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POSSIBILITIES



SINGAPORE WINDSOR HOLDINGS LIMITED

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# CORPORATE PROFILE



## TOMORROW'S PRECISION ENGINEERING TECHNOLOGY TODAY.

With over 1,000 staff and six production facilities located in the manufacturing hubs of Shenzhen and Kunshan in the People's Republic of China, Hong Kong-based Singapore Windsor Holdings Limited serves component and Printed Circuit Board ("PCB") makers in the dynamic end-product markets of telecommunications, automobile and consumer electronics. Our unique business can be categorised into two principal segments – first, the manufacturing of high-end PCB punching moulds, as well as die-casting and plastic injection mould bases; and second, the provision of PCB electroplating, punching and raw materials trading services. Through the two decades of our establishment, the Group has successfully

built a sound reputation in the industry with our strong engineering capabilities and the ability to deliver consistently high quality and fast turnaround times. Our extensive client portfolio includes several renowned industry players, such as the CMK Group, Hong Fu Jin Precision Industry, Mekttec Manufacturing Corporation, Nan Ya Printed Circuit Board and Suzhou Matsushita Electric Works. Driven by our passion for excellence, we aim to expand our international footprint as a precision engineering services group, as well as create market leadership through our continual emphasis on production technology.

# TELE- COMMUNICATIONS





HEAR US, AS WE HELP  
SHAPE YOUR MOBILE  
COMMUNICATION  
EXPERIENCE.



AUTOMOBILE



FEEL US, AS WE PLAY A  
PART IN ENGINEERING  
YOUR DRIVE.

# CONSUMER ELECTRONICS





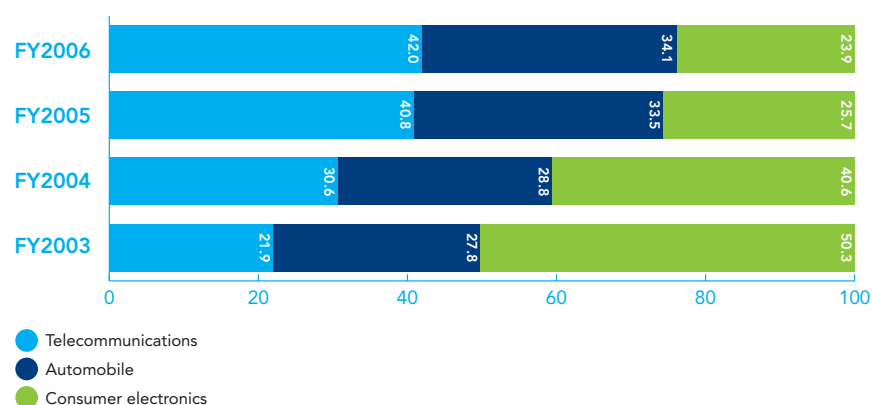
SEE US, AS WE PUT  
OUR IDEAS INTO THE  
EVERYDAY OBJECTS  
OF YOUR DESIRE.

# FINANCIAL HIGHLIGHTS

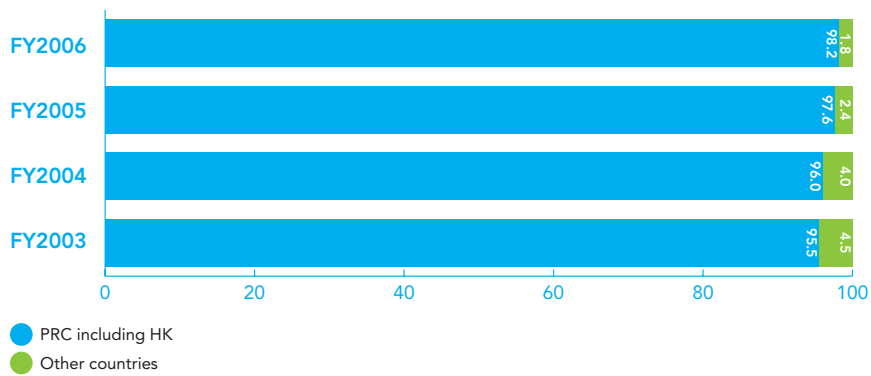
## Key Information

(in HK\$'000)	FY2003	FY2004	FY2005	FY2006
Revenue	108,369	128,905	167,418	179,653
Gross profit	37,190	45,711	56,902	64,247
Gross profit margin	34.3%	35.5%	34.0%	35.8%
Profit before income tax	10,664	17,741	26,926	33,322
Profit after tax	9,573	15,204	23,223	28,190
Net profit attributable to shareholders	9,037	12,767	20,413	24,292
EPS (HK Cents based on 96m shares pre-invitation ordinary share capital)	9.41	13.30	21.26	25.30
Total Assets (HK\$'000)	139,792	164,496	159,285	188,745
Shareholders Equity (HK\$'000)	76,230	81,496	56,909	82,148

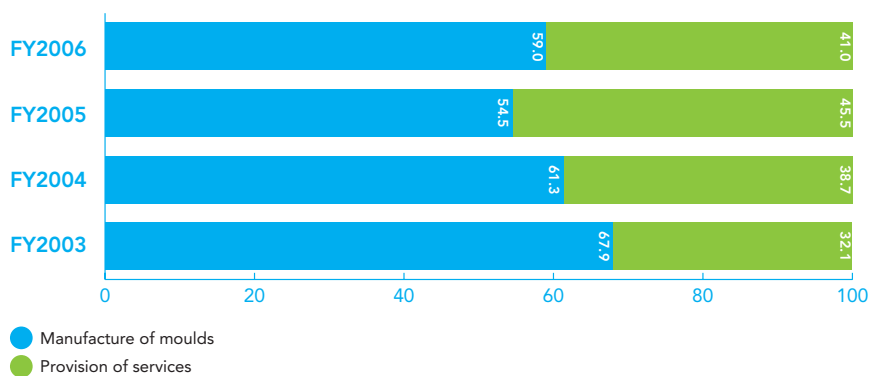
## Revenue by Sectors (%)



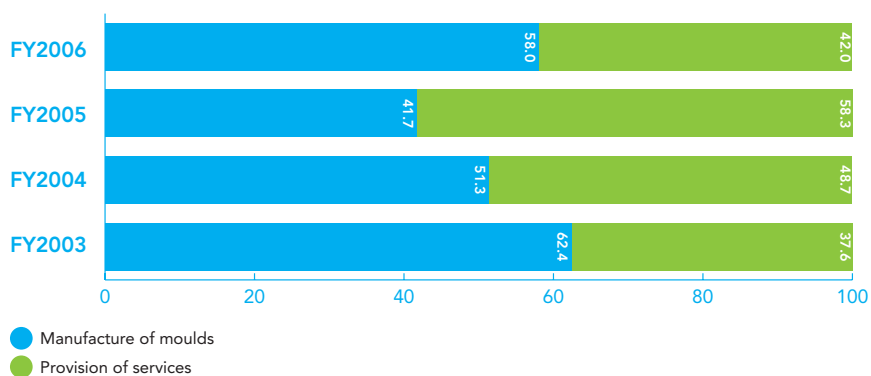
### Revenue by Geographical Region (%)



### Revenue by Business Activities (%)



### Profit Before Income Tax by Business Activities



# CHAIRMAN'S MESSAGE



A handwritten signature in blue ink that reads "MICHAEL CHUNG WAH SANG". The signature is stylized and cursive.

Michael Chung Wah Sang  
Chairman and Chief Executive Officer

Dear Shareholders

2006 is the momentous year where we find ourselves standing at the crossroads of retrospection and anticipation; it marks the Group's 20th anniversary since our modest beginnings as a punching mould supplier. At the same time, it had witnessed the Group's successful listing on the Singapore Exchange Main Board on 10 April. It is thus, with great pleasure and a deep sense of accomplishment, that I present you Singapore Windsor Holdings Limited's ("Singapore Windsor" or the "Group") inaugural annual report for our financial year ended 31 March 2006 ("FY2006").

### The Group

The origins of our Group can be traced back to 18 June 1986, when my brother and I founded Windsor Metal Manufacture Co. Limited to supply punching moulds to Printed Circuit Board ("PCB") manufacturers in Hong Kong and the People's Republic of China ("PRC"). In the following year, sighting the emergence of an outsourcing trend amongst PCB manufacturers, we also began to provide electroplating services through a subsidiary, National Chance Limited.

Over the years, punching technology has developed significantly, in line with the rapidly changing demands of the global electronics industry. We identified a niche in the high-end segment of this unique market; between the early 1990s and 2002, our Group entered an extensive phase of enhancing its core businesses. We sought strategic partnerships with the Taiwanese and Japanese to branch into PCB

punching services that require more sophisticated technology, as well as production of higher-end PCB punching moulds that meet the advanced requirements of PRC-based Taiwanese and Japanese component manufacturers. In seizing a market opportunity for diversification, we subsequently invested in the manufacture of die-casting and plastic injection mould bases and acquired Lun Hsing Machinery Industry (Kunshan) Co., Ltd in Kunshan, Jiangsu Province, so as to expedite the expansion of our PCB punching mould and punching services business within the region.

In becoming a comprehensive, "one-stop" PCB peripheral solutions provider to our customers, we have carefully positioned our Group's businesses and continually worked to broaden our product and service range over the past 20 years. Today, our 700-strong portfolio of clients – which includes many globally renowned players in the industry – stands as evidence of the success of our strategy.

### Financial Performance

Against a favourable economic and commercial backdrop which supported the upturn of the global PCB industry, our Group's revenue increased by HK\$12.2 million or 7.3% to HK\$179.7 million in FY2006. The improved performance was mainly due to a HK\$14.7 million increase in revenue generated from our punching mould and mould-base manufacturing business segment.

The Group has evidently benefited from the healthy growth enjoyed across our end-product markets of telecommunications, automobile and

We have carefully positioned our Group's businesses and continually worked to broaden our product and service range over the past 20 years. Today, our portfolio of clients stands as evidence of the success of our strategy.

consumer electronics. Revenue from the manufacturing of punching moulds and mould bases increased by HK\$9.9 million and HK\$4.8 million respectively, as a result of robust demand. This higher demand could be partly attributed to the continuous introduction of new models of mobile telecommunications devices. At the same time, as more car manufacturers relocate to or set up new plants in the PRC, demand for new punching moulds and mould bases also grew. We are of the opinion that the Group will continue to see boosted demand for our punching moulds and mould bases, underpinned by these trends.

On the other hand, our service provision business segment has seen mixed results in FY2006. Revenue from the trading of laminates and other materials increased by HK\$1.1 million, backed by strong demand for copper-clad laminates in the second half of FY2006. This was, however, offset by a HK\$1.9 million and HK\$1.7 million decline in revenues from the punching and electroplating service divisions respectively, accounted for by the temporary shift of manufacturing activities of multi-layered and flexible PCBs back to Taiwan due to specific technical requirements of a new major gaming console product. Nevertheless, we are confident in seeing a reversal of this trend as technologies further mature in PRC and more businesses continue to outsource or relocate their production activities to the country. On the whole, we are satisfied that our diversified business mix will continue to provide an effective

hedge against industry shifts, thereby ensuring our financial growth.

On the back of the increased overall revenue and effective cost management in spite of rising costs, the Group achieved a gross profit of HK\$64.2 million, a commendable 12.9% rise from FY2005's \$56.9 million. Profit after income tax jumped 21.4%, recording HK\$28.2 million. In line with these, net profit attributable to equity holders of the parent grew 19.0% to post HK\$24.3 million in FY2006, against HK\$20.4 million one year ago.

#### Financial Position

The Group has kept its balance sheet strong and maintained a healthy financial position. As at 31 March 2006, the net working capital of the Group stood at HK\$90.6 million, including cash and cash equivalents of HK\$7.7 million. Shareholders funds stood at approximately HK\$82.5 million, while gearing was improved to 68.1% Earnings per ordinary share for FY2006, based on a pre-invitation share capital of 96,000,000 shares, aggregated 25.30 HK cents, as compared to 21.26 HK cents in FY2005. Net asset value per ordinary share has also increased to 85.57 HK cents as at the end of the reporting period, up from 59.28 HK cents as at 31 March 2005.

#### Dividends

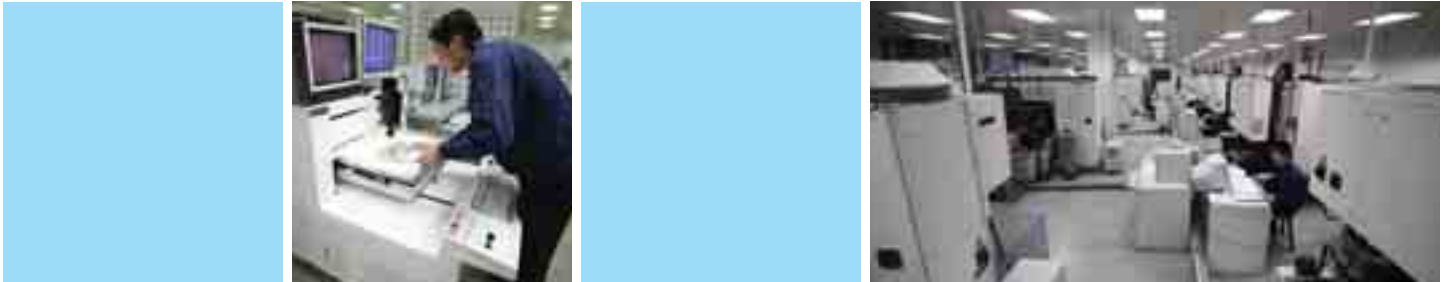
I am pleased to announce that the Board of Directors is recommending a final tax-exempt dividend of 8.0 HK cents per ordinary share for FY2006. This represents a dividend yield of 29.1% (based on the closing rate of 27.5 cents as at 10 April 2006) and a

total dividend payout of HK\$9.8 million or 40.3% of FY2006 net profit attributable. While we have yet to establish a formal dividend policy given that we are newly listed, we believe firmly in rewarding shareholders for their commitment to the Group. As a show of confidence for our future development, the Board is maintaining its intention to recommend dividends of not less than 40% of net profit attributable for FY2007, subject to the capital requirements and actual performance of the Group.

#### Business Outlook

The upswing of the PCB and end-product industries in the last quarter of 2005 has been strongly felt by the Group, bringing about a strong showing in our FY2006 financial performance. We are hopeful that this growth momentum will continue into FY2007, bolstered by some significant trends in the end-product markets that will provide the key impetus in propagating demand for the Group's suite of products and services.

Already, we are seeing improving product aesthetics and more sophisticated form requirements augment the need for high-quality customised die-casting and plastic injection mould bases. At the same time, product miniaturisation, shortening product life cycles and evolving product functions will continue to play an important role in driving the need for technologically more advanced PCBs, including flexible PCBs and those with higher layer count. These trends will definitely contribute towards continually renewing the demand for



our PCB punching moulds and services. Given our strategic locations and strong foundation in the industry, we strongly believe that Singapore Windsor is well positioned to fully capitalise on these trends. As the prices of steel, gold and copper continue to breach higher levels, we should see raw material costs become an increasingly dominant factor where our profitability is concerned. Fortunately, through our unique operations model and the longstanding client relationships that we have forged over the years, we have been and will be confident of being able to pass on some of these additional costs to our customers.

To achieve growth beyond organic means, the Group is also keenly exploring joint ventures and strategic alliances with companies established within a regional precision engineering base. By leveraging on the synergies of scale and competencies produced in these collaborations, the Group will be able to access new markets, segments and technologies, thereby further strengthening our positioning as a comprehensive precision engineering services group.

#### Appreciation

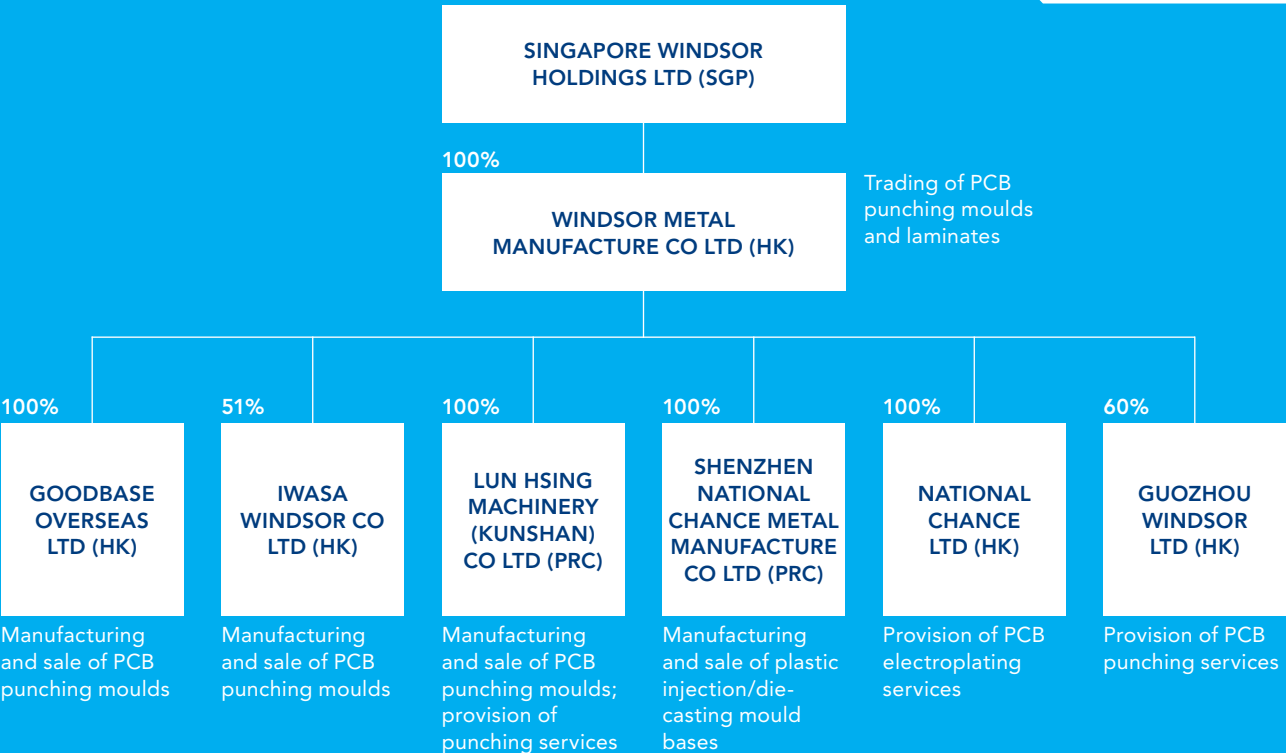
On behalf of the Board of Directors of Singapore Windsor, I wish to take this opportunity to extend our thanks to the professional team that has assisted us with our listing and Initial Public Offering ("IPO"). Particularly, we would like to thank our issue manager and underwriter, Oversea-Chinese Banking Corporation; our legal counsels, Stamford Law and TSMP Law; our auditors, RSM Chio Lim and Horwath Hong Kong; and last but not least, our consultant, Stone Forest Consulting.

To our management and staff, I wish to express my heartfelt appreciation for your commitment, dedication and contribution during the past year.

To our valued customers and suppliers, my sincere gratitude goes to you for your unwavering support, patronage and guidance through these years.

With the closure of FY2006, let us look forward to a more exciting and rewarding year in FY2007.

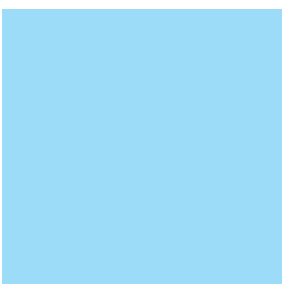
# CORPORATE STRUCTURE





Operating by a strategy developed in line with the market's needs, the Group has been able to sustain our overall position with improved profitability at the end of FY2006.

# OPERATIONS REVIEW



## Overview

The global PCB and electronics industries have seen a major turnaround in the last one year. In the first half of our financial year, especially, the Group enjoyed a brisk level of business activities as demand for our products and services rose in tandem with the strong industry upswing. Evidently, the more successful of the companies in this massive value chain are the ones who have invested in new equipment and technology, notably those that support production of high-density interconnect and high layer count PCBs which meet the needs of new growth industries such as the telecommunications and automobile end-product sectors. Operating by a strategy developed in line with the market's needs, the Group has been able to sustain our overall position with improved profitability at the end of FY2006.

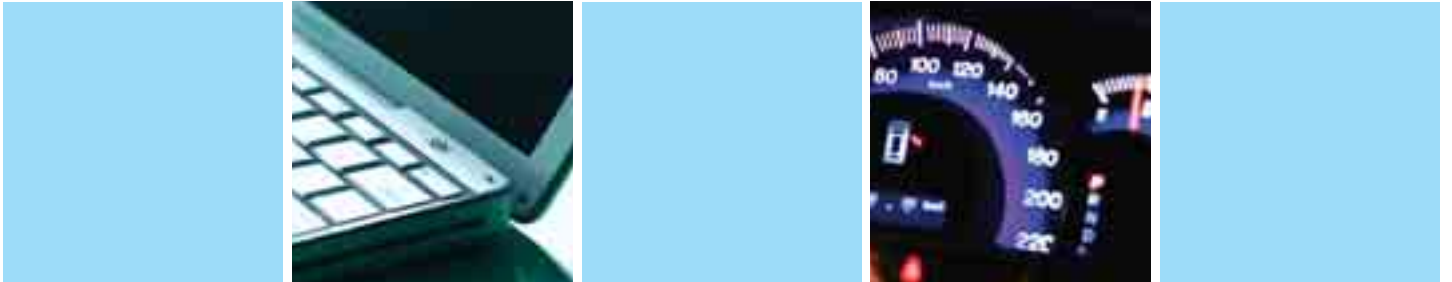
## Manufacture and Sale of Moulds and Mould Bases

Amongst our end-product industries, the mobile communications and automobile electronics sectors have proven to be the most strongly emergent ones in FY2006. In the former, new handset models and increasingly sophisticated communication devices are demanding highly compact or

flexible PCBs with growingly complex designs and high reliability. In the latter, we have observed that as more car manufacturers relocate or set up manufacturing operations in the PRC, demand for high quality PCB punching moulds and plastic injection/die-casting mould bases was noticeably boosted.

Under the favourable climate, revenue generated from the manufacture and sale of PCB punching moulds and plastic injection/die-casting mould bases increased by HK\$9.9 million and HK\$4.8 million respectively in FY2006, contributing HK\$106.0 million in all, or 59.0% of total Group revenue. In spite of high steel prices which reached historical levels in the earlier part of FY2006, as well as other rising expenses, segment results grew by 74.4% to record HK\$21.6 million.

In meeting the expanded demand, we invested HK\$12.7 million in procuring additional machinery, which includes 6 units of Computer Numerical Control ("CNC") wire-cut machines, 6 units of CNC machining centres, 5 units of milling machines and 4 surface grinding machines, increasing our total capacity in this business segment by 20%. Significant clients in this business segment



include Suzhou Matsushita Electric Works, Kyosha IDT (Holdings), CMK Group, Hong Fu Jin Precision Industry (Shenzhen) and Foxconn International Holdings.

#### Provision of Services

Backed by a strong demand for copper-clad laminates in the second half of FY2006, revenue from the trading of PCB materials increased by HK\$1.1 million. On the other hand, the temporary shift of manufacturing activities of certain PCBs back to Taiwan due to the specific technical requirements of a new major gaming console product attributed to a decline of HK\$1.9 million and HK\$1.7 million in revenue from our punching and electroplating service segments respectively. In total, this business segment contributed HK\$73.6 million or 41.0% of our Group revenue. Compounded by rising metal and other direct costs, segment results contracted 9.7% to record HK\$15.6 million.

As more PCB and component makers move a major slice of their production to the PRC in capitalising on the relatively lower costs of operation, we should continue to see sustained demand in our service provision business segment, which plays a strategic role in the

Group's entire business proposition. In anticipation of the growing market, the Group added four fully automated electroplating lines in FY2006, bringing our total number of electroplating lines to 8. The addition of these automated electroplating lines, which will be operational in FY2007, is expected to further improve our operating efficiency and enhance our competitiveness going forward. In FY2006, our major customers for this business segment included many Chinese and multinational PCB manufacturers, whose products are widely used in global brands of mobile phones, notebook computers, Personal Digital Assistants, vehicle onboard computers and game consoles.

Amongst our end-product industries, the mobile communications and automobile electronics sectors have proven to be the most strongly emergent ones in FY2006.

# BOARD OF DIRECTORS



**Michael Chung**  
Chairman and Chief Executive Officer



**Hugo Chung**  
Executive Director  
(Business Development)



**Martin Chan**  
Accounts-cum-Admin Executive

Michael Chung was appointed as our Director on 6 May 2005 and is our Executive Chairman and CEO. He is primarily responsible for the overall business, operations and strategies of our Group. He is also managing our Group's human resource affairs including formulating staff and management training programmes and charting the growth of our Group. Since founding our Group in 1986, when he established a partnership with Hugo Chung known as Windsor Metal Manufacture Co. (which was subsequently incorporated as a private limited company in 1994) and he continues to actively play a critical role in building our Group's corporate identity and shaping its culture. He has over 20 years of experience in the PCB mould industry and completed his high school education in Hong Kong.

Hugo Chung is our Executive Director (Business Development) and was appointed as our Director on 6 May 2005. He is in-charge in formulating and executing the business development strategies of our Group. He is also actively involved in the marketing activities of our Group and is responsible for developing and maintaining our Group's good relations with our strategic partners. He supports our Executive Chairman and CEO in the overall management of our Group and oversees our Group's business and marketing operations. Hugo has brought with him over 20 years of experience in the PCB manufacturing and punching mould industry. He is also our General Manager overseeing the operations of National Chance's electroplating business.

Martin Chan joined our Group in October 1997 as Accounts-cum-Admin Executive and worked his way up before assuming his current role. He is responsible for managing and overseeing the financial and administrative matters of our Group. Prior to joining our Group, he began his career in 1994 in an accounting firm in Hong Kong as an accountant and was subsequently promoted to senior accountant. From end 1996 to early 1997, he held positions as accountant and assistant accounting manager in listed companies on The Stock Exchange of Hong Kong Limited. He obtained his Diploma in Accountancy (Honours) from Lingnan College in Hong Kong (now known as Lingnan University) in 1994 and on 6 May 2005, he was appointed as our Executive Director (Finance and Administration).



**Michael Tam**  
Non-executive Director



**Jeffrey Wong**  
Independent Director



**Chee Teck Kwong**  
Independent Director

Michael Tam is a Non-executive Director of our Group and was appointed on 7 March 2006. He is currently a director in TLC CPA Limited, a firm of certified public accountants in Hong Kong. Prior to joining our Group, he was an audit manager at Wong Brothers & Co. from 1993 to 1997. In 1997, Michael established a sole proprietorship, Michael Tam & Co., serving as a certified public accountant before joining Yiu, Tam & Co., a firm of certified public accountants between 1999 and 2002 as a partner. Michael Tam graduated with Honours Diploma in Accountancy from Lingnan College (now known as Lingnan University) in 1987. In 1998, he also obtained a Bachelor of Laws (Hons) degree from the University of Wolverhampton, UK. He is a certified public accountant and is registered with the Hong Kong Institute of Public Accountants. He is also a registered member of the Association of Chartered Certified Accountants and the Institute of Chartered Accountants (England and Wales).

Jeffrey Wong was appointed on 15 July 2005 as an Independent Director of our Group and he is also the Chairman of our Audit Committee. He currently oversees the management reporting and financial matters of SL International Holdings Limited and has been appointed as Finance Director since 3 August 2004. He is also an independent director and a member of the audit committee of Global Ariel Limited, which is listed on the SGX-ST. He was also an independent director and chairman of the audit committee of Rotol Singapore Limited (a company listed on the SGX-ST) from 2003 to 2005. From 2002 to 2003, he was the finance director of Omega Construction & Engineering Pte. Ltd., which provides project engineering services. From 2000 to 2002, he was a director of Autohub21 Pte Ltd, which is principally engaged in the online auction of used vehicles. He previously held the position of Head of Credit and Marketing of 10 bank-branches in Singapore and was the First Vice President/ Regional Manager with a local bank. He graduated from the Nanyang University with a Bachelor of Commerce in 1980.

Chee Teck Kwong is an Independent Director of our Group and was appointed on 7 March 2006. He chairs our Remuneration and Nominating Committees. He is an Advocate and Solicitor and is currently practising in the firm of Messrs Patrick Chee & Company and has been in private practice since 1980. He is a Notary Public and a Commissioner for Oaths, and a member of the Singapore Institute of Arbitrators and Singapore Institute of Directors. Presently, he is also independent director of other listed companies including PSC Corporation Ltd., CSC Holdings Limited, Richland Group Limited, King's Safetywear Limited and Tat Seng Packaging Group Ltd. He graduated from the University of Singapore with a Bachelor of Laws (Hons) Degree in 1979.

# KEY MANAGEMENT TEAM

**Jao Juei Chen**  
General Manager  
Operations in Goodbase and Shenzhen National Chance

Jao Juei Chen is our General Manager in charge of our operations in Goodbase and Shenzhen National Chance. He is responsible for overseeing the production operations of both companies. He is also actively involved in the business development activities of our Group and has been instrumental in expanding and maintaining our Group's customer base, especially among Taiwanese PCB manufacturers based in the PRC. He regularly advises on the design and manufacturing processes of PCB punching moulds, die-casting and plastic injection mould bases. Mr Jao joined our Group in April 1994 and has brought with him over 25 years of experience in the PCB mould industry. Prior to joining the Group, he was also a shareholder of Guozhou Enterprise Share Co. Ltd from 1978 to 1994, a private company incorporated in Taiwan, which provided PCB punching moulds and punching services to customers in the PCB industry and was subsequently dissolved on 21 February 2001.

**Lam Wai Ming**  
General Manager  
Operations in Lun Hsing

Lam Wai Ming is our General Manager in charge of our PCB mould manufacturing and punching services business in Lun Hsing. He is primarily responsible for the day-to-day operations of Lun Hsing and its business development activities that centred on customers from Shanghai and Jiangsu province. Mr Lam joined our Group in August 1997 and he has over 20 years of experience in the PCB industry in Hong Kong and the PRC. Prior to joining our Group, he was the plant manager of Hong Kong Cheng Ho Enterprises Ltd, a PCB manufacturer, located in Guangdong in the PRC between 1994 and 1997. Between 1990 and 1994, he also held the position of plant manager for PCB manufacturers – Conwell PCB Co Ltd and Tat Chun Printed Circuit Board Co Ltd. Mr Lam completed his high school education in 1977.

**Saito Kiyoshi**  
General Manager  
Operations in Iwasa Windsor

Saito Kiyoshi is our General Manager in charge of our punching services operations in Iwasa Windsor since December 2001 and brings with him over 15 years of experience in the PCB mould industry and has a strong background in the manufacturing of PCB punching moulds. Prior to joining the Group, from 1987 to 2001, he held various senior positions in production and business development in Iwasa Seisakusho Co. Ltd., a PCB punching mould manufacturer in Japan. He is responsible for the day-to-day operations of Iwasa Windsor and its business development activities and deals directly with our Japanese customers who are PCB manufacturers based in the PRC, namely Shenzhen, Dongguan and Zhuhai. Mr Saito also leads and supervises Iwasa Windsor's production team on technical issues that may from time to time arise during the manufacture of PCB punching moulds. He completed his high school education in 1975.

**Wu Yung Cheng**  
General Manager  
Operations in Guozhou Windsor

Wu Yung Cheng is our General Manager in charge of our punching services operations in Guozhou Windsor and brings with him more than 20 years of experience in the PCB mould industry. He is responsible for the day-to-day operations of Guozhou Windsor and is also very actively involved in its production and business development activities. Mr Wu has been instrumental in maintaining and expanding our customer base, especially amongst Taiwanese PCB manufacturers based in the PRC. He joined our Group in 1994 as a shareholder and became intimately involved in the operations of Guozhou Windsor in June 2002. Prior to joining the Group, he was also a shareholder of Guozhou Enterprise Share Co. Ltd from 1978 to 1994, a private company incorporated in Taiwan, which provided PCB punching moulds and punching services to customers in the PCB industry and was subsequently dissolved on 21 February 2001.

# CORPORATE GOVERNANCE REPORT

## INTRODUCTION

At Singapore Windsor, the Board is committed to maintain high standards of corporate governance. Our Directors recognize the importance of good corporate governance and the maintenance of high standards of accountability to our shareholders. This report describes our corporate governance practices in accordance to the guidelines set out in the Singapore Code of Corporate Governance, and also includes disclosure requirements under the Best Practice Guide and Interested Person Transaction in the SGX-ST Listing Manual.

## BOARD MATTERS

### Principle 1: Board's Conduct of its Affairs

The Board oversees the business affairs of the Group, approves the Group's business strategies and financial objectives, and major investment and funding decisions. It also monitors and evaluates the Group's operations and financial performance by establishing goals for Management and monitoring the achievement of these goals. It is responsible for the overall corporate governance of the Group.

Matters that specifically require the Board's attention include the release of half year and full year results announcements, approval of annual audited financial statements for the Group and the Directors' Report thereto, nomination of directors, appointment of auditors and other significant corporate actions.

The Board comprises of members with strong business credentials and or with industry knowledge, from various professions such as banking, accounting and legal. Two Board meetings will be scheduled every year to review the financial performance and to update the Board on significant business activities and overall business environment. In addition to the two meetings, the Board also holds ad hoc meetings as and when required to address any significant issues that may arise.

A number of committees have been established to assist the Board in discharging its responsibilities and to enhance the Group's corporate governance framework. The committees include the Audit Committee ('AC'), the Nominating Committee ('NC') and the Remuneration Committee ('RC'). The operations of the AC are described under the section of 'Audit Committee' and each of these committees has its respective terms of reference that describes the responsibilities of the committee.

The Company was listed on 10 April 2006 and the AC, NC and RC were formed on 7 March 2006. As such, no board and committee meetings were held in the financial year under review.

#### *Remuneration Committee*

The RC comprises 3 members and the Chairman of the RC is an independent director. The responsibilities of the RC include: -

- a) recommending to the Board a framework of remuneration for directors and key executives, and to determine a specific remuneration package for each executive director of which a significant portion of the executive director's remuneration is structured to link rewards to corporate and individual performance;
- b) ensuring that the level of remuneration offered is appropriate to the level of contribution and the overall remuneration package is attractive to retain and motivates key executives; and
- c) reviewing the remuneration packages of employees who are related to any director(s) and/or substantial shareholder(s).

### *Nominating Committee*

The NC comprises of 3 members and the Chairman of the NC is an independent director. The responsibilities of the NC include: -

- a) reviewing and recommending the nomination or re-nomination of our Directors having regard to the Director's contribution and performance;
- b) determining on an annual basis whether or not a Director is independent;
- c) assessing the performance of the Board and contribution of each Director to the effectiveness of the Board as a whole; and
- d) review and approve any new employment of related persons and the proposed terms of their employment

### **Principle 2: Board Composition and Balance**

The Board comprises three executive directors, one non-executive director and two independent directors: -

Name of Directors	Board of Directors	Date of Appointment	Audit Committee	Nominating Committee	Remuneration Committee
Michael Chung Wah Sang	Executive Director (Chairman)	6 March 2005			
Hugo Chung Koon Wing	Executive Director	6 March 2005			
Martin Chan Tak Sing	Executive Director	6 March 2005			
Michael Tam Chi Kwan	Non-executive Director	7 March 2006	Member	Member	Member
Jeffrey Wong Yen Siang	Independent Director	15 July 2005	Chairman	Member	Member
Patrick Chee Teck Kwong	Independent Director	7 March 2006	Member	Chairman	Chairman

The Directors consider the Board's present size and composition appropriate, taking into account the nature and scope of the Group's operations, the wide spectrum of skill and knowledge of the directors.

### **Principle 3: Chairman and Chief Executive Director**

Mr Michael Chung was appointed as Director on 6 March 2005 and he is also Executive Chairman of the Board. He is responsible for implementation of the Group's corporate policies and executive decision-making. He ensures that Board meetings are held when necessary, scheduling and preparing agendas and exercise control over the information flow between the Board and the Management.

Our Group's Executive Chairman is also the Chief Executive Officer ('CEO') and the Board is of the view that it is not necessary to separate the roles of the Chairman and the CEO after taking into consideration of the size, scope and the nature of the operations of our Group. Michael Chung is the founder of our Group and has played an instrumental role in developing our business since establishment. He has considerable industry experience and provided our Group with strong leadership and vision.

The Board is of the view that they have sufficient safeguards and checks in place to ensure the management is accountable to the Board as a whole.

#### **Principle 4: Board Membership**

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that directors appointed to the Board possess the experience and knowledge, business, finance and management skills necessary to our businesses and each director, through his contributions, brings to the board an independent and objective perspective to enable a balanced and well-considered decision to be made.

Majority of the NC members including the Chairman are non-executive or independent directors. The NC ensures that all recommendations for the appointment and re-election of directors are formal and transparent. At each annual general meeting, at least one-third of the directors will retire from office by rotation and each director shall retire from office at least once every three years. All directors to be appointed or re-elected are recommended by NC before submission to the Board for approval.

#### **Principle 5: Board Performance**

The NC has implemented a process to assess the performance and effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board. The evaluation is carried out on an annual basis. For Board assessment, it is based on factors such as the Board's structure, conduct of meetings, corporate strategy and planning, risk management and internal controls, measuring and monitoring performance and financial reporting. In the case of individual assessments, each director is evaluated on the basis of his or her attendance, adequacy of preparation for meetings and participation in discussions.

#### **Principle 6: Access to Information**

In order to fulfill the Board's members' responsibilities and enable them to carry out their duties, Directors have unrestricted access to the Company's records and information, all Board and Board's committees' minutes, and shall receive management accounts. Directors are provided with the agenda and meetings materials in advance and have access to the company secretary and Management at all times.

Directors may also liaise with senior executives and other employees to seek additional information if required. Should directors, whether as a group or individually, require professional advice, the Company, upon direction by the Board appoint a professional advisor selected by the group or the individual, approved by the Chairman, to render the advice. The cost of service shall be borne by the Company.

The company secretary attends all Board meetings and is responsible for ensuring that Board procedures are followed and relevant regulations are complied with. All directors have separate and independent access to advice and services of the company secretary.

## REMUNERATION MATTERS

### Principle 7: Procedures for Developing Remuneration Policies

The Company has established a RC for determining the remuneration of directors and key executives of the Company and the responsibilities are described under the section 'Board Matters - Remuneration Committee'.

The executive directors' remuneration packages are based on service contracts. These include a profit sharing scheme that is performance related to align their interests with those of the shareholders. Independent directors and non-executive director are paid yearly directors' fees of an agreed amount and these fees are subject to shareholders' approval at Annual General Meeting.

### Principle 8: Level and Mix of Remuneration

The remuneration policy of the Group is to provide compensation packages at market rates, which will reward successful performance and attract, retain and motivate managers and directors.

### Principle 9: Disclosure on Remuneration

For the period under review, the RC had recommended to the Board total directors fees of S\$35,000 for the non-executive director and independent directors, which will be tabled by the Board at the forthcoming Annual General Meeting for the shareholders' approval.

We tabled the remuneration paid to each of the director for period under review as below: -

Name of Director	Base Salary	Variable Payments	Other Benefits	Fees	Total
<b>Band S\$250,000 to S\$499,999</b>					
Michael Chung Wah Sang	100%	-	-	-	100%
Hugo Chung Koon Wing	100%	-	-	-	100%
<b>Below S\$250,000</b>					
Martin Chan Tak Sing	100%	-	-	-	100%
Michael Tam Chi Kwan	-	-	-	100%	100%
Jeffrey Wong Yen Siang	-	-	-	100%	100%
Patrick Chee Teck Kwong	-	-	-	100%	100%

The remuneration of each key executive who is not a director is below S\$250,000. However, due to the very competitive nature of the industry in which the Group operates, the Board believes it is unwise to disclose the breakdown of the remuneration of these key executives.

There is no employee in the Group who is related to a director, whose remuneration exceeds S\$150,000 during the financial year ended 31 March 2006.

The Group does not have any employee share option schemes.

## AUDIT COMMITTEE

### Principle 10: Accountability and Audit

The Board is accountable to the shareholders while the Management is accountable to the Board.

The Management will provide the Board with detailed management accounts of the Group's performance, position and prospects on a quarterly basis.

The Management also presents to the Board the half yearly and full year accounts and the Audit Committee reports to the Board on the results for review and approval. The Board approved the results after review and authorized the release of the results to the SGX-ST and the public via SGXNET.

### Principle 11: Audit Committee

The AC comprises 3 directors and majority of them are independent. AC will assist the Board in discharging its responsibility to safeguard our assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group. It will provide a channel of communication between the Board, the Management and the external auditors on matters relating to audit. The responsibilities of the AC include: -

- a) review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response;
- b) review the half yearly and annual, and quarterly if applicable, financial statements and profit and loss accounts before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;
- c) review the internal control procedures and ensure co-ordination between the external auditors and our management, and review the assistance given by our management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of our management, where necessary);
- d) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;
- e) consider and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;
- f) review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;
- g) review potential conflicts of interest, if any;
- h) undertake such other reviews and projects as may be requested by our Board, and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and

- i) generally undertake such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time.

All AC members have financial management knowledge and two members have accounting and related financial management expertise. The AC has full access to and co-operation from the Management and full discretion to invite any director or key executive to attend its meetings.

The AC confirmed that it has undertaken a review of all non-audit services provided by the external auditors and is satisfied that such service would not, in the AC's opinion, affect the independence of the external auditors.

#### **Principle 12: Internal Controls**

With the assistance of the external auditors during the financial audit, the AC conducts a review of the material internal controls. Based on the information furnished to the Board, nothing has come to the Board's attention to cause the Board to believe that the internal controls and risks management processes are not satisfactory for the type and volume of business conducted.

#### **Principle 13: Internal Audit**

The Board recognizes its responsibilities for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's assets and business. Currently, the Chairman of the AC enquires and relies on reports from the Management on any material non-compliance and internal control weaknesses.

The AC oversees and monitors the implementation of any improvements thereto. Given the manageable volume of transactions, nature of business and concentration of businesses in Hong Kong and the PRC, the AC is of the view that there is no need to engage resources for internal audit for the time being. However, the AC will assess periodically, the adequacy of internal control function in terms of resources needed and its appropriate standing within the Group.

#### **Principle 14: Communication with Shareholders**

The Board strives to ensure that all material information is disclosed to the shareholders in an adequate and timely manner. The Board informs and communicates with shareholders through announcement releases through SGXNET, annual reports, and advertisement of notices of meetings and at Annual General Meetings.

#### **Principle 15: Shareholders Participation**

The Annual General Meeting is the principal forum for dialogue with our shareholders. The Company encourages our shareholders to attend the Annual General Meeting to ensure a high level of accountability and to keep informed of the Group's strategy and goals.

The Board welcomes questions and views of shareholders on matters affecting the Company raised either formally or informally before or at the Annual General Meeting.

## SECURITIES TRANSACTIONS

The Company has clear policies and guidelines for dealings in the securities of the Company by directors and employees in conformity with the SGX-ST Best Practice Guide.

It prohibits the dealing in securities of the Company by the directors and employees while in procession of price-sensitive information, and during the period beginning one month before the announcement of the half yearly and annual results, and ending on the date of the announcement. Directors are required to report securities dealings to the company secretary who will assist to make the necessary announcements.

## MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interests of any director or controlling shareholder entered into in the financial year reported on.

## INTERESTED PERSON TRANSACTIONS

The Group monitors all its interested person transactions closely and all interested person transactions are subject to review by the AC.

The aggregate value of interested person transactions entered into during the year (excluding transactions less than S\$100,000) were as follows:

(In HK\$'000)	Actual FY2006	Proforma FY2005
(a) Loan from President Group Ltd	104	12,781
(b) Loan from Directors (namely Michael Chung and Hugo Chung)	7,871	5,556

## **FINANCIAL STATEMENTS**

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# REPORT OF THE DIRECTORS

## REPORT OF THE DIRECTORS

The Directors of the Company are pleased to present their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 March 2006. The financial year covers the period since incorporation on 28 April 2005 to 31 March 2006.

Pursuant to an invitation to subscribe for the Company's shares by way of public offer and placement shares, the Company was listed on Singapore Exchange Securities Trading Limited (SGX-ST) on 10 April 2006. Details of the invitation can be found in the Company's prospectus dated 30 March 2006.

### 1. DIRECTORS AT DATE OF REPORT

The Directors of the Company in office at the date of this report are:

Chung Wah Sang	(appointed on 6 May 2005)
Chung Koon Wing	(appointed on 6 May 2005)
Chan Tak Sing Martin	(appointed on 6 May 2005)
Wong Yen Siang	(appointed on 15 July 2005)
Chee Teck Kwong Patrick	(appointed on 7 March 2006)
Tam Chi Kwan Michael	(appointed on 7 March 2006)

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

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

### 3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act, Cap. 50 (the "Act") except as follows:

Name of directors and company in which interests are held	Deemed interest		
	On the date of incorporation or date of appointment if later	At 31.3.2006	At 21.4.2006
<b>In the company - Singapore Windsor Holdings Limited</b>		<b>Ordinary shares</b>	
Chung Wah Sang	2	96,000,000	90,400,000
Chung Koon Wing	2	96,000,000	90,400,000
		<b>Direct interest</b>	
Name of directors and company in which interests are held	On the date of incorporation or date of appointment if later	At 31.3.2006	At 21.4.2006
<b>The ultimate holding company - President Group Limited</b>		<b>Number of ordinary shares of US\$1 each</b>	
Chung Wah Sang	2,794	2,794	2,794
Chung Koon Wing	2,794	2,794	2,794

By virtue of section 7 of the Companies Act, Cap. 50, the above Directors with shareholdings are deemed to have an interest in the Company and in all related corporations of the Company.

# REPORT OF THE DIRECTORS

## 4. CONTRACTUAL BENEFITS OF DIRECTORS

Since the beginning of the financial year, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Companies Act, Cap. 50, 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. Certain directors of the Company received remuneration from related corporations in their capacity as directors and or executives of those related corporations.

## 5. OPTIONS EXERCISED

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

## 6. OPTIONS TO TAKE UP UNISSUED SHARES

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

## 7. UNISSUED SHARES UNDER OPTION

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

## 8. AUDIT COMMITTEE

The members of the audit committee at the date of this report are as follows:

Wong Yen Siang	–	Independent Director, Chairman of Audit Committee
Chee Teck Kwong Patrick	–	Independent Director
Tam Chi Kwan Michael	–	Non-Executive Director

The audit committee performs the functions specified by section 201B(5) of the Companies Act. Among others, it performed the following functions:

- Reviewed with the external auditors their audit plan;
- Reviewed with the external auditors their evaluation of the Company's internal accounting controls, and their audit report on the financial statements and the assistance given by the Company's officers to them;
- Reviewed the financial statements of the Group and the Company prior to their submission to the Directors of the Company for adoption; and
- Reviewed the Interested Person Transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST)).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report and it includes an explanation of how auditors' objectivity and independence are safeguarded when the auditors provide non-audit services.

The audit committee has recommended to the Board of Directors that the auditors, RSM Chio Lim, be nominated for re-appointment as auditors at the next annual general meeting of the Company.

## 9. AUDITORS

The auditors, RSM Chio Lim, have expressed their willingness to accept re-appointment.

## 10. DEVELOPMENTS SUBSEQUENT TO ANNOUNCEMENT OF RESULTS

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 26 May 2006, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

ON BEHALF OF THE DIRECTORS

**Chung Wah Sang**  
Director

**Chung Koon Wing**  
Director

5 June 2006

# STATEMENT OF DIRECTORS

In the opinion of the Directors, the accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2006 and changes in equity of the Company and of the Group, and of the results and cash flows of the Group for the financial year then ended and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

**Chung Wah Sang**  
Director

**Chung Koon Wing**  
Director

5 June 2006

# AUDITORS' REPORT

TO THE MEMBERS OF SINGAPORE WINDSOR HOLDINGS LIMITED

We have audited the accompanying financial statements of Singapore Windsor Holdings Limited for the year ended 31 March 2006. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2006 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**RSM Chio Lim**  
Certified Public Accountants

Singapore  
5 June 2006

Partner-in-charge of audit: Goh Swee Hong  
Effective from financial year ended 31 March 2006

# BALANCE SHEETS

AS AT 31 MARCH 2006

	Notes	Group 2006 HK\$'000	Company 2006 HK\$'000
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	4	26,653	–
Current investments	5	19	–
Trade and other receivables	6	76,275	14,886
Inventories	7	15,413	–
Total current assets		118,360	14,886
Non-current assets:			
Investments in subsidiaries	8	–	56,706
Investment property	9	503	–
Property, plant and equipment	10	69,882	–
Total non-current assets		70,385	56,706
Total assets		188,745	71,592
<b>LIABILITIES AND EQUITY</b>			
Current liabilities:			
Short-term borrowings	11	20,653	–
Trade and other payables	12	36,200	4,252
Current tax payable		602	–
Current portion of long-term borrowings	13	14,075	–
Current portion of finance leases	14	5,231	–
Total current liabilities		76,761	4,252
Non-current liabilities:			
Other long-term payables	15	3,519	–
Long-term borrowings	13	11,075	–
Finance leases	14	5,156	–
Deferred tax	21	1,997	–
Total non-current liabilities		21,747	–
Total liabilities		98,508	4,252
Equity attributable to equity holders of the parent:			
Share capital	16	56,706	56,706
Other reserves		1,679	–
Retained earnings		23,763	10,634
		82,148	67,340
Minority interest		8,089	–
Total equity		90,237	67,340
Total liabilities and equity		188,745	71,592

See accompanying notes to financial statements.

# CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 MARCH 2006

	Notes	Group 2006 HK\$'000
Revenue	17	179,653
Cost of sales		(115,406)
Gross profit		<hr/> 64,247
Other income	18	1,865
Financial income	19	986
Financial expense	19	(3,813)
Distribution costs		(4,866)
Administrative expenses		(25,303)
Other credit	20	206
Profit before income tax		<hr/> 33,322
Income tax expense	21	(5,132)
Profit for the year		<hr/> <hr/> 28,190
Attributable to:-		
Equity holders of the company		24,292
Minority interests		3,898
		<hr/> <hr/> 28,190
Earnings per share for profit attributable to the equity holders of the company during the year (expressed in HK cents per share)	24	
- Basic		25.30
- Diluted		<hr/> 25.30

See accompanying notes to financial statements.

# STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2006

Group	Attributable to equity holders of the company						Minority interest	Total equity
	Share capital HK\$'000	Foreign currency translation reserves HK\$'000	Statutory reserves HK\$'000	Capital Reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	HK\$'000	HK\$'000
At date of restructuring (Note 25)	5,027	588	1,338	18,015	31,941	56,909	4,491	61,400
Effects of restructuring exercise	51,679	(588)	(1,338)	(18,015)	(31,738)	–	–	–
Exchange differences on translating foreign operations recognised directly in equity	–	947	–	–	–	947	–	947
Profit for the year	–	–	–	–	24,292	24,292	3,898	28,190
Total recognised income for the year	–	947	–	–	24,292	25,239	3,898	29,137
Transfer of reserves	–	–	732	–	(732)	–	–	–
Dividend paid to minority shareholder of a subsidiary	–	–	–	–	–	–	(300)	(300)
Balance as at 31 March 2006	56,706	947	732	–	23,763	82,148	8,089	90,237
		(a)	(b)					

(a) Not available for distribution as cash dividends.

(b) The Company's subsidiaries in People's Republic of China are required by the local regulations to appropriate 10% to 20% of the profits arrived at in accordance with the PRC GAAP each year to the statutory reserves. The appropriation to the statutory reserves must be made before distribution of dividends to shareholders. These reserves are not distributable in the form of cash dividends.

See accompanying notes to financial statements.

# STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2006

Company	Share capital HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At date of incorporation	*	–	*
Profit for the year (Recognised income for the year)	–	10,634	10,634
Issue of share capital (Note 16)	56,706	–	56,706
Balance as at 31 March 2006	56,706	10,634	67,340

\* Share capital is less than HK\$1,000 as at date of incorporation.

See accompanying notes to financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2006

	Group 2006 HK\$'000
Cash flows used in operating activities:	
Profit for the year	28,190
Adjustments for:	
Income tax expense	5,132
Depreciation expense	14,754
Interest income	(257)
Interest expense	3,771
Gain on disposal of property, plant and equipment	(206)
Fair value loss on current investments	21
Operating profit before working capital changes	51,405
Trade and other receivables	(7,884)
Inventories	(1,991)
Trade and other payables	(9,907)
Trust receipts	(2,905)
Cash generated from operations	28,718
Income tax paid	(6,144)
Net cash from operating activities	22,574
Cash flows from investing activities:	
Disposal of property, plant and equipment	29
Purchase of property, plant and equipment (Note 4)	(17,578)
Increase in restricted fixed bank deposits	(104)
Interest received	257
Net cash used in investing activities	(17,396)
Cash flows from financing activities:	
Dividend paid to minority shareholders of subsidiaries	(300)
Increase in long-term borrowings	8,019
Repayment of finance leases	(5,765)
Repayment of other long-term payables	(3,500)
Increase in directors' loans	2,316
Increase in other payables	2,000
Interest paid	(3,547)
Net cash used in financing activities	(777)
Net effect of exchange rate changes in consolidating subsidiaries	433
Net increase in cash	4,834
Cash at date of restructuring (Note 25)	2,873
Cash at end of year (Note 4)	7,707

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

31 MARCH 2006

## 1. GENERAL

The Company was incorporated on 28 April 2005 in Singapore under the Companies Act as an investment holding private limited company under the name of "Singapore Windsor Holdings Pte. Ltd.". The Company was converted to a public company and renamed as "Singapore Windsor Holdings Limited" on 15 March 2006. The financial statements are presented in Hong Kong dollars. They are drawn up in accordance with the provisions of the Companies Act, Cap. 50 and the Singapore Financial Reporting Standards. The financial statements were approved and authorised for issue by the board of directors on 5 June 2006.

The principal activities of the Company are investment holding. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

The registered office is: 18 Cross Street #07-03, Marsh & McLennan Centre Singapore 048423. The Company is domiciled in Singapore.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**ACCOUNTING CONVENTION** – The financial statements are prepared under the historical cost convention, modified to include the revaluation of financial assets, financial liabilities and investment properties as disclosed where appropriate in these financial statements.

**BASIS OF PRESENTATION** – The consolidation accounting method is used for the consolidated financial statements which include the financial statements made up to the balance sheet date each year of the Company and of those companies in which it holds, directly or indirectly through subsidiaries, over 50 percent of the shares and voting rights. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and dividends, are eliminated in full on consolidation. The results of the investees acquired or disposed of during the financial year are consolidated from the respective dates of acquisition or up to the dates of disposal. On disposal the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The business combination in such situation is accounted for under the pooling-of-interest method.

During the year, the Group undertook a restructuring exercise as disclose in Note 25 of the financial statements and a pooling-of-interests method of consolidation is adopted. The identifiable assets and liabilities were accounted for at their historical cost and the shares issued were recorded at par value, in a manner similar to the pooling-of-interests method of consolidation.

Under the pooling-of-interests methods, the combined assets, liabilities and reserves of the pooled enterprises are recorded at their existing carrying amounts at the date of amalgamation. The excess or deficiency of amount recorded as share capital issued (plus any additional consideration in the form of cash or other assets) over the amount recorded for the share capital acquired is to be adjusted to the retained earnings.

**BASIS OF PREPARATION** – The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the Group's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

# NOTES TO FINANCIAL STATEMENTS

31 MARCH 2006

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**CASH AND CASH EQUIVALENTS** – Cash and cash equivalents include bank and cash balances and any highly liquid debt instruments purchased with an original maturity of three months or less. Cash for the cash flow statement includes cash and cash equivalents that form an integral part of cash management and cash subject to restriction. Other financial assets and financial liabilities at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the cash flow statement.

**INVESTMENTS** – Investments with a quoted market price in an active market and derivatives that are not designated as hedges are classified as financial assets held for trading or those designated at fair value through profit or loss at inception. They are initially measured at fair value plus directly attributable transaction costs and are classified as current assets if they are held for trading or are expected to be realised within 12 months of the balance sheet date. These are stated at fair value using the portfolio basis. A gain or loss on remeasuring trading financial assets to fair value (other than those relating to hedges) is recognised in the income statement. The transactions are recorded at the trade date.

**TRADE RECEIVABLES** – After initial recognition at fair value, trade receivables are measured at amortised cost using the effective interest method but short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant. Trade receivables are stated after provision for impairment. A trade receivable amount is regarded as impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The carrying amounts of trade receivables are assumed to approximate their fair value. The amount of the provision is recognised in the income statement. Normally no interest is charged on trade receivables.

**LOANS AND OTHER RECEIVABLES** – Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those held for trading, designated as available for sale, and those that are not substantially recoverable, other than because of credit deterioration, which are classified as available for sale. Items with a short duration are not discounted. After initial recognition such financial assets, including derivative that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for the non-current financial assets that are loans and receivables which are measured at amortised cost using the effective interest method less provision for impairment. These items are included in the balance sheet in loan receivables and trade and other receivables as current assets or as non-current assets where the maturities are greater than 12 months after the balance sheet date.

**INVENTORIES** – Inventories are measured at the lower of cost (first in first out method) and net realisable value. 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. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories, cost includes an appropriate share of overheads based on normal operating capacity. A write down on cost is made for where the cost is not recoverable or if their selling prices have declined.

**SUBSIDIARY** – A subsidiary is an entity including unincorporated and special purpose entities that are controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. In the Company's own separate financial statements, the investment in subsidiary is carried at cost less any provision for impairment in value. The net book value of the subsidiary is not necessarily indicative of the amount that would be realised in the current market exchange.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

MINORITY INTERESTS – Any minority interest in the acquiree (subsidiary) is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

PROPERTY, PLANT AND EQUIPMENT – Depreciation is provided on a straight-line basis to allocate the gross carrying amounts less their residual values over their estimated useful lives of each part of an item of property, plant and equipment. The annual rates of depreciation are as follows:

Leasehold land	–	Over the remaining terms of the lease that is 2%
Land use rights	–	2.2%
Buildings	–	2% to 4.5%
Leasehold improvements	–	10% to 20%
Plant and equipment	–	9% to 20%

Depreciation is not provided on construction work in progress.

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statement.

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses. The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in the income statement.

INVESTMENT PROPERTY – Investment property is property owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. After initial recognition at cost including transaction costs the fair value model is used to measure the investment property at fair value on the existing use basis to reflect the actual market state and circumstances as of the balance sheet date, not as of either a past or future date. A gain or loss arising from a change in the fair value of investment property is included in the income statement for the period in which it arises. The revaluations are made periodically on a systematic basis at least once in three years by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of property being valued.

IMPAIRMENT OF NON-FINANCIAL ASSETS – At each reporting date an assessment is made whether there is any indication that a depreciable or amortisable asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the income statement unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each reporting date, non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. 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.

# NOTES TO FINANCIAL STATEMENTS

31 MARCH 2006

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**IMPAIRMENT OF FINANCIAL ASSETS** – All financial assets except those measured at fair value through profit or loss are subject to review for impairment. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

**FINANCIAL LIABILITIES** – Financial liabilities including bank and other borrowings when recognised initially are measured at fair value plus, in the case of items not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. After initial recognition these are measured at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method except for financial liabilities at fair value through profit or loss. Such liabilities, including derivative liabilities, are measured at fair value. Liabilities are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**LIABILITIES AND PROVISIONS** – A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These include trade and other payables and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**LEASES AS A LESSEE** – A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. At the commencement of the lease term, a finance lease is recognised as an asset and as liability in the balance sheet at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are 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 rents are charged as expenses in the periods in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

**FOREIGN CURRENCY TRANSACTIONS** – The functional currency is the Hong Kong dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in Hong Kong dollars at the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances measured at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in the income statement.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**FOREIGN CURRENCY FINANCIAL STATEMENTS** – The foreign entities determine the appropriate functional currency as it reflects the primary economic environment in which the entities operate. In translating the financial statements of a foreign entity for incorporation in the consolidated financial statements of the parent company the assets and liabilities denominated in currencies other than the functional currency of the parent company are translated at year end rates of exchange and the income and expense items are translated at average rates of exchange for the year. The resulting translation adjustments (if any) are accumulated in a separate component of shareholders' equity until the disposal of the foreign entity.

**INCOME TAX** – The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each balance sheet date and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from (a) goodwill for which amortisation is not deductible for tax purposes; or (b) the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability is not recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures because (a) the Company is able to control the timing of the reversal of the temporary difference; and (b) it is probable that the temporary difference will not reverse in the foreseeable future.

**SHARE CAPITAL** – Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. Where the Company reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders and no gain or loss is recognised in the income statement.

**FAIR VALUE OF FINANCIAL INSTRUMENTS** – The carrying values of current financial assets and financial liabilities including cash, accounts receivable, short-term borrowings, accounts payable approximate their fair values due to the short-term maturity of these instruments. The fair values of long-term debts are not determined unless there are significant items at the end of the year and are disclosed in the relevant notes.

**REVENUE RECOGNITION** – The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the period arising from the course of the ordinary activities of the entity and it is shown net of related tax, estimated returns, discounts and volume rebates. Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are of short duration when the services are completed. Interest revenue is recognised on a time-proportion basis using the effective interest rate that takes into account the effective yield on the asset. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset. Dividend revenue from investments is recognised when the shareholder's right to receive the dividend is legally established.

# NOTES TO FINANCIAL STATEMENTS

31 MARCH 2006

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

**BORROWING COSTS** – All borrowing costs that are interest and other costs incurred in connection with the borrowing of funds costs are recognised as an expense in the period in which they are incurred except for borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. The interest expense is calculated using the effective interest rate method.

**EMPLOYEE BENEFITS** – Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. This includes the government managed retirement benefit plan such as the Hong Kong Mandatory Provident Fund Schemes Ordinance. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur.

**SEGMENT REPORTING** – A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

### CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

The critical judgements made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### Critical accounting judgements:

**ALLOWANCES FOR DOUBTFUL ACCOUNTS** – An allowance is made for doubtful accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management specifically analyses accounts receivables and analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in our customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful accounts. At the balance sheet date, the receivables are measured at fair value and their fair values might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the balance sheet date.

**INCOME TAXES** – The entity operates in various countries. Significant judgment is required in determining whether items are subject to withholding tax and double taxation relief. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. If the actual final outcome (on the judgement areas) were to differ by 10% from management's estimates, the income tax liability would increase by approximately HK\$60,000 and the deferred tax liability by approximately HK\$200,000, if unfavourable; or – decrease the income tax liability by approximately HK\$60,000 and the deferred tax liability by approximately HK\$200,000, if favourable.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

DEFERRED INCOME TAXES – Management judgment is required in determining the provision for income taxes, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognised. A deferred tax asset is recognised if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilised. Management also considers future taxable income and tax planning strategies in assessing whether deferred tax assets should be recognised.

### Critical assumptions and estimation uncertainties:

USEFUL LIVES OF PLANT AND EQUIPMENT – The estimates for the useful lives and related depreciation charges for plant and equipment is based on commercial and production factors which could change significantly as a result of technical innovations and competitor actions in response to severe market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete or non-strategic assets that have been abandoned or sold.

AMORTISED COST ESTIMATION – The Group has used discounted cash flow analysis to determine the amortised cost of the loans from minority shareholders of subsidiaries based on discounted rate of 5.75% per annum and a full repayment in 2008 and 2010 respectively.

### RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS

GENERAL RISK MANAGEMENT PRINCIPLES – The Group's financial instruments comprise borrowings, some cash and liquid resources, and various items, such as trade and other receivables, trade and other payables, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group's financial instruments are credit risk, interest risk, liquidity risk and foreign currency risk. The management reviews and agrees policies for managing each of these risks and they are summarised below.

CREDIT RISK ON FINANCIAL ASSETS – Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations consist principally of cash, cash equivalents and trade and other accounts receivable. The management believes that the financial risks associated with these financial instruments are minimal. The cash and cash equivalents and other liquid financial assets are placed with high credit quality institutions. An ongoing credit evaluation is performed of the debtors' financial condition and a loss from impairment is recognised in the income statement. There is no significant concentration of credit risk, as the exposure is spread over a large number of counterparties and customers unless otherwise disclosed in the notes to the financial statements.

OTHER RISKS ON FINANCIAL INSTRUMENTS – The main risks arising from the entity's financial instruments are interest risk, liquidity risk and foreign currency risk. The operations are financed through a mixture of retained earnings and borrowings. Borrowings are in the desired currencies at both fixed and floating rates of interest. The policy is to retain flexibility in selecting borrowings at both fixed and floating rates interest. There is exposure to interest rate price risk for financial instruments with a fixed interest rate and to interest rate or cash flow risk for financial instruments with a floating interest rate that is reset as market rates change. Interest rate swaps are not used to generate the desired interest profit and to manage the exposure to interest rate fluctuations. There is also exposure to liquidity. As regards liquidity, the policy has to ensure continuity of funding and where necessary a certain percentage of the borrowings should mature in two to five years. Short-term flexibility is achieved by overdraft facilities. There is also exposure to changes in foreign exchange rates arising from foreign currency transactions and balances and changes in fair values. These exposures and changes in fair values from time to time are monitored and any gains and losses are included in the income statement unless otherwise stated in the notes to the financial statements. There is no policy to reduce currency exposures through forward currency contracts, derivatives transactions or other arrangements.

# NOTES TO FINANCIAL STATEMENTS

31 MARCH 2006

## 3. RELATED PARTY TRANSACTIONS

A related party is an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. This includes parents, subsidiaries, fellow subsidiaries, associates, joint ventures and post-employment benefit plans, if any.

### 3.1 Related company:

The Company is a subsidiary of President Group Ltd, incorporated in the British Virgin Islands which is also the Company's ultimate holding company. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

There are transactions and arrangements between the Company and members of the Group and the effect of these on the basis determined between the parties are reflected in these financial statements. The current intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise.

Intragroup balances that have been eliminated in the consolidated financial statements are not disclosed as related party transactions and balances below.

Significant related company transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial information, this item includes the following:-

	<b>Related company 2006 HK\$'000</b>
Management fee income	198

### 3.2 Other related parties:

There are transactions and arrangements between the Company and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related party balances are unsecured without fixed repayment terms and interest unless stated otherwise.

Significant related party transactions:

In additions to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	<b>Directors 2006 HK\$'000</b>
Interest paid to a director (Note 12 (a))	148

### 3. RELATED PARTY TRANSACTIONS (Cont'd)

#### 3.3 Key management compensation:

	Group 2006 HK\$'000
Salaries and other short-term employee benefits	3,807

The above amounts are included under employee benefits expense. Included in the above amounts are following items:

	Group 2006 HK\$'000
Directors' fees	167
Directors' remuneration of Directors of the Group	1,494

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The above amounts for key management compensation are for all the Directors and other key management.

#### 3.4 Other receivables from or other payables to related parties:

The trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from related parties are as follows:

	Related companies 2006 HK'000
At beginning of year	–
Amounts paid out during the year	950
Amounts received during the year	(853)
Balance at end of year	97

The movements in other payables to related parties are as follows:

	Holding company 2006 HK\$'000	Directors 2006 HK\$'000
At beginning of year	12,781	5,555
Amounts paid out during the year	(12,676)	(684)
Amounts received during the year	–	3,000
Balance at end of year	105	7,871

# NOTES TO FINANCIAL STATEMENTS

31 MARCH 2006

## 4. CASH AND CASH EQUIVALENTS

	Group 2006 HK\$'000	Company 2006 HK\$'000
Not restricted in use	17,534	–
Restricted in use (a)	9,119	–
	26,653	–
Analysis of above amount denominated in foreign currency:		
Chinese Renminbi	14,440	–
United States dollars	194	–
	14,634	–

(a) This is for bank balance held by bankers to cover short-term and long-term borrowings. (Notes 11 and 13)

The effective rate of interest for the cash on interest earning account for the Group is about 2.7% to 3.45% per annum. These approximate the weighted effective interest rate.

Cash and cash equivalents in the consolidated cash flow statement:

	Group 2006 HK\$'000
As shown above	26,653
Bank overdrafts (Note 11)	(9,827)
Restricted fixed bank deposits	(9,119)
Cash and cash equivalents at end of year	7,707

NON-CASH TRANSACTIONS – Additions to property, plant and equipment during the year amounting to HK\$13,676,000 were financed by new finance leases.

## 5. CURRENT INVESTMENTS

	Group 2006 HK\$'000	Company 2006 HK\$'000
Quoted equity shares at fair value	19	–
	19	–

The investment represents short-term investment in quoted equity securities which provides an opportunity for return through dividend income and trading gains. The fair value of the investment approximates to their market value. All the investments are stated at fair value through profit and loss based on quoted market prices.

## 6. TRADE AND OTHER RECEIVABLES

	Group 2006 HK\$'000	Company 2006 HK\$'000
<b>Trade receivables:</b>		
Outside parties	65,831	–
Less provision for impairment	(932)	–
<b>Other receivables and prepayments:</b>		
Initial public offering expenses <sup>(a)</sup>	3,886	3,886
Other receivables	2,419	–
Less provision for impairment	(51)	–
Prepayments	128	–
Deposits	4,897	–
Dividend receivable from a subsidiary (Notes 3 and 8)	–	11,000
Related companies (Note 3)	97	–
Total trade and other receivables	76,275	14,886
Movement in above provision:		
Balance at beginning of year	2,323	–
Reversal for trade receivables to income statement included in financial income	(603)	–
Bad debts written off	(740)	–
Foreign exchange adjustments	3	–
Balance at end of year	983	–
Analysis of above amount denominated in foreign currencies:		
Chinese Renminbi	53,482	26
Singapore dollar	2,962	2,962
United States dollar	1,531	217

- (a) This relates to expenses incurred for the initial public offering of the Company. These expenses will be charged to equity during the initial public offering. Included in this amount is an amount of HK\$499,000 being professional fees payable to the auditors of the Company for the purpose of acting as Joint Reporting Auditors in the listing exercise.

The average credit term granted to trade receivable customers ranged from 30 to 60 days.

Current receivables with a short duration are not discounted and the carrying values are assumed to approximate the fair value.

The dividend receivable from a subsidiary is in respect of the profit for the financial year ended 31 March 2006.

# NOTES TO FINANCIAL STATEMENTS

31 MARCH 2006

## 6. TRADE AND OTHER RECEIVABLES (Cont'd)

Concentration of trade receivable customers:

	Group 2006 HK\$'000	Company 2006 HK\$'000
Top 1 customer	2,057	–
Top 2 customers	4,107	–
Top 3 customers	6,143	–

## 7. INVENTORIES

	Group 2006 HK\$'000	Company 2006 HK\$'000
Raw materials and consumables	14,700	–
Work in progress	683	–
Finished goods	30	–
	<hr/> 15,413	<hr/> –
Changes in inventories of finished goods and work in progress (increase)	(69)	–
Raw materials and consumables used	73,607	–

## 8. INVESTMENTS IN SUBSIDIARIES

	Company 2006 HK\$'000
Unquoted equity shares, at cost	<hr/> 56,706

The investment is carried at cost less provision for impairment.

## 8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

The subsidiaries held by the Company and Subsidiary are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities	Cost of the investments 2006 HK\$'000	Effective percentage of equity held by Group 2006 %
<b>Held by the company:</b>		
Windsor Metal Manufacture Co. Limited <sup>(b)</sup> Hong Kong Investment holding/ trading of PCB punching moulds, PCB laminates and related products	56,706	100
<b>Held through Windsor Metal Manufacture Co. Limited</b>		
Goodbase Overseas Limited <sup>(b)</sup> Hong Kong Manufacture and sale of PCB punching moulds	(c)	100
Guozhou Windsor Limited <sup>(b)</sup> Hong Kong Provision of punching services/ sale of PCB punching moulds	6	60
Iwasa Windsor Company Limited <sup>(b)</sup> Hong Kong Manufacture and sale of PCB punching moulds/ provision of punching services	5	51
Lun Hsing Machinery Industrial (Kun Shan) Co., Ltd <sup>(b)</sup> The People's Republic of China Manufacture and sale of PCB punching moulds/ provision of punching services	19,156	100
National Chance Limited <sup>(b)</sup> Hong Kong Provision of electroplating services	(c)	100
Shenzhen National Chance Metal Manufacture Co Ltd <sup>(a) (b)</sup> The People's Republic of China Manufacture of die-casting and plastic injection mould bases	12,000	100
Kun Shan Lun Hsing Electronics Technologies Limited (Incorporated on 30 March 2006) The People's Republic of China Provision of PCB punching services. Company has not commenced business	–	100

# NOTES TO FINANCIAL STATEMENTS

31 MARCH 2006

## 8. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- (a) Shenzhen National Chance Metal Manufacture Co., Ltd was established as a co-operative joint venture ("CJV") between the Group and a PRC party in Shenzhen, the PRC in 1993. Under the joint venture agreement dated 28 June 1993, registered capital in the form of cash and production facilities was contributed entirely by the Group and the PRC party provided the CJV with the land necessary for production, and the Group and the PRC would share profit of the CJV on a 70:30 basis. Up to now, the CJV has not paid any profit share. Instead, a fixed sum was paid to the PRC party as rental for the land provided. On 19 July 2005, the Group entered into a supplementary agreement with the PRC party confirming that the profit sharing arrangement under the joint agreement has never been implemented and is cancelled with immediately effect. Both parties agreed that the CJV will continue to pay the PRC party a fixed sum (as rental for the land provided) throughout the life of the CJV. The Group has treated the CJV as a 100% subsidiary to reflect the commercial substance of the arrangement.
- (b) Other auditors. Audited by Horwath Hong Kong CPA Limited, a member firm of Howarth International of which Chio Lim & Associates in Singapore was a member until 10 January 2006. RSM Chio Lim is now a member of RSM International.
- (c) Cost of investment is less than HK\$1,000.

## 9. INVESTMENT PROPERTY

	Group 2006 HK\$'000	Company 2006 HK\$'000
Valuation:		
At beginning and end of year	503	–

The Group's investment property is situated in Hong Kong and held under a medium term lease. The fair value of the investment property on the existing use basis to reflect the actual market state and circumstance as at 31 March 2006 is at HK\$503,200. This is by reference to the open market value of HK\$510,000 as at 31 May 2005 determined by a firm of professional valuers. The Group has not recognised the insignificant fair value gain of HK\$6,800. The management has by reference to the market transaction records subsequent to year end considered there is no material fluctuation in the market value of the investment property. The Group received rental income of HK\$23,000 during the year ended 31 March 2006 from the letting of the investment property.

## 10. PROPERTY, PLANT AND EQUIPMENT

	Land use rights HK\$'000	Leasehold land, buildings and improvements HK\$'000	Construction in progress HK\$'000	Plant and equipment HK\$'000	Total HK\$'000
Cost:					
At date of restructuring	1,392	27,647	163	99,831	129,033
Additions	–	2,891	58	28,305	31,254
Disposals	–	–	–	(2,021)	(2,021)
Foreign exchange adjustments	27	235	3	646	911
At end of year 31 March 2006	1,419	30,773	224	126,761	159,177
Accumulated depreciation:					
At date of restructuring	75	11,303	–	64,774	76,152
Depreciation for the year	32	2,000	–	12,722	14,754
Disposals	–	–	–	(2,000)	(2,000)
Foreign exchange adjustments	1	76	–	312	389
At end of year 31 March 2006	108	13,379	–	75,808	89,295
Net book value:					
At end of year 31 March 2006	1,311	17,394	224	50,953	69,882

Certain items of the Group are acquired under finance lease agreements (see Note 14).

The leasehold land and buildings located in Hong Kong are pledged to secure general banking facilities granted to the Group. (Notes 11 and 13)

## 11. SHORT-TERM BORROWINGS

	Group 2006 HK\$'000	Company 2006 HK\$'000
Bank overdrafts (secured)	9,827	–
Trust receipts (secured)	10,826	–
	20,653	–
Analysis of above amount denominated in foreign currency:		
United States Dollar	1,011	–

All of the short-term borrowings are interest bearing. The interest rate as at 31 March 2006 varied from 7.75% to 8.25% per annum.

The bank overdrafts and other banking facilities are secured by:

- (i) a legal charge over the Group's leasehold land and buildings located in Hong Kong whose carrying value at 31 March 2006 is HK \$4,749,000;
- (ii) a pledge of the Group's fixed bank deposits of HK\$9,119,000 as at 31 March 2006; and
- (iii) personal guarantees executed by certain Directors of the Company.

# NOTES TO FINANCIAL STATEMENTS

31 MARCH 2006

## 12. TRADE AND OTHER PAYABLES

	Group 2006 HK\$'000	Company 2006 HK\$'000
<b>Trade payables:</b>		
Outside parties	12,791	–
<b>Other payables:</b>		
Holding company (Note 3)	105	–
Directors' loans (Note 3) <sup>(a)</sup>	7,871	–
Other payables <sup>(b)</sup>	10,399	–
Accrued liabilities	5,034	345
Subsidiary (Note 3 and 8)	–	3,907
Total trade and other payables	<u>36,200</u>	<u>4,252</u>
Analysis of above amount denominated by foreign currencies:		
United States dollar	230	–
Chinese Renminbi	18,954	–
New Taiwan dollar	980	–
Singapore dollar	<u>345</u>	<u>345</u>

The average credit period taken to settle trade payables is about 60 to 90 days. The other payables are with short-term durations. The notional amount is deemed to reflect the fair value.

- (a) The balances are non-trade, unsecured, interest free and have no fixed repayment terms, except for the loan of HK\$3,000,000 from a director which bears interest of 7.75% per annum and has been fully settled in April 2006.
- (b) Included in other payables is an unsecured loan of HK\$2,000,000 from an outside party which bears interest at 7% per annum and has been fully settled in April 2006.

## 13. LONG-TERM BORROWINGS

	Group 2006 HK\$'000	Company 2006 HK\$'000
Bank loans (secured)	<u>25,150</u>	–
The borrowings are repayable as follows:		
Amount due within a year	14,075	–
Non-current portion	<u>11,075</u>	–
	<u>25,150</u>	–
The non-current portion is repayable as follows:		
Due within 2 to 5 years	<u>11,075</u>	–

The carrying value of long-term debt approximates the fair value.

The interest rate for the loans as at 31 March 2006 ranged from 5.5% to 8.5% per annum.

### 13. LONG-TERM BORROWINGS (Cont'd)

The Group's bank loans are secured by:

- (i) a legal charge over the Group's leasehold land and buildings located in Hong Kong whose carrying value at 31 March 2006 is HK \$4,749,000;
- (ii) a pledge of the Group's fixed bank deposits of HK\$9,119,000 as at 31 March 2006; and
- (iii) personal guarantees executed by certain Directors of the Company.

### 14. FINANCE LEASE LIABILITIES

Group 2006	Minimum payments HK\$'000	Finance charges HK\$'000	Present value HK\$'000
Minimum lease payments payable:			
Due within one year	5,657	(426)	5,231
Due within 2 to 5 years	5,597	(441)	5,156
Total	11,254	(867)	10,387
Net book value of plant and equipment under finance leases			14,496

It is the Group's policy to lease certain plant and equipment under finance leases. The average lease term is 3 years. The rate of interest for finance leases is about 2.25% to 3.00% per annum. There is an exposure to fair value interest risk because the interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in Hong Kong Dollar. The fair value of the lease obligations approximates to their carrying amount. The obligations under finance leases are secured by the lessor's charge over the lease assets.

### 15. OTHER LONG-TERM PAYABLES

	Group 2006 HK\$'000	Company 2006 HK\$'000
Minority shareholders of subsidiaries	3,519	–

The loans from minority shareholders of subsidiaries, which are denominated in Hong Kong dollars, are unsecured, interest-free and are stated at their fair values. The fair values are determined based on discounted rate of 5.75% per annum and a full repayment in 2008 and 2010. These loans are not expected to be repayable within one year as the minority shareholders of the subsidiaries have entered into deed of subordination with the subsidiaries and Windsor Metal Manufacture Co. Limited to subordinate the loans to all sums, obligations and liabilities owing by the subsidiaries to its existing third parties creditors.

# NOTES TO FINANCIAL STATEMENTS

31 MARCH 2006

## 16. ISSUED CAPITAL

Ordinary shares:	Number of shares	Issued capital HK\$'000 equivalents
Issued and fully paid up as at date of incorporation	2	*
Issue of shares pursuant to the acquisition of Windsor Metal Manufacture Co. Limited	11,999,998	56,706
	<hr/>	
	12,000,000	56,706
	<hr/>	
Sub-division of shares	96,000,000	56,706
	<hr/>	
Balance at 31 March 2006	96,000,000	56,706
	<hr/>	

\* Amount is less than HK\$1,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and carry no right to fixed income. All ordinary shares carry one vote per share without restriction.

With the changes to the Companies Act, Cap 50, effective from 30 January 2006, there is the removal of the concept of par value and authorised capital and there is no share premium account.

On 10 April 2006, the company issued 26,400,000 new shares at S\$0.26 per share pursuant to the Company's listing on Singapore Exchange Securities Trading Limited (SGX-ST) on 10 April 2006. Details of the invitation can be found in the Company's prospectus dated 30 March 2006.

## 17. REVENUE

	Group 2006 HK\$'000
Sales of goods	106,039
Rendering of services	73,614
	<hr/>
	179,653
	<hr/>

## 18. OTHER INCOME

	Group 2006 HK\$'000
Sale of raw materials	1,118
Sale of scrap moulds	12
Rental income	23
Management fee income from a related company	198
Sundry income	514
	<hr/>
	1,865
	<hr/>

## 19. FINANCIAL INCOME AND (EXPENSE)

	<b>Group 2006 HK\$'000</b>
Interest income	257
Foreign exchange transaction gains	126
Bad debts written off on trade receivables	(21)
Reversal of provision for impairment of trade receivables	603
Interest expense to outside parties	(3,401)
Interest expense to a director	(148)
Interest expense to minority shareholders of subsidiaries	(222)
Fair value loss on current investments	(21)
	<hr/>
	(2,827)
	<hr/>
Presented in the income statement as:	
Financial income	986
Financial expense	(3,813)
	<hr/>
Financial income and (expense) net	(2,827)
	<hr/>

## 20. OTHER CREDIT

	<b>Group 2006 HK\$'000</b>
Gain on disposal of property, plant and equipment	206
	<hr/>

## 21. INCOME TAX

	<b>Group 2006 HK\$'000</b>
Current	4,475
Deferred	657
	<hr/>
Total income tax expense	5,132
	<hr/>

# NOTES TO FINANCIAL STATEMENTS

31 MARCH 2006

## 21. INCOME TAX (Cont'd)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 20% to the Group's profit before income tax as a result of the following differences:-

	Group 2006 HK\$'000
Profit before tax	33,322
Income tax expense at the statutory rate	6,664
Non-allowable items	152
Tax exemptions	(846)
Underprovision of income tax in prior years	285
Effect of different tax rates in different countries	(1,123)
Total income tax expense	5,132

The net deferred tax amount in the balance sheet is as follows:

	Group 2006 HK\$'000
Deferred tax liabilities:	
Excess of net book value of property, plant and equipment	(2,247)
Total deferred tax liabilities	(2,247)
Deferred tax assets:	
Excess of tax written down value of property, plant and equipment	152
Provision for doubtful debts	98
Total deferred tax assets	250
Net deferred tax liabilities	(1,997)

The deferred tax amount are not expected to be used within one year. There is no income tax consequence of dividends to shareholders of the company.

Temporary differences arising in connection with investments in subsidiaries are insignificant.

## 22. EMPLOYEE BENEFITS EXPENSE

	Group 2006 HK\$'000
Employee benefits expense including directors	25,916
Contributions to defined contribution plan	121
Social insurance costs	1,041
Total employee benefits expense	27,078

## 23. ITEMS IN THE INCOME STATEMENT

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following charges:-

	<b>Group 2006 HK\$'000</b>
Non-audit fees to auditors included under administrative expenses	10

## 24. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	<b>Group</b>
The calculation of earnings per share is based on the following:	
Net profit attributable to the equity holders of the Company (HK\$'000)	24,292
Weighted average number of ordinary shares on issue for the purpose of basic earnings per share ('000)	96,000

There is no dilution of earnings per share as there are no shares under options. The denominators used are the same as those detailed above for both basic and diluted earnings per share.

## 25. RESTRUCTURING OF COMPANIES UNDER COMMON CONTROL

In connection with the Company's initial public offering, the Company implemented a restructuring exercise reorganising the corporate structure to streamline and rationalise its group structure and business pursuant to which the Company became the investment holding company of the Group.

The Group was restructured as follows:-

The Company acquired the entire issued and paid-up share capital of Windsor Metal Manufacture Co. Limited comprising of 5,027,000 ordinary shares of HK\$1 each from President Group Ltd for an aggregate consideration of S\$11,999,998. The consideration was fully satisfied by the issue of 11,999,998 new ordinary shares at an issue price of S\$1 each in the capital of the Company.

# NOTES TO FINANCIAL STATEMENTS

31 MARCH 2006

## 25. RESTRUCTURING OF COMPANIES UNDER COMMON CONTROL (Cont'd)

The net assets acquired under the restructuring of companies and the related fair values are as follows:

	2006 HK\$'000
Cash and cash equivalents	24,048
Current investment	40
Trade and other receivables	68,391
Inventories	13,422
Property, plant and equipment	52,881
Investment property	503
Short-term borrowings	(25,891)
Trade and other payables	(41,989)
Current tax payable	(2,263)
Long-term borrowings	(17,131)
Finance lease obligation	(2,476)
Deferred tax	(1,339)
Other long-term payables	(6,797)
Minority interest	(4,490)
	<hr/>
Total net tangible assets on restructuring	56,909
Discount on consideration for acquisition	(203)
Considerations satisfied by the way of share issue	(56,706)
Cash and cash equivalents	24,048
Bank overdrafts	(12,160)
Restricted fixed bank deposits	(9,015)
	<hr/>
Cash at date of restructuring	2,873

Pursuant to the restructuring, the same group of individuals has, as a result of contractual arrangements, ultimate collective power to continue to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory.

## 26. CAPITAL COMMITMENTS

Estimated amounts committed at the balance sheet date for future capital expenditure but not recognised in the financial statements are as follows:

	Group 2006 HK\$'000
Commitments to purchase property, plant and equipment	3,228
Cost of investment in Lun Hsing Electronics as stipulated in the company's business license	24,960
	<hr/>
	28,188

## 27. OPERATING LEASE PAYMENT COMMITMENTS

At the balance sheet date the total of future minimum lease payments under non-cancellable operating leases are as follows:

	<b>Group 2006 HK\$'000</b>	<b>Company 2006 HK\$'000</b>
Not later than one year	3,009	–
Later than one year and not later than five years	11,754	–
Later than five years	16,656	–
Rental expense for the year	<u>2,947</u>	<u>–</u>

Operating lease payments mainly represent rental payable by the Group for certain of its office and leased properties. Leases are negotiated for terms between 2 years to 20 years at fixed rentals.

## 28. DIVIDENDS

In respect of the current year, the Directors propose that a final dividend of HK\$0.08 per share be paid to shareholders after the annual general meeting. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend for 2006 is payable in respect of all ordinary shares in issue at the balance sheet date and including the new shares issued up to the date the dividend becomes payable.

## 29. SEGMENTAL INFORMATION

For management purposes, the Group's operating businesses are organised according to their nature of activities as follows:-

- (a) Manufacture and sale of moulds; and
- (b) Provision of services.

Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment assets consist principally of trade receivables, inventories, property, plant and equipment that are directly attributable to a segment.

Unallocated items comprise cash and cash equivalents, other receivables and prepayments, other investments, trade payables and accrued liabilities, other payables, income tax payable, long-term borrowings, finance leases, finance costs and income tax expense.

# NOTES TO FINANCIAL STATEMENTS

31 MARCH 2006

## 29. SEGMENTAL INFORMATION (Cont'd)

Segment information about these businesses is presented below:

(a) Business Segment

	Manufacture and sale of moulds	Provision of services	Elimination	Total
2006	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
External sales and services	106,039	73,614	–	179,653
Inter-segment sales and services	900	–	(900)	–
	106,939	73,614	(900)	179,653
Segment results	21,592	15,610	–	37,202
Unallocated expenses				(366)
Interest income				257
Interest expense				(3,771)
Profit before income tax				33,322
Income tax expenses				(5,132)
Profit for the year				28,190
Attributable to:				
Equity holders of the parent				24,292
Minority interest				3,898
Profit for the year				28,190
Other information:				
Depreciation	10,483	3,837	–	14,320
Depreciation - unallocated				434
				14,754
Capital additions	18,666	12,525	–	31,191
Capital additions -unallocated				63
				31,254
<b>Balance sheet</b>				
Segment assets	117,582	43,973	(2,735)	158,820
Unallocated assets				29,925
Total group assets				188,745
Segment liabilities	23,923	7,035	(2,735)	28,223
Unallocated liabilities				70,285
Total group liabilities				98,508

## 29. SEGMENTAL INFORMATION (Cont'd)

### (b) Geographical segments

The Group's operations are located in The People's Republic of China including Hong Kong and other locations including countries in Asia, Europe such as Spain, France and England and the US.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:-

Sales revenue by Geographical market	<b>2006</b> <b>HK\$'000</b>
PRC including Hong Kong	176,331
Other locations	3,322
	<hr/> <b>179,653</b> <hr/>

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment analysed by the geographical area in which the assets are located.

	<b>Carrying amount of segment assets 2006 HK\$'000</b>	<b>Additions to property, plant and equipment 2006 HK\$'000</b>
PRC including Hong Kong	188,745	31,254
	<hr/>	<hr/>

# NOTES TO FINANCIAL STATEMENTS

31 MARCH 2006

## 30. FUTURE CHANGES IN ACCOUNTING STANDARDS

The following Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new standards from the effective dates is not expected to have a material impact on the financial statements.

FRS 40	Investment Property, effective from 1.1.2007
FRS 106	Exploration for and Evaluation of Mineral Resources, effective from 1.1.2006 (*)
FRS 107	Financial Instruments: Disclosures, effective from 1.1.2008.
INT FRS 104	– Determining whether an Arrangement contains a Lease
INT FRS 105	– Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (*)
INT FRS 106	– Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (*)
INT FRS 107	– Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies (*)

Amendments to FRS 1 Presentation of Financial Statements on Capital Disclosures

Amendments to FRS 21 Net Investment in a Foreign Operation

Amendments to FRS 39 Financial Instruments: Recognition and Measurement on hedge accounting provision, fair value option and financial guarantee contracts

Amendments to FRS 101 First-time Adoption of Financial Reporting Standards on comparative disclosures for FRS 106 Exploration for and Evaluation of Mineral Resources (\*)

Amendments to FRS 104 Insurance Contracts on financial guarantee contracts (\*)

(\*) Not applicable to the entity.

## 31. COMPARATIVE FIGURES

The financial statements cover the financial year since incorporation on 28 April 2005 to 31 March 2006. This being the first set of financial statements, there are no comparative figures.

# STATISTICS OF SHAREHOLDINGS

AS AT 31 MAY 2006

Issued and fully paid : SGD 18,864,000  
Number of shares : 122,400,000  
Class of shares : ordinary shares  
Voting rights : one vote per share

## TWENTY-ONE LARGEST SHAREHOLDERS

AS AT 31 MAY 2006

	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	PRESIDENT GROUP LIMITED	90,400,000	73.86
2	OCBC SECURITIES PRIVATE LTD	3,828,000	3.13
3	UOB KAY HIAN PTE LTD	2,625,000	2.14
4	KIM ENG SECURITIES PTE. LTD.	2,280,000	1.86
5	RODNA TJUATJA	1,000,000	0.82
6	TAN ONG HUAT	804,000	0.66
7	KWEK SIAN SHIT	600,000	0.49
8	LIM FANG YIH	505,000	0.41
9	MOO KWEE CHONG	500,000	0.41
10	PHUA LIAN HUA	500,000	0.41
11	TOH LAY KENG VIVIEN	500,000	0.41
12	LEE SEOW WHY	320,000	0.26
13	ANG CHENG KEE	300,000	0.25
14	OCBC NOMINEES SINGAPORE PTE LTD	285,000	0.23
15	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	280,000	0.23
16	CHUA SOO HUAN LINDA	250,000	0.20
17	LEE KOK WAI	250,000	0.20
18	POH CHEE WEI	250,000	0.20
19	WONG KEEN MUN PETER	233,000	0.19
20	ELIZABETH OOI HEAN GIN	220,000	0.18
21	KHOO THOMAS CLIVE	220,000	0.18
	TOTAL:	106,150,000	86.72

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

AS AT 31 MAY 2006

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	-	-	-	-
1,000 - 10,000	540	62.86	2,047,000	1.67
10,001 - 1,000,000	315	36.67	21,220,000	17.34
1,000,001 and above	4	0.47	99,133,000	80.99
TOTAL	859	100.00	122,400,000	100.00

## SUBSTANTIAL SHAREHOLDERS

NAME OF SHAREHOLDERS	DIRECT INTEREST NO. OF SHARES	% OF SHARES	DEEMED INTEREST NO. OF SHARES	% OF SHARES
President Group Limited	90,400,000	73.86	-	-
Chung Wah Sang	-	-	90,400,000	73.86
Chung Koon Wing	-	-	90,400,000	73.86

### NOTE:

Mr Chung Wah Sang and Mr Chung Koon Wing are brothers. Mr Chung Wah Sang and Mr Chung Koon Wing are deemed interested in all the shares held by President Group Ltd by virtue of their combined 88% interest in President Group Ltd.

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately 25.92% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2006 Annual General Meeting of the members of the Company will be held at 18 Cross Street 8th Floor Marsh & McLennan Centre Singapore 048423 on Wednesday 12 July 2006 at 10.30 a.m. to transact the following businesses:

## AS ORDINARY BUSINESS

1. To receive and adopt the audited financial statements of the Company and the Reports of the Directors and Auditors for the year ended 31 March 2006. Resolution 1
2. To declare a first and final dividend of 8.0 HK cents per ordinary share (one-tier tax-exempt) for the year ended 31 March 2006. Resolution 2
3. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:  

Mr Chung Wah Sang (Article 97)	Resolution 3
Mr Chung Koon Wing (Article 97)	Resolution 4
Mr Chan Tak Sing Martin (Article 97)	Resolution 5
Mr Tam Chi Kwan Michael (Article 97)	Resolution 6
Mr Chee Teck Kwong Patrick (Article 97)	Resolution 7
Mr Wong Yen Siang (Article 97)	Resolution 8

[Note: Mr Tam Chi Kwan Michael shall, upon re-election as Director of the Company, remain as a member of Audit Committee, Remuneration Committee and Nominating Committee. Mr Tam Chi Kwan Michael (a non-executive Director) shall not be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.]

[Note: Mr Chee Teck Kwong Patrick shall, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee and Nominating Committee and a member of Audit Committee. Mr Chee Teck Kwong Patrick shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.]

[Note: Mr Wong Yen Siang shall, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee. Mr Wong Yen Siang shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.]
4. To approve the Directors' fees of SGD40,000 for the year ended 31 March 2006. Resolution 9
5. To approve the Directors' fees of SGD120,000 for the year ending 31 March 2007, payable quarterly in arrears. Resolution 10
6. To re-appoint Messrs RSM Chio Lim as the Auditors for the ensuing year and to authorise the Directors to fix their remuneration. Resolution 11

# NOTICE OF ANNUAL GENERAL MEETING

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolution as Ordinary Resolution, with or without amendments:

7. That pursuant to Section 161 of the Companies Act, Chapter 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be given to the Directors to allot and issue shares in the Company (whether by way of rights, bonus or otherwise) and convertible securities at any time and from time to time thereafter to such persons and on such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares and convertible securities to be issued shall not exceed 50% of the issued share capital of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the issued share capital of the Company (the percentage issued share capital being based on the Company's issued share capital at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding at the time this Resolution is passed and any subsequent consolidation or sub-division of shares) and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.  
[See Explanatory Note (i)]
8. And to transact any other business which may be properly transacted at an Annual General Meeting.

### Explanatory Notes:

- (i) The Ordinary Resolution proposed in item 7 above, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting to issue shares in the Company up to the limit as specified in the Resolution for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

**NOTICE IS ALSO HEREBY GIVEN** that the Transfer Books and Register of Members of the Company will be closed on 28 July 2006 for the purpose of determining shareholders' entitlements to the proposed first and final dividend of 8.0 HK cents per ordinary share (one-tier tax-exempt) in respect of the financial year ended 31 March 2006 (the "Proposed Final Dividend").

Duly completed transfers received by the Company's Registrars, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 8 Cross Street #11-00 PWC Building Singapore 048424 up to 5.00 p.m. on 27 July 2006 will be registered before entitlements to the Proposed Final Dividend is determined. The Proposed Final Dividend, if approved by shareholders at the 2006 Annual General Meeting, will be paid on 11 August 2006.

Members whose Securities Accounts with The Central Depository (Pte) Limited ("CDP") are credited with shares at 5.00 p.m. on 27 July 2006 will be entitled to the Proposed Final Dividend.

In respect of shares in Securities Accounts with CDP, the said dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to such holders of shares in accordance with its practice.

BY ORDER OF THE BOARD

**STELLA CHAN**

Secretary

Date: 26 June 2006

**Notes:**

- a) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- b) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 18 Cross Street #07-03 Marsh & McLennan Centre Singapore 048423 not less than 48 hours before the meeting.
- c) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.
- d) In the case of joint shareholders, all holders must sign the form of proxy.



**SINGAPORE WINDSOR HOLDINGS LIMITED**

(Incorporated in Singapore)  
Registration No. 200505764Z

**IMPORTANT**

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

# PROXY FORM

I/We \_\_\_\_\_  
of \_\_\_\_\_

being a member(s) of SINGAPORE WINDSOR HOLDINGS LIMITED (the "Company"), hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll at the 2006 Annual General Meeting of the Company to be held at 18 Cross Street 8th Floor Marsh & McLennan Centre Singapore 048423 on Wednesday, 12 July 2006 at 10.30 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 March 2006		
2	Declaration of a first and final dividend of 8.0 HK cents per ordinary share (one-tier tax-exempt) for the year ended 31 March 2006		
3	To re-elect Mr Chung Wah Sang as Director		
4	To re-elect Mr Chung Koon Wing as Director		
5	To re-elect Mr Chan Tak Sing Martin as Director		
6	To re-elect Mr Tam Chi Kwan Michael as Director		
7	To re-elect Mr Chee Teck Kwong Patrick as Director		
8	To re-elect Mr Wong Yen Siang as Director		
9	To approve Directors' fees for the year ended 31 March 2006		
10	To approve Directors' fees for the year ending 31 March 2007		
11	To re-appoint Messrs RSM Chio Lim as Auditors and authorise the directors to fix their remuneration		
12	To authorise the directors to allot and issue shares and convertible securities pursuant to Section 161 of the Companies Act, Chapter 50		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2006

\_\_\_\_\_  
Signature(s) of member(s) or common seal  
**IMPORTANT: PLEASE READ NOTES OVERLEAF**

Total number of Shares held



**NOTES:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50.
6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 18 Cross Street #07-03 Marsh & McLennan Centre Singapore 048423 not later than 48 hours before the time set for the Annual General Meeting.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register at 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

# CORPORATE INFORMATION

## Board of Directors

**Chung Wah Sang** (Chairman and Chief Executive Officer)

**Chung Koon Wing** (Executive Director)

**Chan Tak Sing, Martin** (Executive Director)

**Tam Chi Kwan Michael** (Non-Executive Director)

**Wong Yen Siang** (Independent Director)

**Chee Teck Kwong, Patrick** (Independent Director)

## Company Secretary

**Stella Chan Ah Chit, ACIS**

## Registered Office

18 Cross Street #07-03

Marsh & McLennan Centre

Singapore 048423

Tel : (65) 6533 7600

Fax : (65) 6531 1855

## Business Address

Rooms 803-5, CCT Telecom Building

11-19 Wo Shing Street

Fo Tan, Shatin,

New Territories, Hong Kong

## Company Registration Number

200505764Z

## Share Registrar and Share Transfer Office

**Tricor Barbinder Share Registration Services**

(A division of Tricor Singapore Pte. Ltd.)

8 Cross Street #11-00

PWC Building

Singapore 048424

## Auditors

**RSM Chio Lim**

Certified Public Accountants

(a member of RSM International)

18 Cross Street #09-01

Marsh & McLennan Centre

Singapore 048423

Partner-In-Charge: Goh Swee Hong

## Principal Bankers

**The Hong Kong and Shanghai Banking Corporation Limited**

Level 10, HSBC Main Building

1 Queen's Road, Central

Hong Kong

**DBS Bank (Hong Kong) Limited**

11th Floor, The Center

99 Queen's Road, Central

Hong Kong



**SINGAPORE WINDSOR HOLDINGS LIMITED**

Rooms 803-5, CCT Telecom Building, 11-19 Wo Shing Street, Fotan, Shatin,  
New Territories, Hong Kong