		Group		Company	
		2007	2006	2007	2006
	Note	<b>\$</b>	\$	\$	<b>\$</b>
Cash at bank and in hand		14,651,346	13,982,413	466,396	780,100
Fixed deposits with banks		105,832,097	35,324,245	82,949,162	26,722,184
		120,483,443	49,306,658	83,415,558	27,502,284
Bank overdrafts	21	(1,317,495)	(1,478,606)	=	-
Deposits pledged		(4,647,890)	(3,702,003)	=	-
		114,518,058	44,126,049	83,415,558	27,502,284

Included in cash at bank is an amount of \$8,877,228 (2006: \$8,311,074) which earns interest at floating rates based on daily bank deposit rates ranging from 0.05% to 1.15% (2006: 0.06% to 0.67%) per annum.

The weighted average effective interest rates per annum relating to fixed deposits with banks at the balance sheet date for the Group and Company are 2.16% (2006: 3.17%) and 2.24% (2006: 3.18%) respectively. Interest rates are repriced at intervals of up to one year.

Bank deposits pledged represents amounts pledged as security by certain subsidiaries to obtain credit facilities.

#### 18 Share capital

	Group and	Group and Company		
	2007	2006 No. of shares		
	No. of shares			
Fully paid ordinary shares, with no par value:				
At 1 January	1,867,455,825	1,867,455,825		
Exercise of share options	3,300,000	-		
	1,870,755,825	1,867,455,825		
Share consolidation	(1,496,604,661)	-		
Issue of rights issue shares	187,075,582	-		
At 31 December	561,226,746	1,867,455,825		

#### Share consolidation

Pursuant to the announcements by the Company on 7 June 2007, 27 June 2007 and 29 August 2007 and the approval by its members at an Extraordinary General Meeting held on 28 September 2007, the Company consolidated every five issued ordinary shares into one ordinary share in the share capital of the Company.

In November 2007, the Company allotted and issued 187,075,582 new ordinary shares (the "rights shares") at an issue price of \$0.33 for each rights share on the basis of one rights share for every two existing shares pursuant to approval by its members at an Extraordinary General Meeting held on 28 September 2007.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Year Ended 31 December 2007

#### 18 Share capital (cont'd)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders value.

The Group manages its capital structure and makes alignment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may align the dividend payment to shareholders, return capital to shareholders or issue new shares.

There were no changes in the Group's approach to capital management during the year.

As disclosed in Note 20, a subsidiary of the Group is required by the Foreign Enterprise Law of the People's Republic of China (the "PRC") to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the financial years ended 31 December 2007 and 31 December 2006.

#### 19 Equity compensation benefits

The PSC Executives' Share Option Scheme ("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.

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.

Arising from the Share Consolidation Exercise and Rights Issue exercise, every five outstanding options were consolidated into one option. The exercise price of the options granted was adjusted from the initial exercise price of \$0.086 and \$0.085 to \$0.220 and \$0.325 per share respectively.

Year Ended 31 December 2007

#### 19 Equity compensation benefits (cont'd)

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price of the options	Options outstanding at 01/01/2007	Options cancelled	<b>Options</b> exercised	subsequent to Share Consolidation Exercise on 18/10/2007	Options outstanding at 31/12/2007	Number of option holders at 31/12/2007	Exercise period
20/08/2003	\$0.220	19,650,000	(1,850,000)	(3,300,000)	(11,600,000)	2,900,000	8	20/08/2004 – 19/08/2013
20/08/2003	\$0.325	4,000,000 23,650,000	(1,850,000)	(3,300,000)	(3,200,000)	800,000	3	20/08/2004 - 19/08/2008

#### 20 Reserves

	Gr	oup	Com	pany
	2007 \$	<b>2006</b> \$	2007 \$	2006 \$
Other capital reserves	2,909,709	2,625,241	-	_
Fair value reserve	(569,975)	(1,628,340)	(378,253)	(380,612)
Currency translation reserve	(3,391,233)	(3,528,606)	-	-
Accumulated profits	60,482,890	56,197,939	3,190,185	7,310,579
	59,431,391	53,666,234	2,811,932	6,929,967

The currency translation reserve comprises:

- (a) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company; and
- (b) the exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments held until the investment is derecognised.

Other capital reserves comprise mainly of the reserve arising from bonus shares issued by a subsidiary and transfers from accumulated profits. In accordance with the relevant PRC regulations and the articles of association, certain subsidiaries are required to appropriate at least 10% of its profit after tax, as determined in accordance with PRC accounting standards and regulations applicable to the subsidiaries, to the other capital reserves until such reserve reaches 50% of the registered capital. The appropriation for other capital reserves will be made based on its profit after tax of the annual statutory financial statements of the subsidiaries.

Year Ended 31 December 2007

#### 21 Financial liabilities

		Gr	oup
		2007	2006
	Note	\$	\$
Non-current liabilities			
Secured bank loans		856,843	1,932,288
Unsecured bank loans		-	981,000
Finance lease liabilities		204,048	186,307
		1,060,891	3,099,595
Current liabilities			
Bank overdrafts	17	1,317,495	1,478,606
Secured bank loans		7,243,633	4,033,969
Unsecured bank loan		-	1,962,710
Bills payable		15,478,658	11,125,374
Finance lease liabilities		78,977	112,565
		24,118,763	18,713,224
Total loans and borrowings		25,179,654	21,812,819

Borrowings (excluding finance lease liabilities)

- (i) Included in bank overdrafts of the Group is an amount of \$1,303,325 (2006: \$583,575), secured by a standby letter of credit from a bank of \$1,470,000 (2006: \$1,470,000) which is guaranteed by the Company.
- (ii) The secured bank loans comprise:
  - (a) Term loans of \$1,471,814 (2006: \$2,212,219), secured by the following:
    - (1) leasehold building held by a subsidiary with a carrying amount of \$1,615,237 (2006: \$1,647,584);
    - (2) property with a market value of \$2,100,000 (2006: \$2,100,000) owned by a minority shareholder which is also used to secure the overdraft of \$14,170 (2006: \$385,513) of the subsidiary; and
    - (3) corporate guarantee from the Company and personal guarantee from a minority shareholder.

The term loans are repayable by monthly instalments over a period of 5 years.

- (b) Term loans amounting to \$6,522,780 (2006: \$3,754,038), secured by certain leasehold buildings held by the packaging subsidiaries in China with carrying amount of approximately RMB74,382,000 or \$14,702,000 (2006: RMB35,327,000 or \$6,933,000), which form part of the securities in (iii) below. These loans are repayable over a period of one month to one year.
- (c) Bankers acceptances of \$105,882 (2006: \$Nil) secured by fixed charges over a subsidiary's freehold building with carrying amount of \$974,028 (2006: \$991,789).
- (iii) The bills payable of \$15,413,116 (2006: \$11,125,374) with original term of 1 to 6 months is secured by certain leasehold buildings and certain plant and machinery held by subsidiaries with carrying amount of approximately RMB135,832,000 or \$26,848,000 (2006: RMB91,725,000 or \$18,002,000) and bank deposits of \$4,647,890 (2006: \$3,702,003).

Year Ended 31 December 2007

#### 21 Financial liabilities (cont'd)

Finance lease liabilities

At 31 December 2007, the Group has obligations under finance leases that are payable as follows:

		2007			2006	
Group	Payments \$	Interest \$	Principal \$	Payments \$	Interest \$	Principal \$
Payable within 1 year Payable after 1 year	100,408	21,431	78,977	136,546	23,981	112,565
but within 5 years	220,940	31,294	189,646	197,794	29,324	168,470
Payable after 5 years	14,745	343	14,402	18,600	763	17,837
Total	336,093	53,068	283,025	352,940	54,068	298,872

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

Group	Nominal interest rate	Year of maturity	2007 Carrying amount \$	2006 Carrying amount \$
Secured/unsecured bank loans:				
- S\$ floating rate loans	SIBOR + 1.75%	2008 - 2010	1,471,815	2,212,219
- RMB fixed rate loan	5.56 - 7.29%	2008	6,522,780	6,697,748
- RM fixed rate loan	5 - 5.25%	2008	105,881	-
Finance lease liabilities	2.99 - 5.69%	2008 - 2013	283,025	298,872
Bank overdrafts	5.25 - 7.25%	2008	1,317,495	1,478,606
Bills payable	-	2008	15,478,658	11,125,374
			25,179,654	21,812,819

The following are the expected contractual undiscounted cash inflows (outflows) of financial liabilities, including interest payments and excluding the impact of netting agreements:

Group	Carrying amount \$	Contractual cash flows	Within 1 year \$	Cash flows Within 1 to 5 years \$	More than 5 years \$
2007					
Non-derivative financial liabilities					
Variable interest rate loans	1,471,815	(1,596,358)	(671,885)	(924,473)	-
Fixed interest rate loans	6,628,661	(6,810,414)	(6,810,414)	-	-
Finance lease liabilities	283,025	(336,093)	(100,408)	(220,940)	(14,745)
Bank overdrafts	1,317,495	(1,317,495)	(1,317,495)	-	-
Bills payable	15,478,658	(15,478,658)	(15,478,658)	-	-
Trade and other payables*	34,382,799	(34,382,799)	(34,382,799)	-	
	59,562,453	(59,921,817)	(58,761,659)	(1,145,413)	(14,745)

Year Ended 31 December 2007

#### 21 Financial liabilities (cont'd)

				Cash flows	
	Carrying amount	Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
Group	<b>\$</b>	\$	<b>\$</b>	\$	<b>\$</b> 
2006					
Non-derivative financial liabilities					
Variable interest rate loans	2,212,219	(2,452,405)	(1,241,586)	(1,210,819)	-
Fixed interest rate loans	6,697,748	(6,991,377)	(5,073,173)	(1,918,204)	-
Finance lease liabilities	298,872	(352,940)	(136,546)	(197,794)	(18,600)
Bank overdrafts	1,478,606	(1,478,606)	(1,478,606)	-	-
Bills payable	11,125,374	(11,125,374)	(11,125,374)	-	-
Trade and other payables*	32,817,890	(32,817,890)	(32,817,890)	-	-
	54,630,709	(55,218,592)	(51,873,175)	(3,326,817)	(18,600)

<sup>\*</sup> Excludes provision for contingencies in an associate and accrued expenses

Company	Carrying amount \$	Contractual cash flows	Within 1 year \$	Cash flows Within 1 to 5 years \$	More than 5 years \$
2007 Trade and other payables*	18,000,717	(18,000,717)	(18,000,717)		
2006 Trade and other payables*	20,025,342	(20,025,342)	(20,025,342)	-	

<sup>\*</sup> Excludes provision for contingencies in an associate and accrued expenses

#### 22 Deferred capital grant

At 31 December  Accumulated amortisation  At 1 January  Amortisation charge during the year	
Received during the year At 31 December  Accumulated amortisation At 1 January Amortisation charge during the year	
At 31 December  Accumulated amortisation  At 1 January  Amortisation charge during the year	_
Accumulated amortisation At 1 January Amortisation charge during the year	77,167
At 1 January Amortisation charge during the year	77,167
Amortisation charge during the year	
<del></del>	-
	1,942
At 31 December	1,942
Carrying amount	
Current	2,912
Non-current	72,313
<del>-</del>	75,225

Year Ended 31 December 2007

#### 22 Deferred capital grant (cont'd)

Deferred capital grant relate to government grants received for the acquisition for factory building and plant and machinery by one of the subsidiaries in PRC and will be amortised over the useful lives of the related assets acquired. There are no unfulfilled conditions or contingencies attached to these grants.

#### 23 Trade and other payables

	Gr	oup	Con	npany
	2007	2006	2007	2006
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade payables	23,547,557	25,799,553	6,022,855	8,771,620
Retention monies payable	937,530	174,949	-	-
Amounts due to:				
- subsidiaries (trade)	-	-	4,042,846	533,567
- subsidiaries (non-trade)	-	-	4,197,716	7,145,575
<ul> <li>minority shareholder of</li> </ul>				
a subsidiary (non-trade)	1,000,000	1,000,000	-	-
Other payables	8,897,712	5,843,388	3,737,300	3,574,580
Provision for contingencies in				
an associate	1,185,958	-	366,253	-
Accruals	10,389,209	8,718,775	2,580,471	2,611,672
	45,957,966	41,536,665	20,947,441	22,637,014

The non-trade amounts due to subsidiaries and minority shareholder of a subsidiary are unsecured, interest-free and repayable on demand.

#### 24 Revenue

	G	roup
	2007 \$	2006 \$
Sale of goods	254,693,099	224,321,144
Revenue from construction contracts and healthcare consultancy	7,241,516	4,221,923
Total revenue	261,934,615	228,543,067

#### 25 Finance income and expense

	Gro	oup
	2007 \$	2006
Recognised in the income statement		
Interest income:		
- available-for-sale debt securities	-	27,773
- fixed deposits	1,176,606	1,170,478
Dividend income	1,610	17,214
Gain on disposal of:		
- available-for-sale debt securities	-	118,347
- available-for-sale equity securities	-	196,645
Movement in receivables carried at amortised cost	482,778	333,485
Finance income	1,660,994	1,863,942

Year Ended 31 December 2007

26

#### 25 Finance income and expense (cont'd)

	Group		
	2007	2006	
	\$	\$	
Interest expense:			
- bank borrowings	692,074	375,099	
- finance lease liabilities	38,216	68,293	
Impairment loss on available-for-sale equity securities	1,449,328		
Finance expenses	2,179,618	443,392	
Net finance income and expenses recognised in income statement	(518,624)	1,420,550	
Income tax expense			
	Gro	oup	
	2007	2006	
	\$	\$	
Current tax expense			
Current year	2,732,508	1,446,283	
Adjustment for prior years	101,425	(140,887	
	2,833,933	1,305,396	
Deferred tax expense			
Origination and reversal of temporary differences	(59,929)	912,078	
Reduction in tax rate	(211,958)	-	
Reversal of deferred tax liabilities upon disposal of leasehold building	(956,829)	-	
Adjustment for prior years	(244,627)	(140,917	
Recognition of previously unrecognised tax losses	- (1, 470,040)	(446,928	
	(1,473,343)	324,233	
Total income tax expense	1,360,590	1,629,629	
Reconciliation of effective tax rate			
Profit for the year	10,923,750	10,541,031	
Total income tax expense	1,360,590	1,629,629	
Profit excluding income tax	12,284,340	12,170,660	
Tax calculated using Singapore tax rate of 18% (2006: 20%)	2,211,181	2,434,132	
Reduction in tax rate	(211,958)	· · · · -	
Effect of different tax rates in other countries	844,393	239,610	
Income not subject to tax	(728,852)	(123,567	
Tax effect on share of profit of associates	(404,454)	(1,038,937	
Effect of group relief	(63,140)	-	
Expenses not deductible for tax purposes	1,970,632	1,517,233	
Tax rebate	(722,259)	(705,369	
Reversal of deferred tax liabilities upon disposal of leasehold building	(956,829)	-	
Adjustment for prior years	(143,202)	(281,804	
Utilisation of previously unrecognised tax losses	(340,024)	(446,928	
Others	(94,898)	35,259	
	1,360,590	1,629,629	

Year Ended 31 December 2007

#### 27 Profit for the year

The following items have been included in arriving at profit for the year:

	Gr	oup
	2007 \$	2006 \$
Amortisation of:		
- development cost	500,681	206,837
- licences	3,049,758	1,246,604
- royalties	88,601	137,626
Bad debts written off	121,720	83,780
Deferred expenditure written off	164,326	319,075
Depreciation of investment property	26,528	-
Depreciation of property, plant and equipment	6,788,166	6,734,778
Exchange (gain)/loss	(1,101,994)	69,442
Gain on dilution of interest in a subsidiary	(1,469,655)	-
(Gain)/loss on disposal of property, plant and equipment	(3,618,523)	6,811
Impairment loss on investment in an associate	85,691	-
Impairment loss on non-financial assets	45,311	42,053
Inventories written off	227,786	17,429
Non-audit fees paid to auditors of the Company	97,659	37,199
Operating lease expense	1,921,656	1,298,258
Property, plant and equipment impaired and written off	844,519	675,585
Staff costs	31,201,253	27,037,686
Contribution to defined contribution plans included in staff costs	2,273,194	2,136,257
Rental income	(1,070,065)	(796,572)
Operating expenses arising from rental of investment properties	12,567	-

#### 28 Earnings per share

	G	roup
	2007 \$	<b>2006</b> \$
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	7,580,845	8,723,642
	No. of shares	No. of shares
Weighted average number of shares outstanding during the year*	436,104,858	417,749,868

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

Year Ended 31 December 2007

#### 28 Earnings per share (cont'd)

	2007 No. of shares	2006 No. of shares
Weighted average number of shares issued,		
used in the calculation of basic earnings per share*	436,104,858	417,749,868
Dilutive effective of share options	1,210,778	-
Weighted average number of shares (diluted)	437,315,636	417,749,868

<sup>\*</sup> The calculation for the previous year has been adjusted for the share consolidation and rights issue during the current year.

In 2006, options to purchase 19,650,000 ordinary shares at \$0.086 per share and 4,000,000 ordinary shares at \$0.085 per share were outstanding as at 31 December 2006 but were not included in the computation of diluted earnings per share because these options were antidilutive.

#### 29 Dividends

	2007	2006 \$
Final dividend paid of 0.20 cents per share, less tax at 18% in respect of 2006	3,063,448	-
Final dividend paid of 0.20 cents per share, less tax at 20% in respect of 2005		2,987,929

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

	2007 \$	2006
Final dividend proposed of 0.50 cents (2006: 0.20 cents) per share, exempt one-tier (2006: less tax at 18%)	2,806,134	3,062,628

#### 30 Segment information

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

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

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise 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.

Year Ended 31 December 2007

#### 30 Segment information (cont'd)

Business segments

The Group comprises the following main business segments:

I Consumer Essentials

Consumer Business : Supply of provisions and household consumer products, retail franchising, manufacture and

sale of soya bean products, noodles. Development, distribution and licensing of education

and entertainment products.

Health Solutions : Construction of hospital turnkey projects and provision of health-care consultancy and hospital

management services.

II Strategic Investments

Packaging : Manufacture and sale of corrugated paper products and other packaging products.

Geographical segments

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

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.

#### **Business segments**

	Consumer Consumer	Consumer Essentials Consumer Health		Strategic Investments		
Group	Business \$	Solutions \$	Packaging \$	Others \$	Total operations \$	
2007						
Revenue and expenses Total revenue	180,083,735	7,241,515	74,609,365	_	261,934,615	
Total Teveride		7,211,010	, 1,000,000		201,301,010	
Segment results	3,449,617	1,094,123	5,363,220	679,348	_ 10,586,308	
Unallocated results					(30,311)	
Results from operating activities					10,555,997	
Net finance expenses					(518,624)	
Share of profit of associates					2,246,967	
Income tax expense					(1,360,590)	
Profit for the year					10,923,750	

Year Ended 31 December 2007

#### 30 Segment information (cont'd)

	Consumer Consumer	Essentials Health	Strategic In	vestments	
Group	Business \$	Solutions \$	Packaging \$	Others \$	Total operations \$
2006 Revenue and expenses Total revenue	169,508,666	4,221,923	54,812,478	-	228,543,067
Segment results Unallocated results	3,284,661	(167,355)	2,467,861	12,309	5,597,476 (42,050)
Results from operating activities Net finance income Share of profit of associates Income tax expense Profit for the year					5,555,426 1,420,550 5,194,684 (1,629,629) 10,541,031
2007 Assets Segment assets Investments in associates Unallocated assets Total assets	190,719,054	23,599,481 15,665,134	84,439,629 -	7,469,786 25,542,472	306,227,950 41,207,606 19,208,458 <b>366,644,014</b>
2007 Liabilities Segment liabilities Unallocated liabilities Total liabilities	31,755,526	2,758,897	11,504,729	14,039	46,033,191 31,843,345 <b>77,876,536</b>
2006 Assets Segment assets Investments in associates Unallocated assets Total assets	129,961,459 11,017	8,433,786 22,294,608	75,532,820 -	7,930,050 25,918,013	221,858,115 48,223,638 19,461,046 <b>289,542,799</b>
Liabilities Segment liabilities Unallocated liabilities Total liabilities	32,365,109	654,374	8,509,579	7,603	41,536,665 30,279,266 <b>71,815,931</b>

Year Ended 31 December 2007

#### 30 Segment information (cont'd)

		Consumer Essentials Consumer Health		Strategic Investments		
Group	Business \$	Solutions \$	Packaging \$	Others \$	Total operations \$	
2007						
Other segment information						
Amortisation of intangible assets	3,639,040	-	-	-	3,639,040	
Depreciation of property, plant	0.000.046	07.400	2 000 021		C 700 100	
and equipment  Depreciation of investment	2,888,046	97,489	3,802,631	-	6,788,166	
properties	-	-	-	26,528	26,528	
Capital expenditure	9,311,921	51,153	4,646,083	-	14,009,157	
Other non-cash expenses	332,609	1,441,978	853,531	225,525	2,853,643	
2006						
Other segment information Amortisation of intangible assets	1,591,067	-	-	-	1,591,067	
Depreciation of property, plant and equipment	2,883,986	127,104	3,723,688	-	6,734,778	
Capital expenditure	6,041,029	16,318	1,824,765	228,146	8,110,258	
Other non-cash expenses	488,379	644,249	75,282	6,270	1,214,180	
Geographical segments						
Group	S	ingapore \$	Malaysia \$	China \$	Total operations	
2007						
Revenue from external customers	148	3,549,811	55,835,631	57,549,173	261,934,615	
Segment assets		7,079,672	44,259,147	64,889,131	306,227,950	
Capital expenditure	- 8	3,698,374	698,666	4,612,117	14,009,157	
2006						
Revenue from external customers	14	5,348,784	43,027,047	40,167,236	228,543,067	
Segment assets		7,425,478	38,516,550	55,916,087	221,858,115	
Capital expenditure		4,496,943	1,595,606	2,017,709	8,110,258	

Year Ended 31 December 2007

#### 31 Acquisition/disposal of subsidiaries

Acquisition in 2007

On 9 October 2007, the Group acquired an additional 1,749 ordinary shares of RM1.00 each representing 69.96% of the issued and paid-up share capital of the associated company, Health Solutions Services Sdn. Bhd. ("HSS"), for a total cash consideration of RM1,749 only. As a result, HSS became a 89.6% owned subsidiary of the Group.

During the period from 9 October 2007 to 31 December 2007, the additional interest in HSS contributed \$1,460 to the net profit of the Group.

The goodwill of \$8,728 arising from the acquisition of Health Solutions Services Sdn. Bhd. has been reflected under the balance sheet as an intangible asset, and is attributable to the excess of the purchase consideration over the fair value of the tangible net assets required.

Acquisition in 2006

On 26 September 2006, the Group acquired 80% of the shares of Hefei Dansun Packaging Co., Ltd, an unlisted company based in the PRC specialising in the manufacture of corrugated paper cartons.

The goodwill of \$608,447 arising from the acquisition of Hefei Dansun Packaging Co., Ltd has been reflected under the balance sheet as an intangible asset, and is attributable to the excess of the purchase consideration over the fair value of the tangible net assets acquired.

Fair value adjustments amounting to \$2,004,539 and \$360,817 were made to the carrying value of property, plant and equipment amounting to \$5,392,188 and deferred tax liability, in arriving at the recognised value of \$7,396,727 and \$360,817 respectively.

The effects of acquisition of subsidiaries are set out below:

	Recognised values		
	2007	2006	
	\$	\$	
Net assets acquired			
Property, plant and equipment	-	7,396,727	
Inventories	106	1,178,370	
Trade and other receivables	-	2,462,954	
Cash and cash equivalents	61	1,985,764	
Trade and other payables	(8,133)	(3,741,727)	
Current tax payable	-	(11,317)	
Current financial liabilities	-	(2,408,628)	
Non-current financial liabilities	-	(2,734,796)	
Deferred tax liability	-	(360,817)	
Minority interests	-	(753,306)	
Net (liabilities)/assets acquired	(7,966)	3,013,224	
Goodwill on acquisition	8,728	608,447	
Purchase consideration	762	3,621,671	
Cash and bank balances acquired	(61)	(1,985,764)	
Net cash outflow	701	1,635,907	

Year Ended 31 December 2007

#### 31 Acquisition/disposal of subsidiaries (cont'd)

#### Disposal of subsidiaries

The Group is in the process of deregistering the following subsidiaries under the Singapore Companies Act, Chapter 50 during the year:

- I-Meat Pte. Ltd.
- PSC Supply Chain Management Pte. Ltd.

#### 32 Financial risk management

#### Overview

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. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

#### Credit risk

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

At the balance sheet date, credit risk is concentrated mainly in cash and fixed deposits with banks and trade receivables. Cash and fixed deposits are placed with banks which are regulated. Credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, are engaged in a wide spectrum of activities, and sell in a variety of end markets. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The Company is exposed to credit risk in connection with the financial guarantees it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties to whom it is providing the guarantee.

#### Liquidity risk

The Group monitors its liquidity risk 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.

#### Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income and its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Year Ended 31 December 2007

#### 32 Financial risk management (cont'd)

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's interest bearing assets and liabilities. These comprise mainly interest bearing borrowings and deposits in financial institutions.

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.

#### Sensitivity analysis

For variable rate financial assets and liabilities, a change of 1% in interest rate at the reporting date would increase (decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Gı	roup	Company		
Group	1% increase \$	1% decrease \$	1% increase \$	1% decrease \$	
<b>31 December 2007</b> Profit or loss	1,119,200	(1,119,200)	829,877	(829,877)	
<b>31 December 2006</b> Profit or loss	399,445	(399,445)	267,222	(267,222)	

#### Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Chinese Renminbi, Australian dollars, Hong Kong dollars, New Taiwan dollars, Japanese yen, Brunei dollars, United States dollars and Euro.

There is no formal hedging policy with respect to foreign exchange exposures. Exposure to currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

The Group's and Company's exposures to foreign currency are as follows:

		31 Decei	mber 2007			31 Decer	nber 2006	
	Chinese Renminbi \$	Australian dollars \$	Hong Kong dollars \$	Other currencies \$	Chinese Renminbi \$	Australian dollars \$	Hong Kong dollars \$	Other currencies
Group								
Trade and other								
receivables	148,244	4,591,150	92,880	3,174,444	149,540	4,810,860	_	870,323
Cash and cash								
equiva <b>l</b> ents	_	_	4,056,329	1,463,523	_	_	4,163,101	759,574
Trade and other								
payables	-	(339,984)	(72,786)	(4,870,136)	_	(174,112)	_	(5,462,411)
	148,244	4,251,166	4,076,423	(232,169)	149,540	4,636,748	4,163,101	(3,832,514)
Company								
Cash and cash								
equiva <b>l</b> ents	_	-	4,056,329	27,402	-	-	4,163,101	27,600

Year Ended 31 December 2007

#### 32 Financial risk management (cont'd)

Sensitivity analysis

A 10% strengthening of Singapore dollar against the following currencies at the reporting date would increase (decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group Profit or loss \$	Company Profit or loss \$
31 December 2007		
Chinese Renminbi	(14,824)	-
Australian dollars	(425,117)	-
Hong Kong dollars	(407,642)	(405,633)
Other currencies	23,217	(2,740)
	(824,366)	(408,373)
31 December 2006		
Chinese Renminbi	(14,954)	-
Australian dollars	(463,675)	-
Hong Kong dollars	(416,310)	(416,310)
Other currencies	383,251	(2,760)
	(511,688)	(419,070)

A 10% weakening of Singapore dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Sensitivity analysis-equity price risk

The Group's and the Company's equity instruments are listed. A 10% increase (decrease) in the underlying equity prices at the reporting date would increase (decrease) equity by the following amount:

	Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Equity	1,391,790	1,366,888	248,266	248,030

This analysis assumes that all other variables remain constant.

#### Estimation of fair values

Investments in equity securities

The fair value of available-for-sale financial assets is determined by reference to their quoted bid prices at the reporting date.

Year Ended 31 December 2007

#### 32 Financial risk management (cont'd)

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing liabilities) approximate their fair values. All other financial assets and liabilities are discounted to determine their fair values.

#### 33 Commitments

At 31 December 2007, the Group and the Company have the following commitments:

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

	Gro	Group		Company	
	<b>2007</b> \$	2006 \$	2007 \$	2006 \$	
Contracted but not provided for	1,599,302	3,369,558	198,581	1,471,798	

(b) The Group and the Company leases out certain of its investment property and property, plant and equipment. Non-cancellable operating lease rental are receivable as follows:

	Gro	Group		Company	
	2007 \$	2006 \$	2007 \$	2006 \$	
Within 1 year	796,296	568,542	1,223,258	687,297	
After 1 year but within 5 years	1,069,990	594,383	720,182	268,695	
After 5 years	11,986	155,258	-	-	
	1,878,272	1,318,183	1,943,440	955,992	

(c) Future minimum lease payments under non-cancellable operating leases as follows:

	Gr	Group		npany
	<b>2007</b> \$	2006 \$	2007 \$	2006 \$
Within 1 year	2,863,036	1,523,071	702,768	701,520
After 1 year but within 5 years	9,076,940	4,324,156	2,830,064	2,849,173
After 5 years	26,594,613	21,298,184	9,696,672	10,373,184
	38,534,589	27,145,411	13,229,504	13,923,877

Included in the commitments for future minimum lease payments is annual land rent relating to 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 currently payable under the lease agreement is \$676,501 (2006: \$676,501).

Year Ended 31 December 2007

#### 34 Contingent liabilities - unsecured

#### Company

Unsecured

- (a) As at 31 December 2007, the Company has issued unsecured guarantees to banks in respect of credit facilities granted to its subsidiaries of \$7,590,224 (2006: \$7,877,045).
- (b) The Company has given formal undertakings, which are unsecured, to provide financial support to certain of its subsidiaries. As at 31 December 2007, the deficits in shareholders' funds of these subsidiaries amounted to \$11,822,968 (2006: \$14,907,602).

#### 35 Related parties

Key management personnel compensation

Compensation payable to key management personnel comprise:

	Gı	oup
	2007 \$	2006 \$
Short-term employee benefits	3,305,345	3,428,182

The key management personnel comprise the executive directors, executive vice president, senior vice presidents, vice president and group financial controller.

Other transactions with key management personnel

The Company entered into contracts with a company controlled by a director of the Company for the provision of advisory and consultancy services to the Company for an aggregate amount of \$60,000 (2006: \$60,000).

Other related party transactions

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	Group	
	2007 \$	2006 \$
Purchases	-	85,717
Hire of motor vehicles payable	13,178	13,019
Management and administrative fees receivable	25,381	23,975
Rental income received/receivable	193,023	184,037

Year Ended 31 December 2007

#### 36 Subsequent event

Subsequent to 31 December 2007, a subsidiary, InnoForm Media Pte Ltd, acquired 100% of the shares of Alliance Entertainment Singapore Pte. Ltd., an unlisted company based in Singapore specialising in the business of motion picture, video distribution and services allied to motion picture, video production and distribution.

The aggregate consideration for the acquisition is \$3,300,000, satisfied in cash, and will be funded by internal sources of funds and the proceeds arising from the Rights Issue exercise undertaken by the Company in 2004.

#### 37 Comparative information

Comparatives in the financial statement have been changed from the previous year due to changes in accounting policies as described in note 2 and to be consistent with current year presentation.

# **Supplementary information**

Year Ended 31 December 2007

#### 1 Directors' remuneration

Company's directors receiving remuneration from the Group:

	Number	of directors
	2007	2006
Remuneration of:		
\$1,000,001 to \$1,250,000	1	1
\$750,001 to \$1,000,000	1	1
\$500,001 to \$750,000	-	-
\$250,001 to \$500,000	-	-
\$250,000 and below	7*	7*
	9	9

<sup>\*</sup> Two directors from the remuneration band resigned during the financial year 2007 (2006: 2).

#### 2 Group properties

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
Lot MLO 1101, Kampong Bukit Kulai, Johor, Malaysia	Factory used by a subsidiary for its operations	Freehold
Lot MLO 1102 and 1103, Mukim of Sedenak, Kulai, Johor, Malaysia	Vacant land	Freehold
Lot 249, GPP 4841 Town Area XXI District of Melaka Tengah, Melaka, Malaysia	Vacant land	Freehold
Wilayah Pengembangan Sekupang Patam, Batam, Indonesia	Vacant land	30-year lease from 11 March 1986

# **Supplementary information**

Year Ended 31 December 2007

#### 2 Group properties (cont'd)

Description of properties held by the Group is as follows:

Location	Description	Tenure
PTD 63419 HSD 248337, PTD 63421 HSD 248339 and PTD 63422 HSD 248340 Mukim of Pulai District of Johor Bahru, Johor, 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
Suzhou Jiangsu Province Wanting Town, 88 Wendu Road, People's Republic of China	Factory premises, office building, dormitory and development	<ul> <li>50-year lease from:</li> <li>33,333 sq m from</li> <li>15 October 1995</li> <li>12,667 sq m from</li> <li>23 September 1998</li> <li>12,798 sq m from</li> <li>13 February 2001</li> </ul>
105 Zipeng Road HeFei Eco-Tech Development Zone, Anhui Province, People's Republic of China	Single storey factory building with double storey office building	48-year lease from 7 March 2005 to 1 August 2053
20 KM, Jalan Pontian Lama 81110 Pulai, Johor, Malaysia	Apartments	Freehold

#### 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

#### 4 Material contracts

Except as disclosed in Note 35 to the financial statements, there are no other material contracts entered into between the Company and its subsidiaries during the financial year involving the interest of the chief executive officer or each director of the Company.

# **Supplementary information**

Year Ended 31 December 2007

#### 5 Usage of proceeds from rights issue

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 in 2004 to existing shareholders in the proportion of two shares for every five shares held ("Rights Issue 2004"). The Company received net proceeds of \$29,045,497 from the Rights Issue 2004 and the amount of which utilisation as at 31 December 2007 were as follows:

	2007 \$	2006 \$
Usage as at 1 January	19,874,346	-
Purchase of 50.78% equity interest in		
Tat Seng Packaging Group Ltd	-	12,796,925
Purchase of additional 13.17% equity in		
Tat Seng through offer shares	-	4,400,663
Shareholder's loan to acquire additional 12% equity		
interest in a healthcare associate in Australia	-	2,676,758
	19,874,346	19,874,346

In addition, a rights issue of 187,075,582 fully-paid ordinary shares at an issue price of \$0.33 for each rights share was made by the Company during the financial year to existing shareholders in the proportion of one share for every two shares held ("Rights Issue 2007"). The Company received net proceeds of \$61,287,444 from the Rights Issue 2007 and the amount has not been utilised as at 31 December 2007.

# **资产负债表** 截至2007年12月31日

		•	集团	4	<b>☆</b> □
	附注	2007	2006	2007	2006
			(重述)		
		\$	\$	\$	<b>\$</b>
非流动资产					
产业及机器设备	3	68,246,015	75,345,090	20,231,988	19,726,942
物业投资	4	1,999,778	1,947,141	· · · · · -	=
子公司	5	· · · · · -	· · · · · · =	46,218,055	46,218,055
联号公司	6	41,207,606	48,223,638	24,479,155	27,163,530
其他金融资产	7	13,917,899	13,668,881	2,482,660	2,480,300
其他应收账款		,,	3,962,034	_, ·, ·	_,
无形资产	8	7,411,043	6,161,800	_	_
递延税款资产	9	699,409	981,305	_	_
	3	133,481,750	150,289,889	93,411,858	95,588,827
Sale will the rele					
<b>流动资产</b>	10	200.010	252 102	45,000	45,000
非金融资产	10	322,812	353,123	45,000	45,000
存货	11	31,990,350	29,504,950	4,547,726	6,803,598
应收账款及其他应收款	13	80,365,659	60,088,179	45,341,616	41,124,518
现金和现金等同物	17	120,483,443	49,306,658	83,415,558	27,502,284
		233,162,264	139,252,910	133,349,900	75,475,400
资产合计		366,644,014	289,542,799	226,761,758	171,064,227
归属股东之权益	1.0	000 000 050	1.40.700.000	000 000 050	1.40.700.000
股本	18	202,363,853	140,792,609	202,363,853	140,792,609
储备	20	59,431,391	53,666,234	2,811,932	6,929,967
1. 40 MH . C . L . At		261,795,244	194,458,843	205,175,785	147,722,576
少數股东权益		26,972,234	23,268,025	-	_
股东权益合计		288,767,478	217,726,868	205,175,785	147,722,576
非流动负债					
金融负债	21	1,060,891	3,099,595	-	-
递延非经常补助金	22	72,313	-	-	-
递延应付税款	9	4,093,884	5,890,427	638,532	375,134
		5,227,088	8,990,022	638,532	375,134
流动负债					
递延非经常补助金	22	2,912	-	-	-
应付账款和其他应付款	23	45,957,966	41,536,665	20,947,441	22,637,014
金融负债	21	24,118,763	18,713,224	, ,	,00.,01
本期应付税款		2,569,807	2,576,020	_	329,503
, - 23 June 1 3 12 12 12 12 12 12 12 12 12 12 12 12 12		72,649,448	62,825,909	20,947,441	22,966,517
负债合计		77,876,536	71,815,931	21,585,973	23,341,651
रा का <b>न</b> रा			, 1,010,001	21,000,070	20,071,001
负债及股东权益合计		366,644,014	289,542,799	226,761,758	171,064,227

# 综合损益表 <sub>截至2007年12月31日</sub>

	附注	2007 \$	2006
收入	24	261,934,615	228,543,067
售出产品成本		(200,694,690)	(175,126,016)
毛利		61,239,925	53,417,051
其他营业收入		9,308,311	1,946,762
分销费用		(29,214,227)	(25,093,156)
行政费用		(27,924,369)	(23,501,051)
其他营业费用		(2,853,643)	(1,214,180)
营业活动之盈利		10,555,997	5,555,426
净金融(费用)/收入	25	(518,624)	1,420,550
联号公司盈利分派(税后)		2,246,967	5,194,684
税前盈利		12,284,340	12,170,660
所得税	26	(1,360,590)	(1,629,629)
本期盈利	27	10,923,750	10,541,031
可归属:			
归属股东之权益		7,580,845	8,723,642
少数股东权益		3,342,905	1,817,389
本期盈利		10,923,750	10,541,031
毎股盈利			(重述)
每股盈利基额(分)	28	1.74	2.09
毎股盈利摊薄(分)	28	1.73	2.09

# **Shareholding Statistics**

PSC CORPORATION LTD 12 March 2008

Number of Issued and Fully Paid Shares : 561,226,746

Class of Shares : Ordinary Shares with equal voting rights

Issued and Fully Paid Share Capital : \$\$202,811,351.15

#### **SUBSTANTIAL SHAREHOLDERS** as at 12 March 2008

	NUMBER OF	SHAREHOLDING	
SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST	DEEMED INTEREST	PERCENTAGE %
Rich Life Holdings Pte Ltd	129,952,651	-	23.16
Hanny Magnetics (B.V.I.) Limited	-	135,893,551	24.21 (1)
Hanny Holdings Limited	-	135,893,551	24.21 (2)
Famex Investment Limited	-	135,893,551	24.21 (2)
Mankar Assets Limited	-	135,893,551	24.21 (2)
ITC Investment Holdings Limited	-	147,308,551 (3)	26.25 (2)
ITC Corporation Limited	-	147,308,551	26.25 (2)
Galaxyway Investments Limited	-	147,308,551	26.25 (2)
Chinaview International Limited	-	147,308,551	26.25 (2)
Dr Chan Kwok Keung, Charles	-	147,308,551	26.25 (2)
Goi Seng Hui	52,366,404	-	9.33
Super Coffeemix Manufacturing Limited	45,907,500	-	8.18

#### Notes:

- (1) Hanny Magnetics (B.V.I.) Limited is deemed to be interested in the 129,952,651 shares and 5,940,900 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.
- (2) 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 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
- (3) ITC Investment Holdings Limited is deemed to be interested in 135,893,551 shares through Hanny Magnetics (B.V.I.) Limited and 11,415,000 shares owned in High Prime Limited, its wholly-owned subsidiary.

#### **DIRECTORS' SHAREHOLDING** as at 21 January 2008

DIRECTORS	HOLDINGS IN THE NAME OF DIRECTOR OR IN WHICH DIRECTOR HAS A DIRECT INTEREST	HOLDINGS IN WHICH THE DIRECTOR IS DEEMED TO HAVE AN INTEREST
Foo Der Rong	876,750	<u>-</u>
Lien Kait Long	5,530	-
Teo Kee Bock	-	633,900*

<sup>\*</sup> Teo Kee Bock is deemed to be interested in 633,900 shares held by his wife Te Lay Hoon in the capital of the Company, by virtue of Section 7 of the Companies Act, Cap.50.

# **Shareholding Statistics**

PSC CORPORATION LTD 12 March 2008

#### **ANALYSIS OF SHAREHOLDERS** as at 12 March 2008

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	2,185	20.56	876,027	0.16
1,000 - 10,000	5,859	55.14	24,147,678	4.30
10,001 - 1,000,000	2,562	24.11	110,920,291	19.76
1,000,001 and above	20	0.19	425,282,750	75.78
Total	10,626	100.00	561,226,746	100.00

#### TREASURY SHARES

Total Number of Ordinary Shares held in treasury ("Treasury Shares") : 0

Voting Right : None

Percentage of this holding against total number of issued shares excluding Treasury Shares : 0%

#### SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 12 March 2008, approximately 55.83% of the issued ordinary shares excluding treasury 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 12 March 2008

NO.	NAME OF SHAREHOLDER	NO. OF SHARES HELD	%
1.	DBS Vickers Securities (S) Pte Ltd	110,574,967	19.70
2.	OCBC Securities Private Ltd	76,549,439	13.64
3.	Super Coffeemix Manufacturing Limited	45,643,500	8.13
4.	CIMB Bank Nominees (S) Sdn Bhd	40,500,000	7.22
5.	Hong Leong Finance Nominees Pte Ltd	31,997,768	5.70
6.	Goi Seng Hui	21,188,142	3.78
7.	United Overseas Bank Nominees Pte Ltd	18,800,454	3.35
8.	DBS Nominees Pte Ltd	13,603,065	2.42
9.	HL Bank Nominees (S) Pte Ltd	12,530,600	2.23
10.	Citibank Nominees Singapore Pte Ltd	12,496,425	2.23
11.	UOB Kay Hian Pte Ltd	10,977,117	1.96
12.	CIMB-GK Securities Pte. Ltd.	9,675,330	1.73
13.	OCBC Nominees Singapore Pte Ltd	7,235,683	1.29
14.	Han Seng Juan	3,596,000	0.64
15.	China Healthcare Limited	2,996,700	0.54
16.	Kim Eng Securities Pte. Ltd.	1,644,699	0.29
17.	Phillip Securities Pte Ltd	1,583,571	0.28
18.	Sim Huat Hoe	1,310,000	0.23
19.	Econ Medicare Centre Holdings Private Limited	1,253,200	0.22
20.	Eyu Chin Wat @ Yeo An Hai or Lim Siew Lian	1,129,000	0.20
		425,285,660	75.78

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

NOTICE IS HEREBY GIVEN that the Thirty-Fourth Annual General Meeting of PSC Corporation Ltd will be held at 348 Jalan Boon Lay, Singapore 619529 on Friday, 25 April 2008 at 10:00 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 2007 and the Auditors' Report thereon.

[Resolution 1]

2. To declare a Final Dividend of 0.50 cents per share exempt one-tier for the year ended 31 December 2007.

[Resolution 2]

- 3. To re-elect the following Directors, each of whom will retire in accordance with the Article 87 of the Company's Articles of Association:
  - (a) Mr. Richard Lui Siu Tsuen

[Resolution 3a]

(b) Mr. Tao Yeoh Chi\*

[Resolution 3b]

- \*Mr. Tao Yeoh Chi will, upon re-election as director of the Company, remain as Chairman of the Remuneration Committee and member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
- 4. To re-elect the following Directors, each of whom will retire in accordance with the Article 93 of the Company's Articles of Association:
  - (a) Mr. Chan Sek Nin Jackey

[Resolution 4a]

(b) Mr. Teo Kee Bock

[Resolution 4b]

5. To re-appoint KPMG as Auditors and to authorise the Directors to fix their remuneration.

[Resolution 5]

6. To approve the payment of Directors' Fees of \$\$353,667 for the year ended 31 December 2007. (2006: \$\$384,000)

[Resolution 6]

#### **AS SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following Resolutions 7 to 9 with or without amendments as ordinary resolutions:

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:

[Resolution 7]

- (i) allot and issue shares in the Company; and
- (ii) issue convertible securities and (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) allot and issue any shares in the Company pursuant to the conversion or exercise of convertible securities issued while this Resolution was in force, (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, provided that:-

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

- (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 total number of issued shares excluding treasury shares (as calculated in accordance with subparagraph (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 total number of issued shares excluding treasury shares 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 total number of issued shares excluding treasury shares shall be based on the Company's total number of issued shares excluding treasury shares 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 bonus issue, 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 fifteen per cent (15%) of the total number of issued shares excluding treasury shares 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 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").

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 (the "Relevant Period").

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

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 (excluding any ordinary shares held as treasury shares by the Company from time to time) as at the date of passing of this Resolution or such reduced issued share capital of the Company pursuant to a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period;

"Maximum Price" in relation to a Share to be purchased or acquired means the purchase price which shall not exceed the sum (excluding brokerage, stamp duties, applicable goods and services tax and other expenses) 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 2008, 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 25 April 2008.

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 2008 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 2008 will be entitled to such proposed dividends.

The proposed dividends, if approved by Members at the Annual General Meeting, will be paid on 21 May 2008.

BY ORDER OF THE BOARD

Chew Kok Liang Tea Han Guat Company Secretaries Singapore

9 April 2008

PSC CORPORATION LTD (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 Annual General Meeting.

#### EXPLANATORY NOTES ON THE SPECIAL BUSINESS TO BE TRANSACTED:-

- 1) 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 total number of issued ordinary shares excluding treasury shares of the Company with a sub-limit of 20 per cent (20%) of the total number of issued shares excluding treasury shares 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 total number of issued shares excluding treasury shares shall be based on the Company's total number of issued shares excluding treasury shares 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 bonus issue, consolidation or subdivision of shares.
- 2) 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 (the "Scheme") which was approved at the Extraordinary General Meeting of the Company held on 8 July 2003. Pursuant to the Extraordinary General Meeting of the Company held on 28 September 2007, the maximum number of shares issued or to be issued for Options under the Scheme has been changed to 15% of the total number of issued shares excluding treasury shares of the Company from time to time.
- 3) 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 (excluding any ordinary shares held as treasury shares by the Company from time to time) as at the date of Resolution 9. More details of the Share Buy Back Mandate to be renewed is set out in the letter to shareholders enclosed with this Notice.

普威集团有限公司 (于新加坡共和国注册成立) (公司注册号码197400888M)

本公司第34届常年股东大会将于2008年4月25日,星期五,上午10时正,于新加坡邮区619529,惹兰文礼348号举行。大会议程如下:

#### 普通事项

1. 接纳截至2007年12月31日止财政年之董事报告及经审核账目和审计师报告。

[决议案1]

2. 宣布在截至2007年12月31日止财政年派发每股0.5分的年终免税股息。

[决议案2]

- 3. 重选以下董事,他们将各自根据公司章程第87条款退休:
  - (a) Richard Lui Siu Tsuen先生

[决议案3a]

(b) Tao Yeoh Chi先生\*

[决议案3b]

\*Tao Yeoh Chi先生将在获得重选为公司董事后,继续担任薪酬委员会主席与审计委员会成员,并且依《新加坡交易所上市手册》第704(8)条所规定,被视为独立董事。

4. 重选以下董事,他们将各自根据公司章程第93条款退休:

(a) Chan Sek Nin Jackey先生

[决议案4a]

(b) Teo Kee Bock先生

[决议案4b]

5. 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5]

6. 批准截至2007年12月31日止财政年之董事酬劳\$\$353,667。 (2006年: \$\$384,000)

[决议案6]

#### 特别事项

仔细考虑且在适当情况之下,通过以下决议案7至9为普通修正决议或无修正决议:

7. "根据公司法第50章第161节("公司法")以及新加坡证券交易所之上市规定,授权董事会:

[决议案7]

- (i) 分配和发行公司之股份; 以及
- (ii) 发行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,分配和发行本公司之任何股份(尽管此决议之授权已经到期),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发行本公司之股份(不论是以认股证、红利或其他的方式发行),其条件如下:
  - (a) 按本决议发行之股份总数(包括任何因转换或行使可兑换证券而发行的股份)不得超过不包括库存股在内的已发行股份总数的百分之五十(50%)(按下节(b)计算),其中,除按比例向公司股东发行股份以外,发行普通股份之总数(包括任何因转换或行使可兑换证券而发行的股份)不得超过公司目前不包括库存股在内的已发行股份总数的百分之二十(20%)(按下节(b)计算);

普威集团有限公司 (于新加坡共和国注册成立) (公司注册号码197400888M)

- (b) 按新加坡证券交易所所指示之计算方式,为确定上节(a)将发行股份之总额,不包括库存股在内的已发行股份总数应在调整以下股份后,根据在本决议通过之时,本公司不包括库存股在内的已发行股份总数计算:
  - (i) 在本决议案通过之际,待发行的可兑换证券或任何认股权在转换或行使时所产生的新股份;以及
  - (ii) 任何随后的红利股分发、股份合并或拆分; 以及
- (c) 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。"
- 8. "按公司法第161节,赋予董事会授权在任何时候发行因行使按普威执行人员认股权计划发行的认股权而须发行的股份(包括只要所行使的认股权是在此决议有效时发行的,即使在行使认股权而须发行股份时,此决议所赋予的授权已经无效),其条件是按此计划发行的股份总数在任何时候不得超过公司不包括库存股在内的已发行股份总数的百分之十五(15%)。"

[决议案8]

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缴足发行普通股,其条件是总数不得超过"规定限额"(如以下之定义),以及由董事会决定之收购价不得超过"最高价"(如以下之定义)。收购方式如下:

[决议案9]

- (i) 在新加坡证券交易所收购; 以及/或
- (ii) 场外交易(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。

此为概括性和无条件授权及核准("股票回购授权")。

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

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。

#### 在本决议中:

"规定限额"为截至此决议通过日期、相等于本公司发行普通股份资本之百分之八(8%)之发行股份(不包括由公司所持有的、作为库存股的任何普通股),或者公司在"有关期间"任何时间按照适用"公司法"条款减少股本之后的缩减股本;

"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(不包括佣金、印花税、消费税及其它费用); 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(使用于场外交易)前之连续五个交易日之最后交易价并取其平均交易价,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。"

普威集团有限公司 (于新加坡共和国注册成立) (公司注册号码197400888M)

#### 登记截止日期通告

为确定股东从本公司将于2008年4月25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2008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2008年5月5日 营业时间下午5时止所收到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,若截至2008年5月5日下午5时止记有本公司股份,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2008年5月21日派发支付。

奉董事会令

Chew Kok Liang Tea Han Guat 公司秘书 于新加坡

2008年4月9日

普威集团有限公司 (于新加坡共和国注册成立) (公司注册号码197400888M)

#### 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) 若以个人名义,股东代表委派书须由委派股东或其委托人签署;若以公司名义,则必须加盖公司印章或由代表公司之委托人或其授权职员签署。
- 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7若获通过,将授权公司董事会发行公司股份、可兑换证券和/或依据公司可兑换证券来发行股票,惟股份总数不得超过公司不包括库存股在内的已发行股份总数的百分之五十(50%),附加限制为除按照比例向股东发行股份以外的不包括库存股在内的已发行股份总数的百分之二十(20%)。为了确定可以发行的合计普通股数量,不包括库存股在内的已发行股份总数应在调整以下股份后,根据决议案7通过之时,公司不包括库存股在内的已发行股份总数计算: (a) 在决议案7通过之时,待发行的可兑换证券或任何认股权在转换或行使时所产生的新股份,以及(b)任何随后的红利股分发、股票合并或者拆分。
- 2) 决议案8若获通过,将授权公司董事按照2003年7月8日举行的公司特别股东大会上批准的2003年度普威公司执行人员股票认购权计划 (PSC Executives' Share Option Scheme 2003) 对所行使的股票认购权发行股票。根据公司于2007年9月28日召开的特别股东大会,发 行股份的最高数量或按普威公司执行人员股票认购权计划所发行的最高数量已改为,在任何时候,公司不包括库存股在内的已发行 股份总数的百分之十五(15%)。
- 3) 决议案9若获通过,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,收购相等于决议案9通过日之不超过本公司 发行普通股份资本(不包括由公司持有、作为库存股的任何普通股份)之百分之八(8%)之发行股份,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) (Company Registration No. 197400888M)

Signature(s) or Common Seal of Shareholder

		Т.				
Total Number of Shares held						
IMPORTANT						
	<ul><li>IMPORTANT</li><li>1. For Investors who have used their CPF moneys to buy shares of PSC Corporation Ltd, the Report is forwarded to them</li></ul>					
		ed Nominees and is sent sol			orwarded to them	
		se by CPF Investors and sh	•		rposes if used or	
purported to be used by	them.					
3. CPF investors who wish	o vote sho	uld contact their CPF Appro	oved Nominees.			
I/We			NRIC/Passport i	No.:		
of						
being (a) member/members	of the abov	venamed Company hereby a	appoint			
			NRIC/Passport		roportion of	
Name		Address	Number	Sha	Shareholdings (%)	
(a)						
(a)						
and/or (delete as appropriate	)					
(b)						
au failine daine (la au tha a Chairmea	f. H N.1		./			
or failing him/her, the Chairma and if necessary, to demand a		_				
held at 348 Jalan Boon Lay, Si		_	_		ic Meeting / to be	
riola at a la calair Boori Eaj, oi	19abara a.	10023 011 20 7 pm 2000 at 10	alim and acarry adjoarm			
(Please indicate with an "X" in	the space	provided whether you wish y	our proxy to vote For or A	gainst the Ordin	ary Resolutions as	
set out in the Notice of Annual	General M	eeting. In the absence of spe	cific directions, the proxy	will vote as the p	roxy deems fit.)	
NO ODDINADY DECOLUT	ONC			FOR	ACAINCT	
NO. ORDINARY RESOLUTION ORDINARY BUSINESS				FOR	AGAINST	
1. Adoption of Reports and						
Declaration of Final Divi						
3 Re-election of Directors		):				
(a) Mr. Richard Lui Siu		/·				
(b) Mr. Tao Yeoh Chi						
4. Re-election of Directors	(Article 93	):				
(a) Mr. Chan Sek Nin Ja		,.				
(b) Mr. Teo Kee Bock						
5. Re-appointment of Aud	tors					
6. Approval of Directors' F						
SPECIAL BUSINESS:						
	issue sha	res and convertible securitie	S			
		res pursuant to the exercise				
-		tives' Share Option Scheme				
9. Authority for Directors to	buy back	Shares pursuant to the Share	re Buyback Mandate			
Dated this day	of	2002				
Dated tillsday	UI	2000				
			IMPORTA	NT		

PLEASE READ NOTES OVERLEAF

#### Notes:

- 1) Please insert the total number of shares in the Company held by you, 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) The 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 forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.





#### PSC CORPORATION LTD

348 Jalan Boon Lay Singapore 619529 Tel: 65 6268 4822 Fax: 65 6266 2607

Website: www.psc.com.sg