annual report 2007

K PLAS Holdings Limited

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Corporate **Profile**

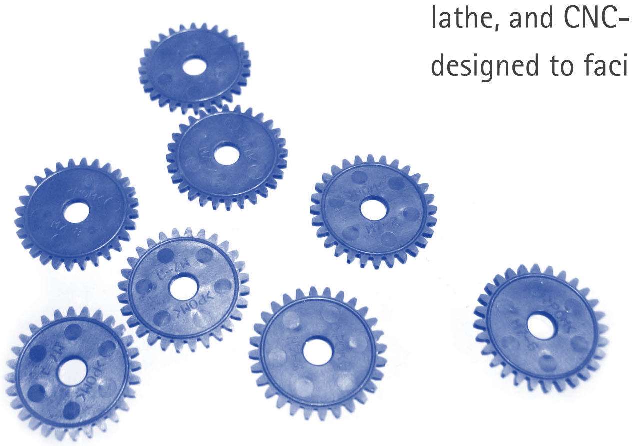
With three manufacturing facilities in the PRC serving mainly consumer electronics, automotive, healthcare and household application industries, K Plas continues to focus in its two core business competencies in the areas of:

Manufacture and Sale

Using the plastic injection moulding process, K Plas manufactures precision engineering plastic components, which are used as mechanisms in end-user products such as cameras, game consoles, motors, VCD, DVD, audio, car stereo and ignition systems.

Design and Fabrication

With in-house expertise, we are able to custom-design and fabricate plastic injection moulds according to the specifications of individual customers using machineries and technologies such as EDM, wire cutting, milling, lathe, and CNC-operated or surface grinding machines. Our moulds are also designed to facilitate the plastic injection moulding processes.



Chairman's & Managing Director's **Message**

On behalf of the Board, we are pleased to present to you, the Group's annual report for the financial year ended 31 December 2007.

Financial Review

2007 was another challenging year for the Group where we were faced with pricing pressures from customers, rising operational costs in our PRC operations, fluctuations in material prices and foreign exchange exposure.

Despite operating in a highly competitive environment, the Group's revenue in FY2007 was S$9.1 million, an increase of 5% from S$8.6 million achieved in FY2006. The Plastic Injection Moulding Segment, the core business of the Group accounting for 84% of the Group's total revenue, saw its revenue grew to S$7.6 million in FY2007 from S$7.3 million in FY2006. Whilst revenue from the Mould Design and Fabrication Segment accounts for 16% of the Group's total revenue, its revenue performance in FY2007 increased by 7% to S$1.4 million from S$1.3 million in FY2006.

On the back of the positive increase in revenue, the Group's total gross profit increased by 9% to S$1.65 million in FY2007.

The Group recorded lower expenditure in expenses in FY2007 as compared to FY2006. Interest expenses reduced due to lower borrowings in FY2007 while lower staff costs in FY2007 resulted in lower distribution and administrative expenses as compared to that in FY2006.

Other charges in current year include an impairment loss of S$0.3 million on plant and equipment, partially offset by a gain on disposal of plant and equipment of S$0.1 million. Other credits in FY2006 was mainly due to gain on disposal of the property in Singapore.

The Group's efforts in controlling its operating expenses reaped a positive return for the Group as it reported a lower net loss of S$1.1 million as compared to a net loss of S$1.4 million in FY2006.

Future Outlook

In view of the volatility and uncertainties in the global economies in FY2008, the Group will adopt a cautious stance while keeping attuned to growth opportunities.

After two years of concerted efforts and hard work, we are proud to announce that we attained the TS16949 Certification in FY2007. The attainment of the TS16949 Certificate has paved the way for the Group to penetrate into the automotive industry.

We will place emphasis to open new customers' accounts especially in the automotive industry and expand our product range concentrating on the production of high volume products which will help improve revenue and margins.

We will also focus on expanding and strengthening our sales team with the recruitment of more experienced sales personnel to further expand our current customer base and open new markets.

The Group is determined to streamline its operations which include embarking on various cost cutting measures to control expenses and operational costs. Our competitive edge will be further sharpened by embarking on initiatives to enhance our technical expertise and improving productivity and production efficiency through emphasizing for zero defect quality standards.

We are always on the lookout for new opportunities for joint ventures or strategic partnership to strengthen our operations, financial position and enhance shareholders' value.

Acknowledgement

On behalf of our Board of Directors, we would like to acknowledge the support of our customers, business associates, all employees and fellow directors for their diligence, commitment and contributions to the Group.

Our heartfelt appreciation to our shareholders for their continued support and we will continue to work towards strengthening our core competencies to achieve a better performance in FY2008.

Chin Fook Lai
Non-Executive Chairman

Chan Siew Lim
Group Managing Director

March 2008

主席与董事经理**献辞**

我们谨代表公司董事局为您呈献本集团截至2007年12月31日的财务年度常年报告书。

财务回顾

2007年对集团来说又是一个充满挑战的一年，我们面临的困难包括来自客户的降价压力、中国区域经营成本的增加、原材料价格的波动以及外汇风险等等。

尽管处于一个高度竞争的经营环境之下，集团2007年的总营业额，与2006年的860万元相比，增长了5%，达到910万元。注塑成型仍然是集团的核心业务，其营业额在2006年为730万元，而2007年则增至760万元，占集团总营业额的84%。　模具设计与制作的营业额则占集团总营业额的16%，其收入在2007年达到140万元，与2006年的130万元相比上升了7%。

紧随着集团营业额的增长，集团2007年的毛利也上升了9%，达到165万元。

与2006年相比，集团在2007年的营运费用相对减少。 2007年的利息支出由于借款金额的减少有所降低。同时，2007年人事费用的控制，也让2007年度的行政开支，与2006年相比也有所减少。

2007年的其他开支包含了固定资产减值损失34万元，部分抵消来自于处分固定资产的盈余11万元。　2006年的其他收入则主要来自处分新加坡厂房的收益。

集团在2007年持续努力控制其营运开支，集团2007年净亏损减少至110万元，比2006年的净亏损140万元有所好转。

展望未来

鉴于2008年全球经济体系的波动性和不确定性，集团将采取谨慎的立场，同时把握适当的增长良机。

经过两年的共同努力和辛勤工作，我们很自豪地宣布，我们在2007年通过了TS16949标准认证。获得TS16949认证，为集团进军汽车业领域奠定了坚实的基础。

我们将会把重心放在开发新客户群上，拓展消费性电子产业以外的市场以及我们的产品种类，重视大批量生产的产品，进一步提高集团的营业额及获利率。

我们还将着重于招募更多经验丰富的销售人员以扩大和加强我们的销售团队，增扩我们现有的客户基础和开辟新的市场。

集团秉持决心精简其业务活动，其中包括推行多项削减成本的措施，以控制费用和生产成本。通过强调零缺陷质量标准等一系列举措，加强技术专长和提高生产力与生产效率，进一步强化我们的竞争优势。

除了注塑成型行业，我们一直在探讨并寻找新的商机，希望通过合资或战略伙伴关系来拓展我们的业务领域、财务状况以及提升股东价值。

鸣谢

我们藉此机会代表董事局全体成员感谢支持我们的客户、商业伙伴、所有员工以及董事会成员，感谢大家的辛勤工作，对集团所做的贡献及对我们的信心。

我们衷心感谢各位股东对我们一如既往的支持。我们将继续努力，加强我们的核心竞争力，以期在2008年取得更好的表现。

陈福来
董事主席

陈秀林
执行董事

2008 年 3 月

Profile of **Directors**

Chin Fook Lai
Non-Executive Chairman

Mr Chin Fook Lai, founder of the Group, was appointed as the Non-Executive Chairman in June 2003, and last re-elected in April 2006. He is a member of the Nominating Committee.

Mr Chin is currently the Managing Director of Cheso Machinery Pte Ltd, which he joined in 1993. Prior to that, he was the sole proprietor of Cheso Engineering Works for over a decade, and held various technical and supervisory positions in the plastic injection moulding industry.

Chan Siew Lim
Managing Director

Mr Chan Siew Lim, appointed as the Managing Director in December 2006, is mainly responsible for the overall operations of the Group. He is also the Head of Operations of one of our subsidiaries in the PRC. He holds a Master in Technology Management from the University of Technology Malaysia. He was also been trained in Quality Management at AOTS, Japan.

Prior to joining the Group in 2006, Mr Chan has more than 16 years of experience in the plastic injection moulding industry working his way from Administrative Manager to General Manager of a Japanese organisation.

Chin Fah
Non-Executive Director

Mr Chin Fah was appointed as Non-Executive Director in June 2003, and was last re-elected in April 2007. He is a member of the Audit Committee and Remuneration committee. Mr Chin holds a Diploma in Accounting from London Chamber of Commerce and a Diploma in Marketing from the Institute of Marketing (United Kingdom).

Mr Chin is currently the Administrative Director of Cheso Machinery Pte Ltd. He is a member of the Chartered Institute of Marketing (United Kingdom).

Leong Kin Weng
Independent Director

Mr Leong Kin Weng was appointed as an Independent Director in June 2003, and was last re-elected in April 2007. He is the Chairman of the Audit Committee and the Remuneration Committee and a member of the Nominating Committee. He holds a Bachelor of Accountancy degree from the University of Singapore.

Mr Leong is a sole proprietor of his own public accounting firm, Leong Kin Weng & Co. He is an associate of The Institute of Chartered Secretaries and Administrators (London), and has been a Certified Public Accountant of Singapore since 1990.

Wong Kok Hoe
Independent Director

Mr Wong Kok Hoe was appointed as an Independent Director in June 2003, and was last re-elected in April 2006. He is the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee respectively. He holds a Bachelor of Laws (Honours) degree from the National University of Singapore.

Mr Wong is a partner of Rajah & Tann LLP, an advocates and solicitors firm. He has more than 18 years of experience in legal practices and is currently head of the corporate and capital markets practice group in Rajah & Tann LLP. His main areas of practice are corporate law, corporate finance, mergers and acquisitions and venture capital.

He is also a director of the following public listed companies: CFM Holdings Limited, Gates Electronics Limited, Vita Holdings Limited.

Management **Team**

Tan Kim Liang
Head of Operations

Mr Tan, the Head of Operations, is responsible for managing the overall operations of two of our subsidiaries in the PRC. Prior to joining the Group in 2005, Mr Tan has more than 30 years of experience in the plastic injection moulding industry running his own company between 1986 to 2002 and as Factory Managers with various companies in the plastic injection moulding industry.

Chin Jin Shyang
Operations Manager

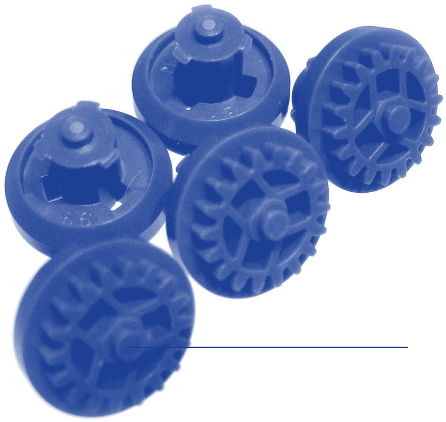
Mr Chin, the Operations Manager of one of our PRC operations, overseas areas such as production and quality assurance. Prior to joining the Group in 2002, Mr Chin was a Research and Development Engineer with Kyushu Matsushita Electric (Malaysia) Sdn Bhd. He holds a Masters of Science degree in Mechanical Engineering from Wichita State University in the United States.

Chong Kian Lee
Financial Controller / Company Secretary

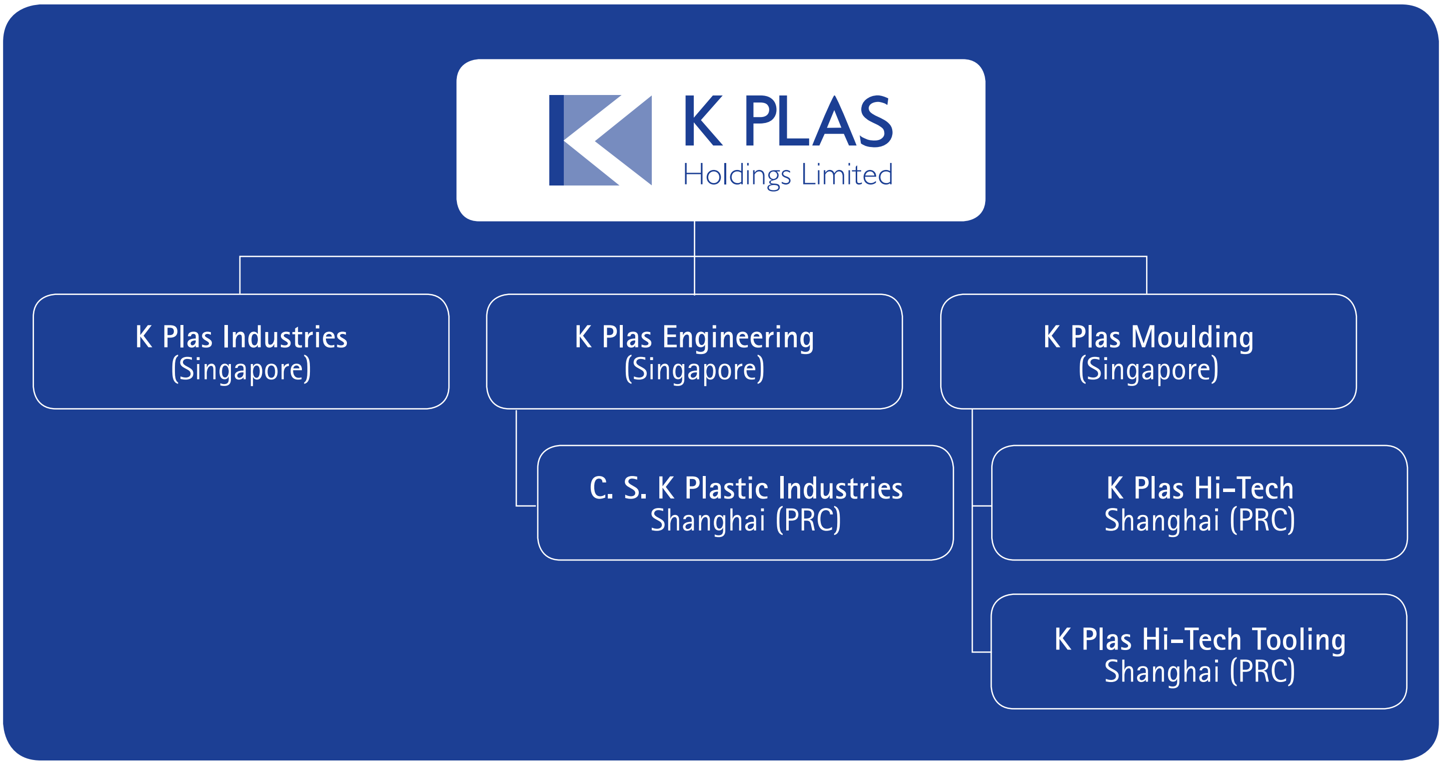
Ms Chong is responsible for the overall financial and accounting functions of the Group. She has more than 15 years of experience holding auditing, accounting and financial positions with various companies in the commercial, manufacturing and public accounting sectors in Singapore and Taiwan. She holds a Bachelor of Accountancy degree from the National University of Singapore and is a member of the Institute of Certified Public Accountants of Singapore.

Chin Nyok Tow
Administrative Manager

Ms Chin oversees and provides administrative and human resource support to the various operations of the Group, with more than 15 years of experience as an Administrator prior to joining the Group. Ms Chin holds a diploma in Information Technology from Informatics.



Corporate **Structure**



Corporate **Governance Report**

The Board of Directors (the "Board") of K Plas Holdings Limited and its subsidiaries (the "Group") is committed to maintaining high standards of corporate governance and transparency in the spirit of the Code of Corporate Governance 2005 ("Code") to protect the interest of shareholders. This Report outlines the Company's corporate governance processes and structures with reference to the Code.

BOARD MATTERS

Principle 1 The Board's Conduct of its Affair

The Board meets regularly, formally or otherwise, as and when necessary to review, consider and approve policies, strategies and directions of the Group. The Board also reviews financial performance of the Group, approves results announcements, annual budgets, and significant business plans including acquisitions and disposal of investment.

The Board supervises the management of the business and affairs of the Group. At the meetings of the Board, Management is present to update the Board on significant business activities and overall business environment. The Directors are entitled to request additional information, including external advice, at any time, to discharge its duties effectively.

To assist the Board in discharging its responsibilities and to enhance the Group's corporate governance structure, Board committees including an Audit Committee (the "AC"), a Nominating Committee (the "NC") and a Remuneration Committee (the "RC") have been established. Each of the Committees has its own terms of reference setting out its role and has the authority to review particular issues and report to the Board with their recommendations.

Each Director's participation in the meetings held during the year under review is set out as follows:

	Board		Audit Committee		Remuneration Committee		Nominating Committee	
Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Chin Fook Lai	6	6	NA	NA	NA	NA	2	2
Chan Siew Lim	6	6	NA	NA	NA	NA	NA	NA
Chin Fah	6	6	3	3	2	2	NA	NA
Leong Kin Weng	6	6	3	3	2	2	2	2
Wong Kok Hoe	6	5	3	3	2	2	2	2

Newly appointed Directors will receive an orientation that includes briefings by Management on the Group's structure, business and corporate governance policies.

Board members are encouraged to attend seminars and receive training in connection with their duties as directors in areas such as accounting and legal knowledge, particularly on latest developments to relevant laws, regulations and accounting standards.

Corporate **Governance Report**

Principle 2 Board Composition and Balance
Principle 3 Chairman and Chief Executive Officer

The Board comprises five Directors of whom, two are Independent Directors, two Non-Executive Directors and one Executive Director who is also the Managing Director:

Director	Board Membership	Audit Committee	Remuneration Committee	Nominating Committee
Chin Fook Lai	Non-executive Chairman	-	-	Member
Chan Siew Lim	Executive Director	-	-	-
Chin Fah	Non-executive Director	Member	Member	-
Leong Kin Weng	Independent Director	Chairman	Chairman	Member
Wong Kok Hoe	Independent Director	Member	Member	Chairman

The Non-Executive Chairman, Mr Chin Fook Lai, leads the Board, and together with the AC, ensures its compliance with the corporate governance process. The Managing Director, Mr Chan Siew Lim is responsible for the discharge of the management function, and implementation of corporate objectives set out by the Board. They are not related to each other.

This present composition of the Board complies with the Code that Independent Directors make up at least one-third of the Board. Each Director is appointed on the strength of his expertise, experience and contributions to the Group. The profile of each Director is set out on page 4 of the Annual Report.

The independence of each Director is reviewed annually by the NC based on the Code's definition of what constitutes an independent director. The NC is of the view that the current Board has an independent element, and, having regard to the nature and scope of the Group's operations, the current Board size of five members is appropriate and effective to facilitate decision making.

Principle 4 Board Membership
Principle 5 Board Performance

The NC comprises two Independent Directors and a Non-Executive Director. The Chairman of the NC is Mr Wong Kok Hoe.

The NC, in accordance with written terms of reference approved by the Board, is responsible for evaluating the effectiveness and performance of the Board as a whole in view of the contribution of each Director. The NC evaluates each Director's performance based on participation, contribution and attendance of individual Director at Board and Committee meetings.

In addition, the NC is charged with the responsibility to review the Board structure, size and composition regularly, and to review and recommend to the Board on any new appointment or re-appointment of Directors. It also determines the independence of Directors on an annual basis.

Pursuant to the Articles of Association of the Company, one third of the Directors shall submit themselves for re-election at every AGM of the Company. The retiring Directors are eligible to offer themselves for re-election. Accordingly, Mr Chin Fook Lai and Mr Wong Kok Hoe will retire at the Company's forthcoming AGM and eligibile for re-election.

Corporate **Governance Report**

Principle 6 Access to Information

To ensure that the Board is equipped to discharge its responsibilities, the Board is provided with complete and timely information, including financial management reports, update of on-going developments and strategic plans within the Group and matters requiring the Board's decision, prior to Board meetings.

All Directors have separate and independent access to the Group's Company Secretaries and key executives to obtain additional information or explanations at all time. Additionally, should the Board consider it necessary, the Board is authorized to independently appoint legal or other professional advisors to advise them on specific issues which may be of concern to the Board.

The Company Secretaries attend Board meetings and meetings of the Board Committees of the Company and ensure that Board procedures are followed and that applicable rules and regulations are complied with. The minutes of all Board meetings are circulated to the Board.

The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

Principle 7 Remuneration Matters
Principle 8 Level and Mix of Remuneration
Principle 9 Disclosure on Remuneration

The RC comprises two Independent Directors and a Non-Executive Director. The Chairman of the RC is Mr Leong Kin Weng.

The RC reviews the remuneration package for Directors and key executives based on performance, experience and scope of responsibility, and makes recommendation on an appropriate framework of remuneration policies for the Board and key executives to ensure that remuneration package is competitive within the industry and comparable companies to attract, retain and motivate Directors and key executives of the required experience and expertise. The RC also reviews remuneration package of employees related to Director and/or substantial shareholders of the Company to ensure that these are in line with the Group's staff remuneration policies and commensurate with their respective job scopes and responsibilities.

Flat fees are payable to Non-Executive Directors and Independent Directors. The recommended directors' fees totalling S$60,000 by the RC for the financial year ended 31 December 2007 remain unchanged from that of the previous financial year. The Board has accepted RC's recommendation and proposed the same for approval by shareholders at the forthcoming AGM. The Executive Director does not receive director's fee. The service agreement of the Managing Director, reviewed and approved by the RC is for a period of 3 years starting from 1 December 2006.

The level and mix of remuneration (in percentage terms) for the Directors for the financial year ended 31 December 2007 is as follows:

Remuneration Bands / Name of Director	Fixed Salary %	Fees %	Benefits %	Total %
Below $250,000				
Chan Siew Lim	94	-	6	100
Chin Fook Lai	-	100	-	100
Chin Fah	-	100	-	100
Leong Kin Weng	-	100	-	100
Wong Kok Hoe	-	100	-	100

Corporate **Governance Report**

In view of the current financial condition of the Group in 2007, the Executive Director had waived his annual bonus.

Total remuneration received by each of the top five executives of the Group (who are also not Directors of the Company) did not exceed $250,000 for the financial year under review.

There are no employees whose remuneration exceeds $150,000 during the year who are related to any of the Directors or substantial shareholders of the Company.

Our Company has no share option plans, and accordingly no share option has been granted to the above Directors and executive officers.

Principle 11 Audit Committee ("AC")

The AC comprises two Independent Directors and a Non-Executive Director. The Chairman of the AC is Mr Leong Kin Weng.

The AC meets regularly to perform the following functions:

(a) Review the audit plans by internal and external auditors, their evaluation of the system of internal controls, their annual reports and their management letters and management's responses;
(b) Review half year and full year financial statements before submission to the Board for approval;
(c) Review interested person transactions;
(d) Undertake such other reviews or projects as may be requested by the Board, by statues or Listing Manual; and
(e) Make recommendation to the Board on the appointment or re-appointment of the external auditors, the audit fees and matters relating to their resignation or dismissal.

The AC has been granted full authority and access to the Company's auditors and finance department without the presence of executive management. The AC has authority to investigate any matters within its term of reference, full discretion to invite any Director or key executive to attend its meetings and reasonable resources to enable it to discharge its functions properly.

The AC, having reviewed all non-audit services provided by the external auditors and satisfied that these non-audit services would not prejudice the independence and objectivity of the external auditors, has recommended to the Board their re-appointment at the forthcoming AGM.

The Company has put in place a whistle-blowing framework, endorsed by the AC, where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters. To ensure independent investigation of such matters and for appropriate follow up action, all whistle-blowing reports are to be sent to Mr Leong Kin Weng and Mr Wong Kok Hoe, Chairman of AC and member of AC respectively. Details of whistle-blowing policy and arrangements have been made available to all employees.

Corporate **Governance Report**

Principle 12 Internal Controls
Principle 13 Internal Audit

The Board requires that the Management maintain a sound system of internal controls to safeguard the interests of shareholders and the Group's assets. The AC is tasked to oversee and review the effectiveness of material internal controls within the Group, with the assistance of auditors.

The Company has appointed Mazars Moores Rowland LLP as the internal auditors since 2004. The internal auditors report directly to the AC. The engagement of independent internal auditors aims to further strengthen the Company's internal control mechanism with the periodic internal audit checks.

Based on the reports from the internal and external auditors for the year, the Board is of the view that there are adequate internal controls for the needs of the Company.

Principle 10 Accountability
Principle 14 Communications with Shareholders
Principle 15 Greater Shareholder Participation

The Company ensures that timely and adequate information on matters of material impact on the Company are made to shareholders of the Company and investing community through public releases or announcements via the SGXNET and investor relations channels on our website (http://www.kplas.com.sg).

All shareholders of the Company receive the Annual Report and notice of AGM within the mandatory period. The notice of AGM which sets out all items of business to be transacted at the AGM, is also advertised in the newspaper. At the AGM, shareholders are given the opportunities to offer their views, raise their concerns with the Directors or the Management on matters relating to the Group and its operations. The external auditors and key executives are present to assist the Directors in addressing any relevant queries by the shareholders.

Dealing in Securities

The Company has put in place an internal guideline to prohibit share dealings in the Company's securities by the Directors, Management and officers of the Company who have access to price sensitive information and during the period commencing one month before the announcement of the Company's half year and full year results. They are also advised to observe insider trading laws at all times even when dealing in the Company's securities within the permitted trading period and not to deal in the Company's securities for a short-term consideration.

Corporate **Governance Report**

Risk Management

The Board acknowledges that risk is inherent in business and there are commercial risks to be taken in the course of generating a return on business activities. It regularly reviews and improves the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The details are outlined in Note 23 in the financial statements.

In addition, whenever new projects are embarked, all necessary steps to manage risks in projects will be taken. The financial team also assists in risk management process by identifying and highlighting areas of concern while conducting financial reviews. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC.

Material Contracts and Interested Person Transactions ("IPTs")

The Company has established procedures to ensure that all transactions with interested persons are reviewed by the AC on a timely basis, and they are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders.

For the financial year under review, the Group entered into interested person transactions with Cheso Machinery Pte Ltd ("CMPL") and associates involving supply of technical services, plant and equipment by CMPL to the Group, and sale of plant and equipment by the Group to CMPL. CMPL is an associate of the Company's Non-Executive Chairman, Chin Fook Lai, and hence an interested person.

There are interested person transactions in FY2007 but with individual transaction not exceeding the $100,000 threshold for disclosure.

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
-	-	-

No other material contracts were entered between the Company or any of its subsidiaries with any Directors or controlling shareholders during the financial year under review.

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Directors' **Report**

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 December 2007.

1. Directors at Date of Report

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

Executive director:
Chan Siew Lim

Non-executive directors:
Chin Fook Lai
Chin Fah
Leong Kin Weng
Wong Kok Hoe

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 of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Cap. 50 except as follows :

	Direct Interest		Deemed Interest	
Name of directors and companies in which interest are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
The Company				
K Plas Holdings Limited	**Number of shares of no par value**			
Chin Fook Lai	-	-	27,894,800	27,894,800
Chin Fah	8,128,700	8,128,700	-	-
Leong Kin Weng	50,000	50,000	-	-
Wong Kok Hoe	50,000	50,000	-	-

By virtue of section 7 of the Companies Act, Cap. 50, Chin Fook Lai is deemed to have an interest in the company and in all the related corporations of the company.

The directors' interests as at 21 January 2008 were the same as those at the end of the year.

Directors' Report

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 except as disclosed in the financial statements.

There were certain transactions (shown in the financial statements under related party transactions) with corporations in which certain directors have an interest.

5. Options to Take Up Unissued Shares

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

6. Options Exercised

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 under option.

8. Audit Committee

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

Leong Kin Weng	(Chairman of audit committee and independent and non-executive director)
Wong Kok Hoe	(Independent and non-executive director)
Chin Fah	(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 independent external auditors their audit plan;
- Reviewed with the independent external auditors and their report on the financial statements and the assistance given by the company's officers to them;
- Reviewed with the internal auditors the scope and results of the internal audit procedures and their evaluation of the company's internal accounting controls;
- 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 SGX).

Directors' **Report**

8. Audit Committee (Cont'd)

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report. It also includes an explanation of how independent auditor's objectivity and independence is safeguarded where the independent auditors provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditors, RSM Chio Lim, be nominated for re-appointment as independent auditors at the next annual general meeting of the company.

9. Independent Auditors

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

10. Subsequent Developments

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 29 February 2008, 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

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Chin Fook Lai

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Chan Siew Lim
7 March 2008

Statement **by Directors**

In the opinion of the directors, the accompanying financial statements set out on pages 19 to 54 are drawn up so as to give a true and fair view of the state of affairs of the group and of the company as at 31 December 2007 and the results, changes in equity and cash flows of the group and the changes in equity of the company for the year ended on that date 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

Chin Fook Lai

Chan Siew Lim
7 March 2008

Independent **Auditors' Report**

to the Members of K Plas Holdings Limited (Registration No: 200300326D)

We have audited the accompanying financial statements of K Plas Holdings Limited and its subsidiaries (the group) set out on pages 19 to 54, which comprise the balance sheets of the group and the company as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement of the group, and statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Independent Auditor's Responsibility

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

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

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

Independent **Auditors' Report**

to the Members of K Plas Holdings Limited (Registration No: 200300326D)

Opinion

In our opinion,

(a) the consolidated financial statements of the group and the balance sheet of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at 31 December 2007 and the results, changes in equity and cash flows of the group 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 and those subsidiaries incorporated in Singapore of which we are the independent auditors have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim
Certified Public Accountants
Singapore

7 March 2008

Partner in charge of audit: See Ling Ling, Helen
Effective from year ended 31 December 2006

Consolidated **Income Statement**

Year ended 31 December 2007

	Notes	Group 2007 S$'000	Group 2006 S$'000
Revenue	5	9,064	8,640
Cost of Sales		(7,412)	(7,126)
Gross Profit		1,652	1,514
Other Items of Income			
Interest Income	6	18	13
Other Credits	7	183	282
Other Items of Expenses			
Marketing and Distribution Costs		(165)	(226)
Administrative Expenses		(2,544)	(3,078)
Finance Costs	8	(128)	(147)
Other Charges	7	(434)	(59)
Loss Before Tax from Continuing Operations		(1,418)	(1,701)
Income Tax (Expense) / Benefit	10	(28)	98
Loss from Continuing Operations, Net of Tax		(1,446)	(1,603)
Loss Attributable to Equity Holders of Parent, Net of Tax		(1,129)	(1,423)
Loss Attributable to Minority Interest, Net of Tax		(317)	(180)
		(1,446)	(1,603)
		Cents	**Cents**
Losses Per Share			
– Basic	11	(1.31)	(1.85)
– Diluted	11	(1.31)	(1.85)

The accompanying notes form an integral part of these financial statements

Balance Sheets

As at 31 December 2007

		Group		Company	
	Notes	2007 S$'000	2006 S$'000	2007 S$'000	2006 S$'000
ASSETS					
Non-Current Assets					
Plant and Equipment	13	4,210	5,239	14	32
Investments in Subsidiaries	14	–	–	6,219	7,282
Total Non-Current Assets		4,210	5,239	6,233	7,314
Current Assets					
Inventories	15	798	1,387	–	–
Trade and Other Receivables	16	2,407	2,098	254	689
Other Assets	17	137	167	70	82
Cash and Cash Equivalents	18	1,541	1,667	40	19
Total Current Assets		4,883	5,319	364	790
Total Assets		9,093	10,558	6,597	8,104
EQUITY AND LIABILITIES					
Equity					
Share Capital	19	8,546	7,577	8,546	7,577
Accumulated Losses		(3,149)	(2,020)	(2,124)	(776)
Other Reserves	20	(107)	(180)	–	–
Equity, Attributable to Equity Holders of the Parent		5,290	5,377	6,422	6,801
Minority Interest		991	1,271	–	–
Total Equity		6,281	6,648	6,422	6,801
Non-Current Liabilities					
Other Financial Liabilities	21	197	664	–	–
Total Non-Current Liabilities		197	664	–	–
Current Liabilities					
Income Tax Payable		–	40	–	–
Trade and Other Payables	22	1,697	2,297	175	1,303
Other Financial Liabilities	21	918	909	–	–
Total Current Liabilities		2,615	3,246	175	1,303
Total Liabilities		2,812	3,910	175	1,303
Total Equity and Liabilities		9,093	10,558	6,597	8,104

The accompanying notes form an integral part of these financial statements

Statements of **Changes in Equity**

Year ended 31 December 2007

	Capital S$'000	Share Premium S$'000	Other Reserves S$'000	Accumulated Losses S$'000	Total S$'000	Minority Interest S$'000	Total Equity S$'000
Group:							
Current Year:							
Opening Balance at 1 January 2007	7,577	–	(180)	(2,020)	5,377	1,271	6,648
Items of Income and Expense Recognised Directly in Equity:							
Exchange Differences on Translating Foreign Operations (Note 20)	–	–	73	–	73	37	110
Net Income Recognised Directly in Equity	–	–	73	–	73	37	110
Loss for the Year	–	–	–	(1,129)	(1,129)	(317)	(1,446)
Total Recognised Income and Expenses for the Year	–	–	73	(1,129)	(1,056)	(280)	(1,336)
Other Movements in Equity:							
Issue of Share Capital (Note 19)	1,001	–	–	–	1,001	–	1,001
Share Issue Expenses	(32)	–	–	–	(32)	–	(32)
Total Other Movements in Equity	969	–	–	–	969	–	969
Closing Balance at 31 December 2007	8,546	–	(107)	(3,149)	5,290	991	6,281
Previous Year:							
Opening Balance at 1 January 2006	5,390	2,187	51	(597)	7,031	1,523	8,554
Items of Income and Expense Recognised Directly in Equity:							
Exchange Differences on Translating Foreign Operations (Note 20)	–	–	(231)	–	(231)	(72)	(303)
Net Income Recognised Directly in Equity	–	–	(231)	–	(231)	(72)	(303)
Loss for the Year	–	–	–	(1,423)	(1,423)	(180)	(1,603)
Total Recognised Income and Expenses for the Year	–	–	(231)	(1,423)	(1,654)	(252)	(1,906)
Other Movements in Equity:							
Transfer of Share Premium Balance	2,187	(2,187)	–	–	–	–	–
Total Other Movements in Equity	2,187	(2,187)	–	–	–	–	–
Closing Balance at 31 December 2006	7,577	–	(180)	(2,020)	5,377	1,271	6,648

The accompanying notes form an integral part of these financial statements

Statements of **Changes in Equity**

Year ended 31 December 2007

	Capital S$'000	Share Premium S$'000	Accumulated Losses S$'000	Total Equity S$'000
Company				
Current Year:				
Opening Balance at 1 January 2007	7,577	–	(776)	6,801
Items of Income and Expense Recognised Directly in Equity:				
Loss for the Year	–	–	(1,348)	(1,348)
Total Recognised Income and Expenses for the Year	–	–	(1,348)	(1,348)
Other Movements in Equity:				
Issue of Share Capital(Note 19)	1,001	–	–	1,001
Share Issue Expenses	(32)	–	–	(32)
Total Other Movements in Equity	969	–	–	969
Closing Balance at 31 December 2007	8,546	–	(2,124)	6,422
Previous Year:				
Opening Balance at 1 January 2006	5,390	2,187	(356)	7,221
Items of Income and Expense Recognised Directly in Equity				
Loss for the Year	–	–	(420)	(420)
Total Recognised Income and Expenses for the Year	–	–	(420)	(420)
Other Movements in Equity:				
Transfer of Share Premium Balance	2,187	(2,187)	–	–
Total Other Movements in Equity	2,187	(2,187)	–	–
Closing Balance at 31 December 2006	7,577	–	(776)	6,801

The accompanying notes form an integral part of these financial statements

Consolidated **Cash Flow Statement**

Year ended 31 December 2007

	Group 2007 S$'000	Group 2006 S$'000
Cash Flows From Operating Activities		
Loss before Tax	(1,418)	(1,701)
Depreciation of Plant and Equipment	1,021	1,026
Interest Income	(18)	(13)
Interest Expense	128	147
Impairment Loss on Plant and Equipment	343	–
Gain on Disposal of Property, Plant and Equipment	(107)	(252)
Operating Cash Flows before Changes in Working Capital	(51)	(793)
Inventories	589	337
Trade and Other Receivables	(309)	623
Other Assets	30	(35)
Cash Restricted in Use Over 3 months	–	20
Trade and Other Payables	(600)	(1,422)
Net Cash Flows Used in Operations Before Interest and Tax	(341)	(1,270)
Income Taxes Paid	(67)	(6)
Net Cash Flows Used in Operating Activities	(408)	(1,276)
Cash Flows From Investing Activities		
Disposal of Property, Plant and Equipment	167	1,707
Purchase of Plant and Equipment (Notes 13 and 18)	(241)	(256)
Interest Received	18	13
Net Cash Flows (Used in) From Investing Activities	(56)	1,464
Cash Flows From Financing Activities		
Issue of Shares (Note 19)	1,001	–
Share Issue Expenses	(32)	–
Decrease in Other Financial Liabilities	(707)	(1,498)
Interest Paid	(128)	(147)
Net Cash Flows From (Used in) Financing Activities	134	(1,645)
Net Effect of Exchange Rate Changes in Consolidating Subsidiaries	(40)	(149)
Net Decrease in Cash and Cash Equivalents	(370)	(1,606)
Cash and Cash Equivalents, Cash Flow Statement, Beginning Balance	1,422	3,028
Cash and Cash Equivalents, Cash Flow Statement, Ending Balance (Note 18)	1,052	1,422

The accompanying notes form an integral part of these financial statements

Notes to the **Financial Statements**

31 December 2007

1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the parent and the group's entities.

The financial statements were approved and authorised for issue by the board of directors on 7 March 2008.

The company is an investment holding company and provision of management services to its related companies. It is listed on the Catalist which is a market on Singapore Exchange Securities Trading Ltd.

The principal activities of the subsidiaries are described in Note 14 below.

The registered office is: 19 Loyang Way, #06-22 Changi Logistics Centre Singapore 508724. The company is domiciled in Singapore.

2. Summary of Significant Accounting Policies

Accounting Convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") as issued by the Singapore Accounting Standards Council as well as all related Interpretations to FRS ("INT FRS") and the Companies Act, Cap.50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The company's financial statements have been prepared on the same basis, and as permitted by the Companies Act, Cap. 50, no income statement is presented for the company.

Basis of Presentation

The consolidation accounting method is used for the consolidated financial statements that include the financial statements made up to the balance sheet date each year of the company and all of its directly and indirectly controlled subsidiaries. Consolidated financial statements are the financial statements of the group presented as those of a single economic entity. 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 accounted for from the respective dates of acquisition or up to the dates of disposal. On disposal, the attributable amount of goodwill if any is included in the determination of the gain or loss on disposal.

Basis of Preparation of Financial Statements

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 revenues 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 entity'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.

Revenue Recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the ordinary activities of the entity and it is shown net of related sales taxes, estimated returns, discounts and volume rebates. Revenue from the 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, and 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 is recognised when the services are completed. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Interest is recognised using the effective interest method. Dividends on equity instrument are recognised in profit or loss when the entity's right to receive payment is established.

Notes to the **Financial Statements**

31 December 2007

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

Employee Benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. Contribution made to state managed retirement benefit plans which specifies the employer's obligations are dealt with as defined contribution retirement benefit plans. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund. This includes the government managed retirement benefit plan such as the Central Provident Fund in Singapore. 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. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

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. Tax and deferred tax are recognised in the income statement except that when they relate to items that initially bypass the income statement and are taken to equity, in which case they are similarly taken to equity. 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 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 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. A deferred tax amount is not recognised if it arises from goodwill for which amortisation is not deductible for tax purposes.

Foreign Currency Transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency 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 non-functional 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 except when deferred in equity as qualifying cash flow hedges. The presentation is in the functional currency.

Translation of Financial Statements of Foreign Entities

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 the assets and liabilities denominated in currencies other than the functional currency of the 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 components of shareholders' equity are stated at historical value. The resulting translation adjustments (if any) are accumulated in a separate component of equity until the disposal of the foreign entity. The presentation is in the functional currency.

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 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.

Notes to the **Financial Statements**

31 December 2007

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 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. Other borrowing costs are recognised as an expense in the period in which they are incurred. The interest expense is calculated using the effective interest rate method.

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 these assets. The annual rates of depreciation are as follows:

Leasehold improvements, plant and equipment – 10% to 33.33%

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 statements.

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of 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. 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.

Cost also includes acquisition cost, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement when they are incurred.

Leased Assets

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. 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.

Notes to the **Financial Statements**

31 December 2007

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

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is 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 or the ability to appoint or remove the majority of the members of the board of directors or to cast the majority of votes at meetings of the board of directors. 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 investments in subsidiaries are stated at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The net book values of the subsidiaries are not necessarily indicative of the amounts that would be realised in a current market exchange.

Minority Interests

The minority interest in the net assets and net results of consolidated subsidiary are shown separately in the consolidated balance sheet and consolidated income statement. 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.

Impairment of Non-Financial Assets

The carrying amount of such assets (other than (i) intangible assets not yet available for use, (ii) goodwill and other indefinite life intangible assets) is reviewed at each reporting date for indications of impairment and where impairment is found, the asset is written down through the income statement to its estimated recoverable amount. 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. 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 the **Financial Statements**

31 December 2007

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

Financial Assets

Initial recognition and measurement:

A financial asset is recognised on the balance sheet when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through income statement includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

#1. Financial assets at fair value through profit and loss: As at year end date, there were no financial asset classified in this category.

#2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are to be classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred 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. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the income statement. The trade and other receivables are classified in this category.

#3. Held-to-maturity financial assets: As at year end date, there were no financial asset classified in this category.

#4. Available for sale financial assets: As at year end date, there were no financial asset classified in this category.

Derecognition of financial assets:

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the cash flow statement the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. 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.

Notes to the **Financial Statements**

31 December 2007

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

Financial Liabilities

Initial recognition and measurement:

A financial liability is recognised on the balance sheet when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through income statement includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings 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.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

#1. Liabilities at fair value through profit and loss: As at year end date, there were no financial liabilities classified in this category.

#2. Other financial liabilities: All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowing are classified in this category. Items classified within trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Liabilities and equity financial instrument:

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. The equity and the liability elements of compound instruments are classified separately as equity and as a liability. Equity instruments are recorded at the proceeds net of direct issue costs.

Financial Guarantees

A financial guarantee contract requires that the issuer makes specified payments to reimburse the holder for a loss when a specified debtor fails to make payment when due. Financial guarantee contracts are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18.

Notes to the **Financial Statements**

31 December 2007

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

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 non-current financial instruments are not disclosed unless there are significant items at the end of the year and in the event the fair values are disclosed in the relevant notes. Disclosures of fair value are not made when the carrying amount is a reasonable approximation of fair value. The maximum exposure to credit risk is the fair value of the financial instruments at the balance sheet date. The fair value of a financial instrument is derived from an active market. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or liability held, the asking price. If there is no market, or the markets available are not active, the fair value is established by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of similar instruments and incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. As far as unquoted equity instruments are concerned, in cases where it is not possible to reliably measure the fair value, such instruments are carried at cost less accumulated allowance for impairment.

Inventories

Inventories are measured at the lower of cost (weighted average 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. A write down on cost is made for where the cost is not recoverable or if the selling prices have declined. 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 and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Equity

Equity instruments are contracts that give a residual interest in the net assets of the company. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. The shares have no par value. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when paid.

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. Provisions are made using best estimates of the amount required in settlement 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. Changes in estimates are reflected in the income statement in the period they occur.

Notes to the **Financial Statements**

31 December 2007

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

Critical Judgements, Assumptions and Estimation Uncertainties

The critical judgements made in the process of applying the 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. These estimates and assumptions are periodically monitored to make sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

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 customer payment terms when evaluating 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.

Net realisable value of inventories:
A review is made periodically on inventory for excess inventory, obsolescence and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require management to estimate future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the balance sheet date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgment and materially affects the carrying amount of inventories at the balance sheet date. Possible changes in these estimates could result in revisions to the valuation of inventory. The amount affected at the balance sheet date was $798,000 (2006 : $1,387,000).

Plant and equipment:
The company has a group of equipment stated at carrying value of $4,210,000. An assessment is made at each reporting date whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. If the revised estimated gross margin is less favourable than that used in the calculations there would be a need to provide for impairment. It is impracticable to disclose the extent of the possible effects.

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. If the actual useful lives of these items of plant and equipment were to differ by 10% from management's estimates, the carrying amount of the plant and equipment would be an estimated $421,000 higher or $421,000 lower.

Notes to the **Financial Statements**

31 December 2007

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

Critical Judgements, Assumptions and Estimation Uncertainties (Cont'd)

Estimated impairment of subsidiary:
When a subsidiary is in net equity deficit and has suffered operating losses a test is made whether the investment in the investee has suffered any impairment, in accordance with the stated accounting policy. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. The amount of the relevant investment is $4,917,000 at the balance sheet date. It is impracticable to disclose the extent of the possible effects.

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 companies:

Related companies in these financial statements include the members of the 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. For non-current balances an interest is imputed based on the prevailing market interest rate for similar debt less the interest rate if any provided in the agreement for the balance. For financial guarantees a fair value is imputed and is recognised accordingly if significant where no charge is payable.

Sales to and purchases from related companies were made at the usual list prices.

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

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. For non-current balances an interest is imputed based on the prevailing market interest rate for similar debt less the interest rate if any provided in the agreement for the balance. For financial guarantees a fair value is imputed and is recognised accordingly if significant where no charge is payable.

Sales to and purchases from related parties were made at the usual list prices.

Notes to the **Financial Statements**

31 December 2007

3. Related Party Transactions (Cont'd)

3.2 Other related parties: (Cont'd)

Significant related party transactions:

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

	Other related parties	
	2007 S$'000	**2006 S$'000**
Purchase of spare parts and services	11	56
Sale of plant and equipment(a)	(122)	(20)
Purchase of plant and equipment(a)	85	411

(a) The sale and purchase of plant and equipment to and from related party was at fair values for existing use.

3.3 Key management compensation:

	Group	
	2007 S$'000	**2006 S$'000**
Salaries and other short-term employee benefits	658	920

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

Remuneration of directors of the company	156	260
Fees to directors of the company	60	60

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 personnel totalling five persons.

3.4 Other payables to related parties:

The trade transactions and 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 payables to related parties are as follows:

	Directors	
	2007 S$'000	**2006 S$'000**
Other payables:		
Balance at beginning of year – net credit	(30)	–
Amount paid out during the year	30	–
Directors' fee	–	(30)
Balance at end of year – net credit	–	(30)

Notes to the **Financial Statements**

31 December 2007

4. Financial Information by Segments

The primary reporting format is by business segment and the second reporting format is by geographical area.

4A. Primary analysis by business segment

For management purposes, the group is organised into two major operating segments: plastic injection moulding and mould designs and fabrication. Such structural organisation is determined by the nature of risks and returns associated to each business segment and defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information.

The segments are as follows:

The plastic injection moulding segment is a manufacturer of precision engineering plastic components of varying shapes and sizes. These components are used as parts or segments of finished products such as cameras, game console, motors, VCDs, DVDs, audio systems and motor engines.

The mould design and fabrication segment is a manufacturer of the plastic injection mould according to the specification of the customers. The mould is also designed to facilitate the plastic injection moulding and assembly processes. Once the design of the mould has been approved by the customers, the mould is fabricated with the aid of a combination of CNC operated machines, EDM, wire cutting, milling, lathe, surface grinding machines and other machineries.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the group are based on arm's length prices.

Segment information about these businesses is presented below :

	Moulding S$'000	Fabrication S$'000	Unallocated S$'000	Group S$'000
Continuing Operations 2007				
Revenue by Segments				
Total Revenue by Segments	7,616	1,700	–	9,316
Inter-Segment Sales	–	(252)	–	(252)
External Revenue	7,616	1,448	–	9,064
Operating (Loss)/Profits	(615)	122	(797)	(1,290)
Finance Costs	(78)	(24)	(26)	(128)
(Loss) Profit Before Tax	(693)	98	(823)	(1,418)
Income Tax	–	–	(28)	(28)
(Loss) Profit for the Year	(693)	98	(851)	(1,446)
2007 Total Loss	–	–	–	(1,446)
Minority Interests	–	–	–	317
2007 Equity Loss	–	–	–	(1,129)
2007 Total Assets	5,869	2,472	752	9,093
2007 Total Liabilities	1,425	483	904	2,812

Notes to the **Financial Statements**

31 December 2007

4. Financial Information by Segments (Cont'd)

4A. Primary analysis by business segment (Cont'd)

	Moulding S$'000	Fabrication S$'000	Unallocated S$'000	Group S$'000
Continuing Operations 2006				
Revenue by Segments				
Total Revenue by Segments	7,504	1,953	–	9,457
Inter-Segment Sales	(220)	(597)	–	(817)
External Revenue	7,284	1,356	–	8,640
Operating (Loss)/Profits	(633)	27	(948)	(1,554)
Finance Costs	(98)	(49)	–	(147)
Loss Before Tax	(731)	(22)	(948)	(1,701)
Income Tax Benefits	–	–	98	98
Loss for the Year	(731)	(22)	(850)	(1,603)
2006 Total Loss	–	–	–	(1,603)
Minority Interests	–	–	–	180
2006 Equity Loss	–	–	–	(1,423)
2006 Total Assets	8,022	2,165	371	10,558
2006 Total Liabilities	2,777	783	350	3,910

The following table analyses assets and liabilities not allocated to business segments:

	2007 S$'000	2006 S$'000
Assets		
Plant and equipment	15	32
Other receivables	111	172
Other assets	91	95
Cash and cash equivalents	535	72
	752	371
Liabilities		
Accrued liabilities	355	280
Other payables	60	70
Bank overdraft	489	–
	904	350
Net balance at 31 December	(152)	21

Notes to the **Financial Statements**

31 December 2007

4. Financial Information by Segments (Cont'd)

4B. Sundry Segment Disclosures

	Moulding S$'000	Fabrication S$'000	Unallocated S$'000	Group S$'000
Depreciation:				
2007	688	298	35	1,021
2006	738	279	9	1,026
Impairment Losses:				
2007	343	–	–	343
2006	–	–	–	–
Capital Expenditure				
2007	198	43	–	241
2006	595	54	18	667

4C. Secondary Analysis by Geographical Area

The following table provides an analysis of the revenue by geographical market, irrespective of the origin of the goods/services: -

The global scale operations are divided into two principal geographical areas. In each geographical there may be all the two business segments described above.

Geographical Segments

	2007 S$'000	2006 S$'000
Revenue:		
Singapore	–	598
The People's Republic of China	9,064	8,042
Continuing operations	9,064	8,640

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

	2007 S$'000	2006 S$'000
Segment Assets:		
Singapore	625	991
The People's Republic of China	8,468	9,567
	9,093	10,558
Capital Expenditure:		
Singapore	–	21
The People's Republic of China	241	646
	241	667

Notes to the **Financial Statements**

31 December 2007

5. Revenue

	Group	
	2007 S$'000	2006 S$'000
Sale of goods	9,064	8,635
Rental income from equipment	–	5
	9,064	8,640

6. Interest Income

	Group	
	2007 S$'000	2006 S$'000
Interest income	18	13

7. Other Credits and (Other Charges)

	Group	
	2007 S$'000	2006 S$'000
Allowance for impairment on trade receivable	(23)	(25)
Foreign exchange adjustments gain / (loss)	51	(34)
Gain on disposal of property, plant and equipment	107	252
Impairment losses on plant and equipment	(343)	–
Inventories written down	(68)	–
Others	25	30
Net	(251)	223
Presented in the income statement as:		
Other Credits	183	282
Other Charges	(434)	(59)
Net	(251)	223

8. Finance Costs

	Group	
	2007 S$'000	2006 S$'000
Interest expense	128	147

9. Employee Benefits Expense

	Group	
	2007 S$'000	2006 S$'000
Employee benefits expense	2,701	2,757
Contributions to defined contribution plans	236	260
Other benefits	52	53
Total employee benefits expense	2,989	3,070

Notes to the **Financial Statements**

31 December 2007

10. Income Tax

	Group	
	2007 S$'000	2006 S$'000
Current tax	28	(39)
Deferred tax	–	(59)
Total income tax expense(credit)	28	(98)

The income tax expense/(credit) varied from the amount of income tax expense determined by applying the Singapore income tax rate of 18.0% (2006: 20.0%) to loss before income tax as a result of the following differences:

	Group	
	2007 S$'000	2006 S$'000
Tax rate reconciliation:		
Loss Before Tax	(1,418)	(1,701)
Income tax benefit at the above rate	(255)	(340)
Non-allowable items	194	103
Tax exemptions	(95)	(9)
Underprovision in prior years	18	35
Effect of different tax rates in other countries	(56)	(42)
Deferred tax assets valuation allowance	218	162
Others	4	(7)
Total income tax expense/(credit)	28	(98)

In 2007, the government enacted a change in the national income tax rate from 20.0% to 18.0%.

There are no income tax consequence of dividends to shareholders of the company.

Deferred tax:

The deferred tax amounts and movement in the year are as follows:

	Balance sheet		Net change in income statement	
Group	2007 S$'000	2006 S$'000	2007 S$'000	2006 S$'000
Deferred tax liabilities:				
Excess of net book value of plant and equipment over tax value	–	–	–	59
Total deferred tax liabilities	–	–	–	59
Deferred tax assets:				
Excess of tax value of plant and equipment over net book value	173	62	111	–
Inventories written down	34	29	5	(1)
Tax loss carryforwards	618	543	75	225
Tax loss carryforwards used in group relief	–	(73)	73	(73)
Foreign exchange difference	(35)	11	(46)	11
Deferred tax assets valuation allowance	(790)	(572)	(218)	(162)
Total deferred tax assets	–	–	–	–
Net total of deferred tax liabilities	–	–	–	59

Notes to the **Financial Statements**

31 December 2007

10. Income Tax (Cont'd)

It is impracticable to estimate the amount expected to be settled or used within one year.

An allowance is made to the extent that it is not probable that taxable profit will be available against which the unused tax loss carryforwards can be utilised. The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined. Where provision for deferred tax arising from temporary differences has been offset against the above tax loss carryforwards, such provision for deferred tax will be required to be set up when the tax losses are utilised in the future.

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

11. Losses Per Share

The following table illustrates the numerators and denominators used to calculate basic and diluted losses per share of no par value:

		Group	
		2007	**2006**
		S$'000	**S$'000**
A.	Numerators : losses attributable to equity:		
	Continuing operations: attributable to equity holders	(1,129)	(1,423)
B.	Denominators: weighted average number of equity shares ('000)		
	Basic/diluted	85,904	77,000

Basic and diluted losses per share ratio is based on the weighted average number of common shares outstanding during each period.

12. 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:-

	Group	
	2007	**2006**
	S$'000	**S$'000**
Non-audit fees paid to auditors of the company	6	6

Notes to the **Financial Statements**

31 December 2007

13. Plant and Equipment

Group:	Leasehold properties and improvements S$'000	Plant and equipment S$'000	Total S$'000
Cost:			
At 1 January 2006	2,290	9,337	11,627
Exchange adjustments	(46)	(385)	(431)
Additions	–	667	667
Disposals	(1,335)	(717)	(2,052)
At 1 January 2007	909	8,902	9,811
Exchange adjustments	9	97	106
Additions	7	234	241
Disposals	–	(446)	(446)
At 31 December 2007	925	8,787	9,712
Depreciation and impairment:			
At 1 January 2006	748	3,574	4,322
Exchange adjustments	(35)	(144)	(179)
Depreciation for the year	167	859	1,026
Disposals	(94)	(503)	(597)
At 1 January 2007	786	3,786	4,572
Exchange adjustments	–	(48)	(48)
Depreciation for the year	112	909	1,021
Disposals	–	(386)	(386)
Impairment for the year	–	343	343
At 31 December 2007	898	4,604	5,502
Net book value:			
At 1 January 2006	1,542	5,763	7,305
At 31 December 2006	123	5,116	5,239
At 31 December 2007	27	4,183	4,210

Company:	Plant and equipment S$'000
Cost:	
At 1 January 2006	46
Additions	18
At 1 January 2007	64
Disposals	(46)
At 31 December 2007	18
Depreciation:	
At 1 January 2006	23
Depreciation for the year	9
At 1 January 2007	32
Depreciation for the year	9
Disposals	(37)
At 31 December 2007	4
Net book value:	
At 1 January 2006	23
At 31 December 2006	32
At 31 December 2007	14

Notes to the **Financial Statements**

31 December 2007

13. Plant and Equipment (Cont'd)

The depreciation expense and impairment loss are charged as follows:

Group:	Cost of sales	Administrative expenses	Other charges	Total
	S$'000	S$'000	S$'000	S$'000
2007	840	181	343	1,364
2006	771	255	–	1,026

Certain items are under finance lease agreements (see Note 21C).

Certain items of plant and equipment at a carrying value of S$1,277,828 (2006: S$2,100,333) are pledged as security for bank facilities (see Note 21B).

During the year, plant and equipment of a subsidiary was subject to an impairment allowance of S$343,000. The value in use method was used to determine the value. The pre-tax discount rate used in measuring value in use was 5.97 per cent. (2006: 5.97 per cent).

14. Investments in Subsidiaries

	Company	
	2007 S$'000	2006 S$'000
Unquoted shares at cost	4,917	4,917
Cost from fair value on financial guarantee	70	35
Quasi-equity loan [(a)]	4,330	3,575
Less allowance for impairment	(3,098)	(1,245)
Total at cost	6,219	7,282
Net book value of subsidiaries	1,886	2,872
Movement in allowance for impairment:		
Balance at beginning of year	(1,245)	(587)
Charged to income statement included under other credits/(charges)	(1,853)	(658)
Balance at end of year	(3,098)	(1,245)

[(a)] This loan is an interest free quasi-equity loan from the company to K Plas Moulding Pte. Ltd. ("KMPL") and it is not expected to be repaid in the foreseeable future. KMPL has in turn invested substantially the proceeds from the quasi-equity loan as paid up capital of K Plas Hi-Tech (Shanghai) Co., Ltd. ("KPHT") and K Plas Hi-Tech Tooling (Shanghai) Co., Ltd. ("KPHTT").

Notes to the **Financial Statements**

31 December 2007

14. Investment in Subsidiaries (Cont'd)

KMPL was incorporated as a wholly-owned subsidiary in Singapore. KMPL has an issued and paid up capital of S$100. KMPL in turn incorporated two wholly-owned subsidiaries, KPHT and KPHTT in The People's Republic of China. The subsidiaries' registered share capital and issued share capital are as set out below:-

	Registered share capital US$'000	Issued share capital US$'000	Issued share capital S$'000
K Plas Hi-Tech (Shanghai) Co., Ltd. (incorporated on 23 March 2004)			
Balance at end of year 31 December 2006	1,000	1,000	1,688
Balance at end of year 31 December 2007	1,000	1,000	1,688
K Plas Hi-Tech Tooling (Shanghai) Co., Ltd. (incorporated on 22 March 2004)			
Balance at end of year 31 December 2006	1,500	1,000	1,685
Balance at end of year 31 December 2007	1,500	1,500	2,445

The subsidiaries held by the company and the subsidiaries are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities (and Independent Auditors)	Cost in Books of Group 2007 S$'000	Cost in Books of Group 2006 S$'000	Effective Percentage of Equity Held by Group 2007 %	Effective Percentage of Equity Held by Group 2006 %
K Plas Industries Pte. Ltd. Singapore Manufacture of plastic components (RSM Chio Lim)	2,000	2,000	100	100
K Plas Engineering Pte. Ltd. Singapore Investment holding company (RSM Chio Lim)	2,917	2,917	100	100
K Plas Moulding Pte. Ltd. Singapore Investment holding company (RSM Chio Lim)	-(b)	- (b)	100	100
<u>Held through K Plas Engineering Pte. Ltd.</u>				
CSK Plastic Industries (Shanghai) Co., Ltd. Shanghai, The People's Republic of China Manufacture of plastic components and plastic injection moulds [(a)]	1,265	1,265	60.8	60.8

Notes to the **Financial Statements**

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14. Investment in Subsidiaries (Cont'd)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities (and Independent Auditors)	Cost in Books of Group 2007 S$'000	Cost in Books of Group 2006 S$'000	Effective Percentage of Equity Held by Group 2007 %	Effective Percentage of Equity Held by Group 2006 %
Held through K Plas Moulding Pte. Ltd.				
K Plas Hi-Tech (Shanghai) Co., Ltd. Shanghai, The People's Republic of China Manufacture of plastic components[a]	1,688	1,688	100	100
K Plas Hi-Tech Tooling (Shanghai) Co., Ltd. Shanghai, The People's Republic of China Manufacture of plastic injection moulds[a]	2,445	1,685	100	100

(a) RSM Chio Lim acted as auditors for the financial statements which were prepared for the purpose of preparing the consolidated financial statements.

(b) Cost of investment is less than S$1,000.

15. Inventories

	Group 2007 S$'000	Group 2006 S$'000
Finished goods	225	373
Work in progress	246	231
Raw materials, consumables and supplies	327	783
	798	1,387
Inventories are stated after allowance. Movement in allowance:		
Balance at beginning of year	108	113
Charged to income statement included in other charges	68	–
Written off	(4)	(5)
Balance at end of year	172	108

	Group 2007 S$'000	Group 2006 S$'000
The write-downs of inventories charged to income statement included in other charges	68	–
Changes in inventories of finished goods and work in progress (increase)	133	(7)
Raw materials and consumables used	2,657	2,806

There are no inventories pledged as security for liabilities.

Notes to the **Financial Statements**

31 December 2007

16. Trade and Other Receivables

	Group		Company	
	2007 S$'000	2006 S$'000	2007 S$'000	2006 S$'000
Trade receivables:				
Outside parties	2,324	1,942	–	–
Less allowance for impairment	(48)	(25)	–	–
Subsidiaries (Notes 3 and 14)	–	–	–	462
Subtotal	2,276	1,917	–	462
Other receivables:				
Subsidiaries (Notes 3 and 14)	–	–	242	215
Deposits to secure service	120	165	10	10
Other receivables	11	16	2	2
Subtotal	131	181	254	227
Total trade and other receivables	2,407	2,098	254	689
Movement in above allowance:				
Balance at beginning of year	25	–	–	–
Charged for trade receivables to income statement included in other charges	23	25	–	–
Balance at end of year	48	25	–	–

The average credit period generally granted to non-related trade receivable customers is about 90 days (2006: 90 days). But some customers take a longer period to settle the amounts. The total of overdue accounts was S$287,661 (2006: S$167,800). The total settled after the year end date was about S$245,413 (2006: S$124,074).

The allowance is based on individual accounts that are determined to be impaired at the year end date. These are not secured.

Current receivables with a short duration are not discounted and the carrying amounts are assumed to be a reasonable approximation of fair values.

Concentration of trade receivable customers:

Top 1 customer	455	401	–	–
Top 2 customers	886	711	–	–
Top 3 customers	1,272	866	–	–

Notes to the **Financial Statements**

31 December 2007

17. Other Assets

	Group		Company	
	2007 S$'000	2006 S$'000	2007 S$'000	2006 S$'000
Tax recoverable	77	78	65	78
Prepayments	60	89	5	4
	137	167	70	82

18. Cash and Cash Equivalents

	Group		Company	
	2007 S$'000	2006 S$'000	2007 S$'000	2006 S$'000
Not restricted in use	1,541	1,667	40	19
Interest earning balances	1,397	1,255	–	–

The rate of interest for the cash on interest earning balance is between 0.72% to 1.60% (2006 : 0.325% to 1.70%) receivable yearly. These approximate the weighted average effective interest rate.

The carrying amounts are assumed to be a reasonable approximation of fair values.

Cash and cash equivalents in the consolidated cash flow statement:

	Group	
	2007 S$'000	2006 S$'000
As shown above	1,541	1,667
Bank overdrafts (Note 21)	(489)	(245)
Cash and cash equivalents for cash flow statement purposes at end of year	1,052	1,422

The group has undrawn borrowing facilities (see Note 23).

Non-cash transactions:

During the year, there were no acquisition of plant and equipment by means of finance lease (2006: S$352,545).

Notes to the **Financial Statements**

31 December 2007

19. Share Capital

Group and Company	Number of shares issued	Share capital S$'000
Ordinary shares of no par value:		
Balance at beginning of year 1 January 2006	77,000,000	5,390
Transfer of share premium balance	–	2,187
Balance at end of year 31 December 2006	77,000,000	7,577
Issue of shares at S$0.077 each	13,000,000	1,001
Share issue expenses	–	(32)
Balance at end of year 31 December 2007	90,000,000	8,546

Pursuant to the authority given to the directors under section 161 of Companies Act, Cap. 50 at the Annual General Meeting of the company held on 27 April 2006, 13,000,000 new shares in the capital of the company were issued at S$0.077 per share to Mr Beh Kim Ling in April 2007. The new shares, rank pari passu in all respects with and carry all rights similar to existing shares of the company.

The ordinary shares of no par value carry no right to fixed income and are fully paid. The only externally imposed capital requirement is that for the group to maintain its listing on the Singapore Stock Exchange it has to have share capital of at least a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the year. Management receive a report from the registrars monthly on substantial share interests showing the non-free float and it demonstrated continuing compliance with the 10% limit throughout the year.

The objectives when managing capital are: to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. The company sets the amount of capital in proportion to risk. The management manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The company has insignificant external borrowings. The debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk of borrowings.

Notes to the **Financial Statements**

31 December 2007

20. Other Reserves

Group:	Statutory reserve S$'000	Currency translation S$'000	Total S$'000
At 1 January 2007	74	(254)	(180)
Exchange difference	–	73	73
At 31 December 2007	74	(181)	(107)
At 1 January 2006	74	(23)	51
Exchange difference	–	(231)	(231)
At 31 December 2006	74	(254)	(180)

The currency translation reserve accumulates all foreign exchange differences on translating the results and net assets of foreign operations during the year that the group controls them.

Under the China regulations, the subsidiary is required to set up a statutory reserve which represents a non-distributable reserve made at a rate of 10% of net profit after tax. Contribution to this reserve is no longer mandatory when the reserve reaches 50% of the registered share capital. The reserve is to be used in accordance to the circumstances as stipulated in the relevant regulations. It is not available for distribution as cash dividends.

21. Other Financial Liabilities

	Group	
	2007 S$'000	2006 S$'000
Non-current		
Bank loans (secured) (Note 21B)	–	395
Finance lease (Note 21C)	197	269
Non-current	197	664
Current		
Bank overdraft (secured) (Note 21A)	489	245
Bank loans (secured) (Note 21B)	364	580
Finance lease (Note 21C)	65	84
Current	918	909
Total	1,115	1,573
The range of floating interest rates paid were as follows:		
Bank overdraft (secured)	5%	5%
Bank loans (secured)	6.97% to 7.77%	5% to 7.84%
Finance Lease	4.77%	4.77%

The carrying amounts of the current portions and non-current portions are assumed to be a reasonable approximation of fair values.

Notes to the **Financial Statements**

31 December 2007

21. Other Financial Liabilities (Cont'd)

21A Bank Overdraft (Secured)

The overdraft is covered by a corporate guarantee from the company.

21B Bank Loans (Secured)

The bank loans are covered by a corporate guarantee from the parent company and by a first legal charge and negative pledges on the subsidiaries' certain plant and equipment.

The bank loan agreements provide among other matters for the following: –

(a) No change in the subsidiaries shareholding structure without the prior written consent of the Bank.
(b) During the tenor of the facilities, the company shall remain as a listed company on the SGX.
(c) Subordination of all present and future shareholder's loans to the subsidiaries.
(d) Undertaking from the subsidiaries that the subsidiaries will not create other mortgage over the plant and machinery in favour of another party without the bank's consent.

The bank loans are analysed as follows:-

(a) A three-year bank loan of US$500,000 is repayable in 5 equal semi-annual instalments commencing 12 months from August 2005.

(b) A three-year bank loan of US$700,000 is repayable in 5 equal semi-annual instalments commencing 12 months from December 2004.

21C Finance Lease

Group

2007	Minimum payments S$'000	Finance charges S$'000	Present value S$'000
Minimum lease payments payable:			
Due within one year	76	(11)	65
Due within 2 to 5 years	211	(14)	197
Total	287	(25)	262
Net book value of plant and equipment under finance lease			321

2006	Minimum payments S$'000	Finance charges S$'000	Present value S$'000
Minimum lease payments payable:			
Due within one year	99	(15)	84
Due within 2 to 5 years	299	(30)	269
Total	398	(45)	353
Net book value of plant and equipment under finance lease			353

Notes to the **Financial Statements**

31 December 2007

21. Other Financial Liabilities (Cont'd)

It is a policy to lease certain of its plant and equipment under finance leases. The average lease term is 5 years. The rate of interest for finance leases is about 4.77 % (2006 : 4.77%) per year. 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 Japanese Yen. The obligations under finance leases are secured by the lessor's charge over the leased assets.

The carrying amounts of the leased liabilities approximate the fair values.

22. Trade and Other Payables

	Group		Company	
	2007 S$'000	**2006 S$'000**	**2007 S$'000**	**2006 S$'000**
Trade payables;				
Outside parties and accrued liabilities	1,614	2,106	157	92
Related parties (Note 3)	37	62	–	–
Subtotal	1,651	2,168	157	92
Other payables:				
Subsidiaries (Note 3)	–	–	18	1,181
Directors (Note 3)	–	30	–	30
For purchase of non-current assets	–	25	–	–
Other for advances	46	27	–	–
Other payables	–	47	–	–
Subtotal	46	129	18	1,211
Total trade and other payables	1,697	2,297	175	1,303

The average credit period taken to settle non-related trade payables is about 30 - 90 days (2006 : 30 - 90 days). The other payables are with short-term durations. The carrying amounts are assumed to be a reasonable approximation of fair values.

Notes to the **Financial Statements**

31 December 2007

23. Financial Instrument : Information on Financial Risks

23A Financial Risk Management

The group and company has certain strategies for the management of financial risks and action to be taken in order to manage the financial risks. However, these are not documented formally. The following guidelines are as follows:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out according to good market practices.

The group and company is exposed to currency and interest rate risks. There is no arrangement to reduce such risk exposures through derivatives and other hedging instruments.

The main market risks subject to exposure are interest rates and foreign exchange. There is also exposure to credit risk and liquidity risk. Credit risk on cash balances and derivative financial instruments is limited because the counter-parties are banks with high credit ratings.

23B Carrying Amount of Financial Assets and Liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the year by FRS 39 categories:

	Group		Company	
	2007 S$'000	2006 S$'000	2007 S$'000	2006 S$'000
Financial assets:				
Cash and cash equivalents	1,541	1,667	40	19
Loans and receivables	2,407	2,098	254	689
At end of year	3,948	3,765	294	708
Financial liabilities:				
Measured at amortised cost:				
- Borrowings	1,115	1,573	–	–
- Trade and other payables	1,697	2,297	175	1,303
At end of year	2,812	3,870	175	1,303

23C 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. Credit risk on cash balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management (see Note 16).

Other receivables are normally with no fixed terms and therefore, there is no maturity.

Notes to the **Financial Statements**

31 December 2007

23. Financial Instrument : Information on Financial Risks (Cont'd)

23D Liquidity Risk

The liquidity risk is managed on the basis of expected maturity dates.

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Group		
	Borrowings S$'000	Trade and other payables S$'000	Total S$'000
2007:			
Less than 1 year	918	1,697	2,615
1 – 3 years	197	–	197
At end of year	1,115	1,697	2,812

	Borrowings S$'000	Trade and other payables S$'000	Total S$'000
2006:			
Less than 1 year	909	2,297	3,206
1 – 3 years	533	–	533
3 – 5 years	131	–	131
At end of year	1,573	2,297	3,870

It is expected that all the liabilities will be paid at their contractual maturity. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

Bank facilities:

	Group	
	2007 S$'000	2006 S$'000
Undrawn borrowing facilities	1,311	2,061

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for budgeted operations. A monthly schedule showing the maturity of financial liabilities and unused borrowing facilities is provided to the directors to assist them in monitoring the liquidity risk.

23E Interest Rate Risk

The interest rate risk exposure mainly concerns financial liabilities. These financial instruments are both fixed rate and floating rate. The following table analyses the breakdown of the financial liabilities by types of interest rate:

	Group	
	2007 S$'000	2006 S$'000
Financial liabilities:		
Fixed rate	262	353
Floating rate	853	1,220
At end of year	1,115	1,573

Sensitivity analysis: The effect on loss before tax is not significant. Also see Notes 18 and 21.

Notes to the **Financial Statements**

31 December 2007

23. Financial Instrument : Information on Financial Risks (Cont'd)

23F Foreign Currency Risks

There is exposure to foreign currency risk as part of its normal business.

Analysis of amount denominated in non-functional currencies:

Group:

Financial assets:	Cash S$'000	Trade and other receivables S$'000	Total S$'000
At 31 December 2007:			
US dollars	451	241	692
China RMB	567	2,149	2,716
Japanese Yen	14	–	14
At 31 December 2007	1,032	2,390	3,422

Financial assets:	Cash S$'000	Trade and other receivables S$'000	Total S$'000
At 31 December 2006:			
US dollars	434	620	1,054
China RMB	389	1,449	1,838
Japanese Yen	53	10	63
At 31 December 2006	876	2,079	2,955

Financial liabilities:	Borrowings S$'000	Trade and other payables S$'000	Total S$'000
At 31 December 2007:			
US dollars	364	363	727
China RMB	–	1,111	1,111
Japanese Yen	262	–	262
At 31 December 2007	626	1,474	2,100

Financial liabilities:	Borrowings S$'000	Trade and other payables S$'000	Total S$'000
At 31 December 2006:			
US dollars	975	401	1,376
China RMB	–	1,664	1,664
Japanese Yen	353	–	353
At 31 December 2006	1,328	2,065	3,393

Sensitivity analysis: The effect on loss before tax is not significant.

Notes to the **Financial Statements**

31 December 2007

24. 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	
	2007 S$'000	2006 S$'000
Commitment to invest in the subsidiaries (Note 14)	–	834

25. Operating Lease Payment Commitments

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

	Group		Company	
	2007 S$'000	2006 S$'000	2007 S$'000	2006 S$'000
Not later than one year	279	160	33	38
Later than one year and not later than five years	159	34	–	34
Rental expense for the year	387	314	30	4

Operating lease payments are for rentals payable for certain of factory properties. The lease rental terms are negotiated for an average term of three years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage. Such increases are not included in the above amounts.

26. Contingent Liabilities

	Company	
	2007 S$'000	2006 S$'000
Corporate guarantee in favour of subsidiaries	2,364	2,993

Notes to the **Financial Statements**

31 December 2007

27. Changes and Adoption of Financial Reporting Standards

The XBRL format has been used for the first time. Adoption of the new XBRL format has resulted in some reclassifications in the balance sheet and the income statement and related notes but these did not require modifications to financial statements measurements.

For the year ended 31 December 2007, the following new or revised Singapore Financial Reporting Standards were adopted for the first time. The new or revised standards did not require any material modification of the measurement method or the presentation in the financial statements.

The group adopted FRS 107 "Financial instruments: Disclosures". It has been adopted early because it improves disclosures but it has not caused any changes of accounting policy.

FRS No.	Title
FRS 1	Presentation of Financial Statements - Amendments relating to capital disclosures
FRS 40	Investment Property (*)
FRS 107	Financial Instruments: Disclosures
FRS 107	Financial Instruments: Disclosures - Implementation Guidance
INT FRS 105	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (*)
INT FRS 107	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies (*)
INT FRS 108	Scope of FRS 102 (*)
INT FRS 109	Reassessment of Embedded Derivatives (*)
INT FRS 110	Interim Financial Reporting and Impairment
INT FRS 111	FRS102 - Group and Treasury Share Transactions (*)

(*) Not relevant to the entity.

28. Future Changes in Accounting Standards

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

FRS No.	Title	Effective date for periods beginning on or after
FRS 23	Borrowing Costs	1.1.2009
FRS 108	Operating Segments	1.1.2009
INT FRS 111	FRS102 - Group and Treasury Share Transactions (*)	1.3.2007
INT FRS 112	Service Concessions Arrangements (*)	1.1.2008

(*) Not relevant to the entity.

29. Reclassification and Comparative Figures

Certain reclassifications have been made to prior year's financial statements to enhance comparability with current year's financial statements. The reclassifications were not significant (see Note 27).

Statistics Of **Shareholdings**

As At 19 March 2008

Number of shares	-	90,000,000
Class of Equity Shares	-	Ordinary shares
Voting Rights of Ordinary Shareholders	-	On show of hands : 1 vote for each member On a poll : 1 vote for each ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	2	0.46	350	0.00
1,000 - 10,000	165	37.58	887,000	0.98
10,001 - 1,000,000	263	59.91	21,345,650	23.72
1,000,001 AND ABOVE	9	2.05	67,767,000	75.30
TOTAL	439	100.00	90,000,000	100.00

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information provided to the Company as at 19 March 2008, approximately 27.09% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

TWENTY LARGEST SHAREHOLDERS

No.	**Name**	**No. of Shares**	**%**
1	HL BANK NOMINEES (S) PTE LTD	20,214,800	22.46
2	BEH KIM LING	13,050,000	14.50
3	HONG LEONG FINANCE NOMINEES PTE LTD	8,220,000	9.13
4	CHIN FAH	8,128,700	9.03
5	CHIN FOOK CHOY	7,501,000	8.33
6	LIM SENG LEONG	6,087,400	6.76
7	SIN YUE LEE	1,707,900	1.90
8	CHIN FOOK YUEN	1,428,600	1.59
9	CHIN NYOK TOW	1,428,600	1.59
10	TONG CHEE KEONG	913,000	1.01
11	HUANG SHU HUA	714,000	0.79
12	HSBC (SINGAPORE) NOMINEES PTE LTD	699,000	0.78
13	CHIA SER SIN	624,300	0.69
14	TAN CHAY LONG	547,000	0.61
15	LIM TENG SAY	532,000	0.59
16	KIM ENG SECURITIES PTE. LTD.	512,000	0.57
17	KANEISHI SHOHO	500,000	0.56
18	OCBC SECURITIES PRIVATE LTD	443,000	0.49
19	KANG SIAK NGEE	425,000	0.47
20	UOB KAY HIAN PTE LTD	357,000	0.40
	TOTAL	74,033,300	82.25

Statistics Of **Shareholdings**

As At 19 March 2008

SUBTANTIAL SHAREHOLDERS AS AT 19 MARCH 2008

(as recorded in the Register of Substantial Shareholders)

	Number of Ordinary Shares			
Name of Substantial Shareholders	**Direct Interest**	**Deemed Interest**	**Total**	**%**
Chin Fook Lai [1]	-	27,894,800	27,894,800	30.99
Lim Seng Leong	6,087,400	-	6,087,400	6.76
Chin Fah	8,128,700	-	8,128,700	9.03
Chin Fook Choy	7,501,000	-	7,501,000	8.33
Beh Kim Ling	13,050,000		13,050,000	14.50

[1] Chin Fook Lai's deemed interests in shares are held in the name of HL Bank Nominees (S) Pte Ltd and Hong Leong Finance Nominees Pte Ltd.

Notice Of **Annual General Meeting**

K PLAS HOLDINGS LIMITED
Registration No: 200300326D
(Incorporated in Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 18 Cross Street, 8th Floor Marsh & McLennan Centre, Singapore 048423 on Wednesday, 30 April 2008 at 9:30 a.m. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive and consider the Directors' Report and Audited Accounts for the financial year ended 31 December 2007 and the Auditors' Report thereon. — Resolution 1

2. To re-elect Mr Chin Fook Lai, who is retiring by rotation in accordance with Article 107 of the Company's Articles of Association, as Director of the Company. — Resolution 2

3. To re-elect Mr Wong Kok Hoe, who is retiring by rotation in accordance with Article 107 of the Company's Articles of Association, as Director of the Company. — Resolution 3

   [Mr Wong Kok Hoe will, upon re-election as a Director of the Company, remain as member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.]

4. To approve the Directors' fees of S$60,000.00 for the financial year ended 31 December 2007 (2006: S$60,000.00) — Resolution 4

5. To re-appoint Messrs RSM Chio Lim as Auditors and to authorise the Directors to fix their remuneration. — Resolution 5

SPECIAL BUSINESS :

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

6. **Ordinary Resolution : Authority to allot and issue shares up to fifty per centum (50%) of the total number of issued shares** — Resolution 6

   "That pursuant to Section 161 of the Companies Act, Cap. 50. and subject to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to allot and issue shares and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution does not exceed 50% of the total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares (the percentage of the total number of issued shares excluding treasury shares shall be based on the Company's total number of issued shares excluding treasury shares at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed and any subsequent bonus issue, 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)]

Notice Of **Annual General Meeting**

K PLAS HOLDINGS LIMITED
Registration No: 200300326D
(Incorporated in Singapore)

7. To transact any other business which may be properly transacted at an Annual General Meeting.

Explanatory Note:

(i) Resolution 6, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The number of shares which the Directors may allot and issue under this Resolution would not exceed 50% of the issued shares of the Company at the time of passing this Resolution. For allotment and issue of shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of shares to be allotted and issued shall not exceed 20% of the issued shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting.

BY ORDER OF THE BOARD

Chong Kian Lee
Low Mei Mei Maureen
Company Secretaries

Singapore
10 April 2008

Proxies :

1. A member of the Company entitled to attend and vote at the above Meeting may appoint not more than two proxies to attend and vote instead of him.
2. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.
3. If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorized.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 19 Loyang Way #06-22 Changi Logistics Centre Singapore 508724 not less than 48 hours before the time set for the Annual General Meeting.

Proxy Form

K PLAS HOLDINGS LIMITED
Registration No: 200300326D

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.

I/We ____

of ____

being a member/members of K Plas 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 Annual General Meeting of the Company to be held at 18 Cross Street, 8th Floor Marsh & McLennan Centre, Singapore 048423 on Wednesday, 30 April 2008 at 9:30 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
	ORDINARY BUSINESS		
1	To receive and consider Directors' and Auditors' Reports and Audited Accounts		
2	To re-elect Director – Mr Chin Fook Lai		
3	To re-elect Director – Mr Wong Kok Hoe		
4	To approve the Directors' fees of S$60,000 for the financial year ended 31 December 2007		
5	To re-appoint RSM Chio Lim as auditors and authorise the directors to fix their remuneration		
	SPECIAL BUSINESS		
6	To authorise Directors to allot and issue shares and convertible securities pursuant to Section 161 of the Companies Act, Cap. 50		

Dated this __________ day of ________________ 2008

Total number of Shares held

____
Signature(s) of member(s) or common seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

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 shareholdings 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 19 Loyang Way #06-22 Changi Logistics Centre Singapore 508724 not less 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 as 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
Chin Fook Lai (Non-Executive Chairman)
Chan Siew Lim (Group Managing Director)
Chin Fah (Non-Executive Director)
Leong Kin Weng (Independent Director)
Wong Kok Hoe (Independent Director)

AUDIT COMMITTEE
Leong Kin Weng (Chairman)
Wong Kok Hoe
Chin Fah

REMUNERATION COMMITTEE
Leong Kin Weng (Chairman)
Wong Kok Hoe
Chin Fah

NOMINATING COMMITTEE
Wong Kok Hoe (Chairman)
Leong Kin Weng
Chin Fook Lai

COMPANY SECRETARIES
Low Mei Mei Maureen, ACIS, LLB (Hons) (London)
Chong Kian Lee, CPA

REGISTERED OFFICE
19 Loyang Way
#06-22 Changi Logistics Centre
Singapore 508724
Tel: (65) 6542 3488
Fax: (65) 6542 1933

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte Ltd
3 Church Street
#08-01 Samsung Hub
Singapore 049483
Tel: (65) 6536 5355

AUDITORS
RSM Chio Lim
Certified Public Accountants, Singapore
18 Cross Street #09-01
Marsh & McLennan Centre
Singapore 048423
Partner-in-charge: See Ling Ling, Helen (since 2006)
(A member of the Institute of Certified
Public Accountants of Singapore)

K PLAS
Holdings Limited

www.kplas.com.sg

Company Registration Number: 200300326D

CSK Plastic Industries (Shanghai) Co., Ltd
No 328, Hu Guang Road
(Off Old Hu Min Road)
Min Hang, Shanghai China
Post Code: 201108
精所塑胶工业(上海)有限公司
中国上海市闵行区沪光路328号
(近老沪闵路) 邮编201108
Tel: (021) 64583318
Fax: (021) 64583018

K Plas Hi-Tech (Shanghai) Co., Ltd
K Plas Hi-Tech Tooling (Shanghai) Co., Ltd
No 6999 Chuansha Road Block 2
Shanghai Pudong
Chuansha Economic Park
Pudong New Area, Shanghai China
Post Code: 201202
科精祥星精密注塑(上海)有限公司
科精祥星精密模具(上海)有限公司
中国上海市浦东新区川沙路 6999号
上海浦东川沙经济园区2号厂房
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