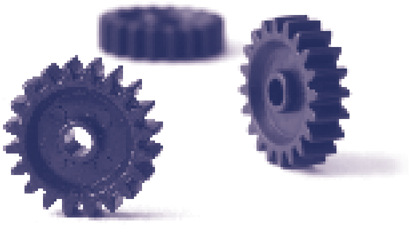
K PLAS
Holdings Limited

ANNUAL REPORT 2008

Corporate Profile



K Plas is an Integrated Mould Design & Fabrication and Plastic Injection Moulding service provider known for combining reliable services and technical expertise with the best quality products.

K Plas serves consumers mainly from consumer electronics, automotive, healthcare and household application industries. With manufacturing facilities in the People's Republic of China, we focus on 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 players, 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.

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Chairman's & Managing Director's Message

DEAR SHAREHOLDERS,

The year 2008 proved to be a very challenging year with businesses worldwide feeling the ripple effects of the global financial crisis. The crisis has adversely affected everyone in some ways and its effects are still unfolding.

K Plas Group was not spared from the effect of the global economic slowdown. As a company serving mainly the electronics industry, our business was affected by decreased product orders from multinational corporations worldwide. In spite of this, we managed to endure the crisis and sustain our business operations while we sought for more sales opportunities.

Majority of custom-moulders like our Group is facing stiff competition with the downward trend. K Plas, in a way, is fortunate because we are almost debt-free. We managed to reduce our operating expenses as a result of our prudent cost management practices. In FY2008, we have further reduced our losses and soon, the Group will be totally free of any external borrowings.

Whilst the Group considered FY2008 better than FY2007 in terms of reduced losses due to improved results from K Plas Hi-Tech (Shanghai) Co., Ltd ("KPHT") and K Plas Hi-Tech Tooling (Shanghai) Co., Ltd ("KPHTT"), the year also saw the cessation of operations of CSK Plastic Industries (Shanghai) Co., Ltd ("CSK").

The Group decided to stop the operations of CSK upon completion of orders in December 2008 in view of continued losses caused by decreasing orders, and with no new projects under development with existing or new customers.

Under a city-development programme where CSK is located, CSK has accepted a compensation offer from the government to vacate the factory by January 2009. At the same time, with the cessation of operations of CSK, the Group is now left with two manufacturing facilities in Shanghai – KPHT and KPHTT. The Group will continue to focus on its two core competencies – plastic injection moulding and mould design and fabrication.

PERFORMANCE REVIEW

Revenue from continuing operations in FY2008 was S$4.9 million, an increase of S$0.6 million or 14% from S$4.3 million recorded in FY2007.

The plastic injection moulding segment, the Group's core business segment, accounted for 64% of our total revenue. The segment's sales increased marginally by 3% over the previous year.

The improvement in sales from the mould design and fabrication segment by S$0.5 million or 40% was attributed to increased orders from customers transferring their mould design and fabrication division from Europe to China.

In line with higher revenue, gross profit increased by S$0.4 million or 34% from S$1 million in FY2007 to S$1.4 million in FY2008.

Total operating expenses of S$1.5 million in FY2008 was S$0.2 million or 14% lower than the total operating expenses of S$1.7 million in FY2007. These expenses included distribution and selling expenses, administrative and finance costs. The decrease was attributed to the results of the Group's past and continued cost control efforts and lower borrowings.

As a result, the Group's continuing operations reported a net profit of S$0.1 million for FY2008 as compared to a net loss of S$0.6 million in FY2007. Taking into consideration the discontinued operations of CSK, net loss of the Group decreased by S$0.8 million or 71% from S$1.1 million in FY2007 to S$0.3 million in FY2008.

In October 2008, the Company completed the placement of 9,000,000 new shares to Stone Canyon Capital Pte Ltd. About 90% of the net proceeds of S$0.5 million from the placement has been utilised as working capital of the Company as at the date of this report.

LOOKING AHEAD

The Group believes that business conditions in the plastic injection moulding industry as well as the PRC market where we operate in are expected to remain challenging in view of the uncertain global economy outlook. The Group will continue to monitor market developments to focus on expanding revenue base with existing and new customers to enhance capacity utilisation.

Our goal for the coming years is to improve the Group's performance in spite of a trying business landscape. The Group's efforts to overcome the challenges in the future will include prudent cost management, careful investment planning, more aggressive marketing of our products and optimising production processes.

Going forward, we will actively pursue opportunities on joint ventures or strategic partnership to strengthen our operations and financial position.

APPRECIATION

In closing, we would like to extend our deep appreciation to our shareholders, business associates and customers for their continued faith in the Company and its management. We would also like to thank our fellow board members and management team for their support and continued determination to grow with us through these challenging times.

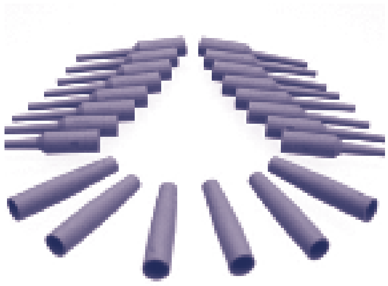
We thank our staff for their dedication and commitment to work with us in turning the Group around and building a strong foundation to sustain and improve the Group's performance.

CHIN FOOK LAI
Non-Executive Chairman

CHAN SIEW LIM
Group Managing Director

March 2009

主席与董事经理献辞



敬爱的股东：

2008年是个非常具有挑战性的年度，全世界的每个企业都感受到全球金融危机连锁反应的冲击。全球金融危机不仅在不同程度上已经对每一个人造成负面影响，其负面的影响还在持续的伸延中。

科精集团当然也未能免受全球经济萧条的冲击。作为一家主要为电子工业提供服务的公司，我们的业务也因来自全世界跨国公司的产品定单的减少而受到影响。与此同时，我们在设法承受这个危机，维持我们的营业操作，并同时也寻求其他协助增长营业额的机会。

大多数的注塑公司正面临剧烈的竞争，科精集团也无可幸免。但在程度上，科精集团颇为侥幸，这是由于我们几乎没有债务。藉助于谨慎的成本管理措施，我们的操作成本得以降低，并进一步减少集团亏损。让我们得于安慰的是，在不久之后，集团将无外债之忧。

我们的两家子公司 – 科精祥星精密注塑（上海）有限公司（“科精注塑”）及科精祥星精密模具（上海）有限公司（“科精模具”）已转亏为盈，使得集团2008财政年度的表现比2007财政年度的更为良好。

同时，也是在2008财政年度，集团决定让子公司精所塑料工业（上海）有限公司（“精所”）在2008年12月停止接单生产。 这是为了减少精所由于定单缺少以及没有新开发项目的情况下对集团造成的亏损。

由于精所厂房所在地恰好被纳入城市发展规划，精所已接受了地方政府要求搬迁支付的赔偿，并已在2009年1月迁出厂址。与此同时，集团现将着重于上海的另两家子公司 – 科精注塑及科精模具，继续专注于我们的两项核心业务 – 注塑成型以及模具设计及制造。

业绩检讨

在2008财政年度，持续经营业务的总营业额达490万新元，相比与2007财政年度的430万新元，增长为60万新元或14%。注塑成型仍然是集团的核心业务，占集团的总营业额的64%。较与上一年度，稍微增加了3%。

另一方面，模具设计及制造的业务也有所增长，营业额上升了50万新元或40%，是归因于客户将模具设计及制造部门从欧洲转移到中国而使定单增加之故。

归随着集团营业额的增长，集团的毛利从2007财政年度的100万新元上升到2008财政年度的140万新元，增加了40万新元或34%。

2008财政年度的总营运费用为150万，与2007财政年度的170万新元相比，降低了20万新元或14%。这些营运费用包括行销、行政及财务费用。总营运费用的缩减是归因于集团采取持续性成本控制措施及债务还息较低的结果。

因此，本集团2008财政年度的持续营业的净利为10万新元，反观2007财政年度的净亏损是60万新元。把精所的营业考虑在内的话，本集团2008财政年度的净亏损为30万新元，与2007财政年度的净亏损110万新元比较，减少了80万新元或71%。

同时，集团于2008年10月，发行900万新股引进了新股东Stone Canyon Capital Pte Ltd，为集团筹集约新币50万的资金。截至3月中旬，90% 筹得的资金已用于运作资金。

前景

本集团相信，由于全球经济前景未卜，注塑成型业，连同涉及有关中国市场的商业情况，将继续保持挑战性。本集团将继续观察市场变化，专注于扩大现有客户群，从而提高机器设备效益使用率。

尽管商业前景诸多挑战，集团将致力于通过成本管理、谨慎的投资计划、更积极的产品销售及优化生产过程来改善本集团的业绩表现。

在向前迈进的同时，我们将积极地寻求与战略伙伴方面合作扩展业务的机会，加强我们的业务及财政状况。

鸣谢

最后，我们谨在此向我们的股东，商业合作伙伴和客户们表达最诚恳的谢意，感谢大家一如既往的信任及支持，在这极富挑战性的年度继续执意与我们共进。我们坚信，有了大家的支持，我们一定可以打造一个更美好的明天。

还有，对于为集团的业绩做出奉献及投入的公司员工，我们衷心的感谢。

陈福来
董事主席

陈秀林
董事经理

2009年3月

Profile of Our Directors

CHIN FOOK LAI
Non-Executive Chairman

Mr Chin Fook Lai, first appointed in June 2003 and last re-elected in April 2008, is our Non-Executive Chairman and founder of the Group. Mr Chin is responsible for setting business directions for the Group, with more than 30 years of experience in the plastic injection moulding industry. He is also 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 in December 2006, is our Managing Director. Mr Chan is responsible for the overall operations of the Group. He is also the Head of Operations of one of our subsidiaries in the PRC.

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. Mr Chan holds a Master in Technology Management from the University of Technology Malaysia. He was also been trained in Quality Management at AOTS, Japan.

CHIN FAH
Non-Executive Director

Mr Chin Fah, first appointed in June 2003, and last re-elected in April 2007, is our Non-Executive Director. He is also a member of the Audit Committee and Remuneration Committee.

Mr Chin is currently the Administrative Director of Cheso Machinery Pte Ltd. He is a member of the Chartered Institute of Marketing (United Kingdom). Mr Chin holds a Diploma in Accounting from London Chamber of Commerce and a Diploma in Marketing from the Institute of Marketing (United Kingdom).

LEONG KIN WENG
Independent Director

Mr Leong Kin Weng, first appointed in June 2003 and last re-elected in April 2007, is our Independent Director. He is the Chairman of the Audit Committee and the Remuneration Committee, and a member of the Nominating Committee.

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. Mr Leong holds a Bachelor of Accountancy degree from the University of Singapore.

WONG KOK HOE
Independent Director

Mr Wong Kok Hoe, first appointed in June 2003 and last re-elected in April 2008, is our Independent Director. He is the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee respectively.

Mr Wong is a director of the Centurion Group. The group has interests in fund management, private equity investments, property development and investments. Prior to this, he was a partner in a local advocates and solicitors firm. He has more than 18 years of experience in legal practice and his main areas of practice were corporate law, corporate finance, mergers and acquisitions and venture capital. He is also a director of the following public listed companies: CFM Holdings Limited, and Hartawan Holdings Limited. Mr Wong holds a Bachelor of Laws (Honours) degree from the National University of Singapore.

Management Team

TAN KIM LIANG
Head of Operations

Mr Tan is our Head of Operations of two of our subsidiaries in the PRC. He joined the Group in 2005 as Factory Manager and is responsible for managing the overall operations of the two plants. 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 manager with various companies in the plastic injection moulding industry.

CHIN JIN SHYANG
Operations Manager

Mr Chin is the Operations Manager of one of our Shanghai operations, responsible for 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.

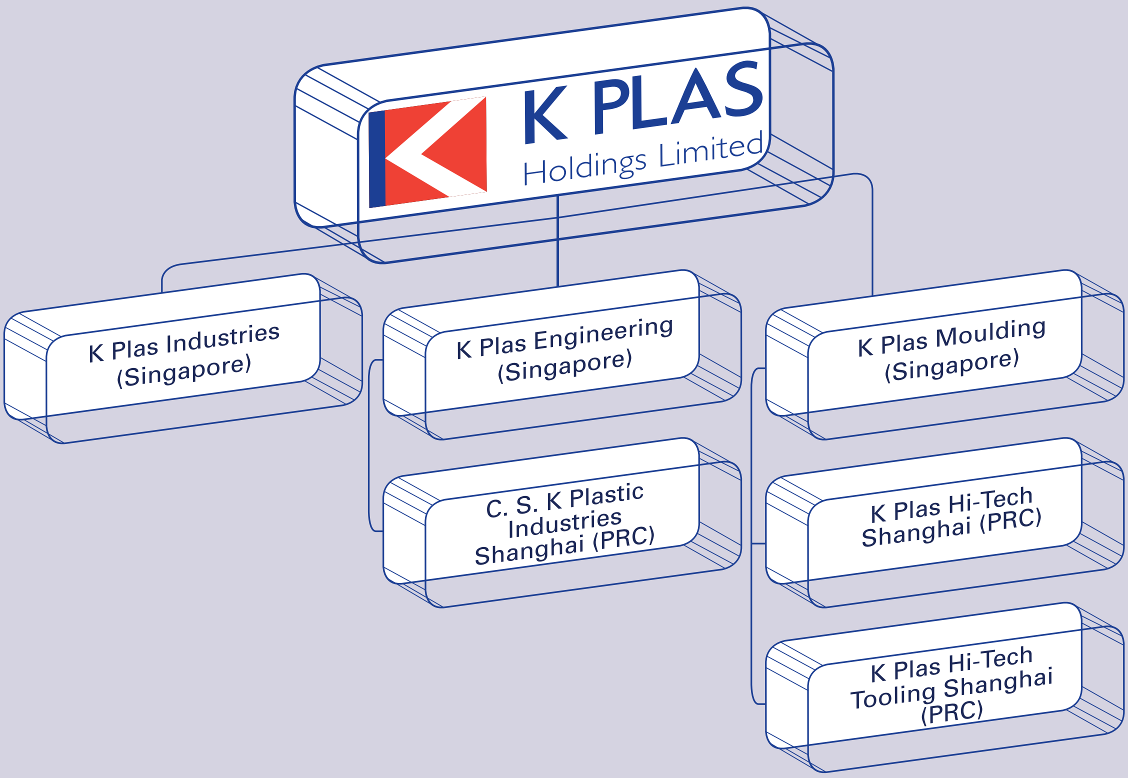
CHIN NYOK TOW
Administrative Manager

Ms Chin is our Administrative Manager. She 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 Business & Human Resource Management from Singapore Human Resources Institute (SHRI) and a diploma in Information Technology from Informatics.

CHONG KIAN LEE
Financial Controller / Company Secretary

Ms Chong is our Financial Controller. She joined the Group in 2003 and is responsible for the overall financial and accounting functions of the Group. She has more than 15 years experience covering auditing, accounting and financial positions in the commercial, manufacturing and public accounting sectors in Singapore and Taiwan. Ms Chong is a Certified Public Accountant with the Institute of Certified Public Accountants of Singapore. She holds a Bachelor of Accountancy degree from the National University of Singapore.

Corporate Structure



Corporate Governance Report

K Plas Holdings Limited (the "Company") is committed to good standards of corporate governance within the Company and its subsidiaries (the "Group") in line with the Code of Corporate Governance 2005 (the "Code") to ensure investor confidence and to provide greater transparency.

This report outlines the Company's corporate governance framework and practices adopted by the Company throughout the financial year ended 31 December 2008.

BOARD MATTERS

Principle 1 The Board's Conduct of its Affair

The primary functions of the Board are to provide stewardship for the Group and to enhance long term returns and values for its shareholders.

The Board sets the overall business directions, provides guidance on the Group's strategic plans and oversees the management of the business and affairs of the Group. It conducts periodic reviews of financial performance of the Group to approve financial statements announcements, annual budgets, and significant business plans including acquisitions and disposal of investment.

To assist in the execution of its responsibilities, the Board has delegated certain functions to the Audit Committee (the "AC"), Nominating Committee (the "NC") and Remuneration Committee (the "RC"), which operate under clearly defined terms of reference.

The Board meets at least twice each year with optional meetings scheduled if there are matters requiring the Board's decision. During the year under review, the number of meetings held and the attendance of each Director are as follows:

	Board		Audit Committee		Remuneration Committee		Nominating Committee	
Name of Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Chin Fook Lai	4	4	NA	NA	NA	NA	2	2
Chan Siew Lim	4	4	NA	NA	NA	NA	NA	NA
Chin Fah	4	4	4	4	2	2	NA	NA
Leong Kin Weng	4	4	4	4	2	2	2	2
Wong Kok Hoe	4	4	4	4	2	2	2	2

The Company will organize orientation programmes for new Directors (if and when appointed) to familiarize them with the Group's structure, business and corporate governance policies, through meetings with management and visits to operational facilities to facilitate effective discharge of their duties.

Corporate Governance Report

Principle 2 Board Composition and Balance

The Board comprises one Executive Director, two Non-Executive Directors and two Independent Directors.

The Board as a group has core competencies in accounting and finance, management and strategic planning, legal and industry knowledge. The profile of each Director is set out on page 4 of the Annual Report.

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 Board has reviewed its size and is of the view that the current size of five directors, of whom two are Independent Directors, has an independent element, and is appropriate and effective to facilitate decision making, taking into consideration of the nature and scope of business as well as the current and future plans of the Group.

Principle 3 Chairman and Chief Executive Officer

The roles of the Non-Executive Chairman and the Managing Director are segregated. The Non-Executive Chairman is responsible for setting business directions of the Group, the workings of the Board, and compliance with the corporate governance process.

The Managing Director, with the assistance of a team of executive officers, is responsible for the day-to-day operations of the Group and implementation of corporate objectives set out by the Board. They are not related to each other.

Principle 4 Board Membership

Principle 5 Board Performance

The NC, comprising two Independent Directors and a Non-Executive Director, is chaired by Mr Wong Kok Hoe.

The NC is responsible for evaluating the effectiveness and performance of the Board. In evaluating the Board's performance, the NC implements a self-assessment process that requires each Director to submit the assessment of the performance of the Board as a whole, which takes into consideration the board's conduct of meetings, maintenance of independence, accountability, communication with management and etc.

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

The NC has recommended Mr Chin Fah and Mr Leong Kin Weng, retiring by rotation under the Company's Articles of Association, for re-election at the forthcoming Annual General Meeting ("AGM").

Corporate Governance Report

Principle 6 Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, Management provides the Directors with quarterly management reports and updates of on-going developments and strategic plans within the Group and matters requiring the Board's decision, prior to Board meetings. In addition, all Directors have separate and independent access to the Group's Company Secretaries and key executives at all times to obtain additional information or explanations.

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, should they consider necessary, at the Company's expense.

At least one of the Company Secretaries attends all Board and Board committee meetings to assist in ensuring that Board procedures are duly complied with, and that relevant rules and regulations, in particular the Companies Act and the SGX-ST Listing rules, which are applicable to the Company, are complied with.

Principle 7 Remuneration Matters

Principle 8 Level and Mix of Remuneration

Principle 9 Disclosure on Remuneration

The RC, comprising two Independent Directors and a Non-Executive Director, is chaired by Mr Leong Kin Weng.

The role of the RC is to review remuneration package for Directors and key executives based on performance, experience and scope of responsibility, and to recommend 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 Directors and 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 of S$60,000 by the RC for the financial year ended 31 December 2008 remain unchanged from that of the previous financial year. The Board duly accepted RC's recommendation and proposed the same for approval by shareholders at the forthcoming AGM.

The Executive Director does not receive any director's fees. 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.

Corporate Governance Report

The level and mix of remuneration (in percentage terms) of the Directors for the financial year ended 31 December 2008 is as follows:

Remuneration Bands / Name of Director	Fixed Salary	Fees	Benefits	Total
	%	%	%	%
Below $250,000				
Chan Siew Lim	87	–	13	100
Chin Fook Lai	–	100	–	100
Chin Fah	–	100	–	100
Leong Kin Weng	–	100	–	100
Wong Kok Hoe	–	100	–	100

Total remuneration received by each of the top five executive officers of the Group (who are 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.

The 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, comprising two Independent Directors and a Non-Executive Director, is chaired by Mr Leong Kin Weng.

The AC meets regularly to perform the following functions:

(a) Review the Group's half year and full year financial statements announcements, prior to submission to the Board for approval;

(b) Review the audit plans, the scope and findings of the audit, including the evaluation of the system of internal controls with internal and external auditors;

(c) Review all interested person transactions to ensure that such transactions are conducted at arms-length and are not detrimental to the interest of the Group;

(d) Undertake such other reviews or projects as may be requested by the Board, by statue or Listing Manual; and

(e) Recommend the appointment or re-appointment of external auditors to the Board, and approve the audit fees.

The AC has authority to investigate any matter within its term of reference and has full discretion to invite any Director or key executive to attend its meetings and reasonable resources to enable it to discharge its functions properly.

Corporate Governance Report

The AC will meet with the Company's auditors without the presence of the management at least once a year to review the scope and results of the audit. Having noted that there are no other services provided by the external auditors to the Company, the AC is of the opinion that the auditors are independent, and has recommended to the Board the re-appointment of Baker Tilly TFWLCL at the forthcoming AGM.

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 the auditors.

The Company has outsourced the internal audit function to Mazars Moores Rowland LLP, an independent audit firm since 2004. The internal auditors, who report directly to the AC, will review the internal control procedures on certain critical areas of the operations identified by the AC.

Based on the findings of the internal and external auditors for the year under review, the AC is satisfied with the adequacy of the Group's internal controls.

The Company has in place whistle-blowing policies where employees of the Group have access to the AC to raise concerns about possible corporate improprieties in matters of financial reporting or other matters. There was no complaint received up to the date of this report.

Principle 10 Accountability

Principle 14 Communications with Shareholders

Principle 15 Greater Shareholder Participation

The Board recognizes that it is accountable to shareholders for the Group's performance, and strives towards timeliness in the dissemination of information on matters of material impact to the shareholders of the Company and the public. The information, including financial statements announcements, is disseminated to shareholders and investing community through 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 available at the AGM to assist the Directors in addressing any relevant queries by the shareholders.

DEALING IN SECURITIES

The Company has adopted and implemented 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 short-term consideration.

Corporate Governance Report

RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, 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 27 to the financial statements.

In addition, whenever new projects are embarked upon, 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, Mr Chin Fook Lai, and hence he is an interested person.

There are interested person transactions in the financial year ended 31 December 2008 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 thanS$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.

FINANCIAL CONTENTS

Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of the K Plas Holdings Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2008.

1. DIRECTORS

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

Chan Siew Lim	(Executive Director)
Chin Fook Lai	(Non-executive Director)
Chin Fah	(Non-executive Director)
Leong Kin Weng	(Independent Director)
Wong Kok Hoe	(Independent Director)

2. ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

3. DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company for the purposes of Section 164 of the Companies Act, Cap. 50 (the "Act"), none of the directors holding office at the end of the financial year had any interest in the shares, debentures, warrants and share options in the Company and related companies, except as follows:

	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
Name of director	**At 1.1.2008**	**At 31.12.2008**	**At 1.1.2008**	**At 31.12.2008**
The Company				
Chin Fook Lai	–	12,000,000	27,894,800	15,894,800
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 shares held by the Company in all of its subsidiaries.

There was no change in any of the above-mentioned interest between the end of the financial year and 21 January 2009.

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related company 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.

Directors' Report

5. **SHARE OPTIONS**

No option to take up unissued shares of the Company or its subsidiaries was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

6. **AUDIT COMMITTEE**

The Audit Committee comprise two independent directors and one non-executive director as follows:

Leong Kin Weng	(Independent Director)
Wong Kok Hoe	(Independent Director)
Chin Fah	(Non-executive Director)

The Audit Committee performs the functions in accordance with Section 201B(5) of the Act, the Listing Manual and the Code of Corporate Governance. The functions performed are detailed in the Corporate Governance Report in the Annual Report.

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board of Directors that Baker Tilly TFWLCL be nominated for re-appointment as independent auditor at the forthcoming Annual General Meeting.

7. **INDEPENDENT AUDITOR'S REMUNERATION**

The directors have reviewed the quantum and nature of fees, expenses and emoluments paid to the independent auditor for non-audit services under Section 206 (1A) of the Act and are satisfied that the provision of such services does not affect their independence.

8. **INDEPENDENT AUDITOR**

The independent auditor, Baker Tilly TFWLCL, has expressed its willingness to accept re-appointment.

On behalf of the directors

CHIN FOOK LAI
Director

CHAN SIEW LIM
Director

10 March 2009

Statement by Directors

In the opinion of the Directors:

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 17 to 53 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 2008 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

(ii) 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**
Director	Director

10 March 2009

Independent Auditor's Report

TO THE MEMBERS OF K PLAS HOLDINGS LIMITED
(Incorporated in Singapore)

We have audited the accompanying financial statements of K Plas Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 17 to 53, which comprise the balance sheets of the Group and the Company as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year ended 31 December 2008, and a summary of significant accounting policies and other explanatory notes. The financial statements for the financial year ended 31 December 2007 were audited by another firm of auditors whose report dated 7 March 2008 expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

Management is 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:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 Auditor's Report

TO THE MEMBERS OF K PLAS HOLDINGS LIMITED
(Incorporated in Singapore)

Opinion

In our opinion,

a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2008 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Baker Tilly TFWLCL
Public Accountants and
Certified Public Accountants
Singapore

Partner: Foong Daw Ching
(Appointed on 31 October 2008)

10 March 2009

Consolidated Income Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	2008 $'000	2007 $'000
Continuing operations			
Revenue		**4,871**	4,284
Cost of sales		**(3,469)**	(3,237)
Gross profit		**1,402**	1,047
Interest income		**6**	13
Other credits	4	**169**	170
Distribution and selling expenses		**(79)**	(98)
Administrative expenses		**(1,384)**	(1,542)
Other charges	5	**(19)**	(92)
Finance costs	6	**(40)**	(107)
Profit/(loss) before income tax from continuing operations	7	**55**	(609)
Tax credit/(expense)	9	**8**	(28)
Net profit/(loss) after income tax from continuing operations		**63**	(637)
Net loss after income tax from discontinued operations	10	**(640)**	(809)
Loss for the year		**(577)**	(1,446)
Loss attributable to Equity Holders of Parent		**(324)**	(1,129)
Loss attributable to Minority Interest		**(253)**	(317)
		(577)	(1,446)
Earnings per share (cents):			
Basic and diluted - continuing operations	11	**0.07**	(0.74)
Basic and diluted - discontinued operations	11	**(0.42)**	(0.57)

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

Balance Sheets

AT 31 DECEMBER 2008

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-current assets					
Plant and equipment	12	**2,717**	4,210	**10**	14
Investment in subsidiaries	13	–	–	**5,540**	6,219
		2,717	4,210	**5,550**	6,233
Current assets					
Inventories	15	**263**	798	–	–
Trade receivables	16	**1,462**	2,276	–	–
Other receivables	17	**66**	268	**236**	324
Cash and bank balances	18	**1,070**	1,541	**130**	40
		2,861	4,883	**366**	364
Current assets associated with discontinued operations	14(a)	**2,380**	–	–	–
		5,241	4,883	**366**	364
Total assets		**7,958**	9,093	**5,916**	6,597
Non-current liabilities					
Other financial liabilities	19	–	197	–	–
Current liabilities					
Trade payables		**434**	1,003	–	–
Other payables	20	**524**	694	**198**	175
Other financial liabilities	19	–	918	–	–
Income tax payable		**12**	–	**12**	–
		970	2,615	**210**	175
Current liabilities associated with discontinued operations	14(b)	**472**	–	–	–
		1,442	2,615	**210**	175
Total liabilities		**1,442**	2,812	**210**	175
Net assets		**6,516**	6,281	**5,706**	6,422
Equity					
Capital and reserves attributable to Company's equity holders					
Share capital	21	**9,055**	8,546	**9,055**	8,546
Other reserves	22	**150**	(107)	–	–
Accumulated losses		**(3,473)**	(3,149)	**(3,349)**	(2,124)
		5,732	5,290	**5,706**	6,422
Minority interest in equity		**784**	991	–	–
Total equity		**6,516**	6,281	**5,706**	6,422

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

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Group	Share capital $'000	Other reserves $'000	Accumulated losses $'000	Total $'000	Minority interest $'000	Total $'000
Balance at 1 January 2007	7,577	(180)	(2,020)	5,377	1,271	6,648
Net loss for the financial year attributable to equity holders	–	–	(1,129)	(1,129)	(317)	(1,446)
Issue of shares	1,001	–	–	1,001	–	1,001
Share issue expenses	(32)	–	–	(32)	–	(32)
Exchange difference on translating foreign operations	–	73	–	73	37	110
Balance at 31 December 2007	8,546	(107)	(3,149)	5,290	991	6,281
Net loss for the financial year attributable to equity holders	–	–	(324)	(324)	(253)	(577)
Issue of shares	540	–	–	540	–	540
Share issue expenses	(31)	–	–	(31)	–	(31)
Exchange difference on translating foreign operations	–	257	–	257	46	303
Balance at 31 December 2008	**9,055**	**150**	**(3,473)**	**5,732**	**784**	**6,516**

Company	Share capital $'000	Accumulated losses $'000	Total $'000
Balance at 1 January 2007	7,577	(776)	6,801
Net loss for the year	–	(1,348)	(1,348)
Issue of shares	1,001	–	1,001
Share issue expenses	(32)	–	(32)
Balance at 31 December 2007	8,546	(2,124)	6,422
Net loss for the year	–	(1,225)	(1,225)
Issue of shares	540	–	540
Share issue expenses	(31)	–	(31)
Balance at 31 December 2008	**9,055**	**(3,349)**	**5,706**

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

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	2008 $'000	2007 $'000
Cash flows from operating activities		
Profit/(loss) before income tax from continuing operations	**55**	(609)
Adjustments for:		
Depreciation of plant and equipment	**490**	597
Gain on disposal of plant and equipment	**(68)**	(111)
Write down of inventories to net realisable value	**19**	58
(Write back)/allowance for doubtful receivables	**(33)**	34
Finance costs	**40**	107
Interest income	**(6)**	(13)
Operating cash flow before movements in working capital	**497**	63
Inventories	**13**	149
Trade receivables	**(196)**	(767)
Other receivables	**22**	12
Trade payables	**(73)**	(21)
Other payables	**23**	55
Currency translation adjustments of subsidiary companies	**104**	(61)
Cash generated from/(used in) operations	**390**	(570)
Income tax refunded/(paid)	**97**	(67)
Interest income received	**6**	13
Net cash generated from/(used in) operating activities of continuing operations	**493**	(624)
Net cash generated from operating activities of discontinued operations	**672**	154
Net cash generated from/(used in) operating activities	**1,165**	(470)
Cash flows from investing activities		
Purchase of plant and equipment	**(10)**	(127)
Plant and equipment transferred (from)/to discontinued operations	**(31)**	14
Proceeds from disposal of plant and equipment	**69**	146
Net cash generated from investing activities of continuing operations	**28**	33
Net cash from/(used in) investing activities of discontinued operations	**109**	(117)
Net cash from/(used in) investing activities	**137**	(84)
Cash flows from financing activities		
Proceeds from issuance of shares	**540**	1,001
Share issue expenses	**(31)**	(32)
Repayment of borrowings	**(354)**	(558)
Interest paid	**(40)**	(107)
Net cash generated from financing activities of continuing operations	**115**	304
Net cash used in financing activities of discontinued operations	**(25)**	(122)
Net cash generated from financing activities	**90**	182
Net increase/(decrease) in cash and cash equivalents	**1,392**	(372)
Cash and cash equivalents at beginning of the financial year	**1,052**	1,422
Effect of exchange rate changes	**(79)**	2
Cash and cash equivalents at end of the financial year	**2,365**	1,052
Cash and cash equivalents are represented by:		
Cash and bank balances from continuing operations	**1,070**	955
Bank overdraft	–	(489)
Cash and bank balances from discontinued operations	**1,295**	586
	2,365	1,052

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. **CORPORATE INFORMATION**

K Plas Holdings Limited (the "Company") (Registration no: 200300326D) was incorporated and domiciled in Singapore.

The registered address is 19 Loyang Way, #06-22 Changi Logistics Centre Singapore 508724.

The principal activities of the Company are investment holding and provision of management service to its related companies. It is listed on the Catalist which is a market on Singapore Exchange Securities Trading Limited (formerly traded on Singapore Exchange Securities Trading Limited dealing in Automated Quotation System). The principal activities of its subsidiaries are described in Note 13 to the financial statements.

2. **SIGNIFICANT ACCOUNTING POLICIES**

(a) **Basis of preparation**

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of the financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year.

The adoption of these new/revised FRS has no material effect on the financial statements.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. **SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

(a) **Basis of preparation** (cont'd)

At the date of the balance sheet, the following FRS and INT FRS were issued, revised or amended but not effective:

FRS 1	Presentation of Financial Statements
FRS 23	Borrowing Costs
FRS 108	Operating Segments
INT FRS 113	Customer Loyalty Programmes
INT FRS 116	Hedges of a Net Investment in a Foreign Operation
Amendments to FRS 101 and FRS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items
Amendments to FRS 32 and FRS 1	Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to FRS 102	Share-based Payment – Vesting Conditions and Cancellations
Improvements to FRSs 2008	

The Group anticipates that the adoption of these FRS and INT FRS (where applicable) in future periods will have no material financial impact on the financial statements of the Group except as disclosed in the following paragraphs:

FRS 1 Presentation of Financial Statements – Revised presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item.

In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt.

FRS 108 Operating Segments

FRS 108 supersedes FRS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed.

The Group will apply FRS 108 from 1 January 2009 and provide comparative information that conforms to the requirements of FRS 108. As this is a disclosure standard, it will have no impact on the financial position or performance of the Group when implemented in 2009.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. **SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

(b) **Principles of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory, plant and equipment, are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and continent liabilities represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(d).

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and continent liabilities over the cost of business combination is recognised in the income statement on the date of acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated income statement.

(c) **Subsidiaries**

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. **SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

(d) **Goodwill**

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(e) **Revenue and other operating income**

Revenue comprises the fair value of the sale of goods and rendering of services, net of sales related taxes, rebates and discounts, and after eliminating sales within the Group.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue from sale of goods is recognised when a Group entity has delivered the products to the customer and title has passed.

Revenue from services is recognised during the financial year in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

Interest income is recognised on a time proportion basis using the effective interest method.

(f) **Operating leases**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by the way of penalty is recognised as an expense in the period in which termination takes place.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. **SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

(g) **Borrowing costs**

All borrowing costs that are incurred in connection with the borrowing of funds are recognised as an expense using the effective interest method in the period in which they are incurred. Borrowings costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset.

Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred.

Capitalisation of borrowing costs are suspended during extended periods in which active development is interrupted.

Capitalisation of borrowing costs should cease when substantially all the activities necessary to prepare the qualifying assets for its intended use or sale are completed.

(h) **Employee benefits**

(i) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Such state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of service rendered by employees up to the balance sheet date.

(i) **Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

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

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. **SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

(i) **Income tax** (cont'd)

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

Deferred taxes are charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

(j) **Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The initial cost of plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing an asset to its working condition and location for its intended use less any trade discounts and rebates.

Subsequent expenditure relating to plant and equipment that have already been recognised is added to the carrying amount of the assets when it is probable that future economic benefits, increase of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised in the income statement during the financial year when it is incurred.

Depreciation is charged so as to write off the cost of all plant and equipment, less any estimated residual value over their estimated useful lives, using the straight-line method as follows:

	Years
Leasehold improvements, plant and equipment	3 - 10

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(k) **Impairment of non-financial assets**

At each balance sheet date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. **SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

(l) **Financial assets**

(a) Classification

The Group classifies its financial assets according to the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The Group's only financial assets are loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

(b) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the income statement. Any amount in the fair value reserve relating to that asset is also taken to the income statement.

(c) Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Interest income on financial assets are recognised separately in the income statement.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

An allowance for impairment of loans and receivables, including trade and other receivables, is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. **SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

(m) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs, other direct costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

(n) **Cash and cash equivalents**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(o) **Financial liabilities and equity**

Financial liabilities include trade and other payables. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in the income and expenditure statement when the liabilities are derecognised and through the amortisation process.

(p) **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.

(q) **Provision**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

2. **SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

(r) **Foreign currencies**

Functional currency

The individual financial statements of each entity in the Group are measured in the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is Singapore dollars. The consolidated financial statements of the Group and the balance sheet and changes in equity of the Company are presented in Singapore dollars.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the date of the balance sheet;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the date of the transactions); and

(iii) All resulting exchange differences are taken to the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. **SIGNIFICANT ACCOUNTING POLICIES** (CONT'D)

(s) **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 environments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format. In respect of business segment reporting, unallocated costs represent corporate expenses. Segment assets consist primarily of plant and equipment, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities and borrowings.

Capital expenditure comprises additions to plant and equipment. In respect of geographical segment reporting, sales are based on the country in which the customer is located and total assets and capital expenditure are where the assets are located.

(t) **Non-current assets (or disposal groups) held for sale and discontinued operations**

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and

(i) represents a separate major line of business or geographical area of operations; or

(ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with a view of resale.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTY**

Estimates and assumptions concerning the future and accounting judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

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:

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

(i) Allowance for doubtful receivables

An allowance is made for doubtful receivables for estimated losses resulting from subsequent inability of the customers 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 period. Management specifically analyses accounts receivables and analyses historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful receivables. 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.

(ii) Net realisable value of inventories

A review is made periodically on inventory for excess inventory, obsolescence and declines in net realisable value below costs 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 judgement 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 of inventory at the balance sheet date was $263,000 (2007: $798,000)

(iii) Plant and equipment

The Group has plant and equipment stated at carrying value of $2,717,000. An assessment is made at each reporting date whether there is any indication that the assets 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.

(iv) 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 useful lives or the carrying amounts written off or written down for being technically obsolete or non-strategic assets that have been abandoned or sold. If the actual useful lives of these plant and equipment were to differ by 10% from management's estimates, the carrying amount of the plant and equipment would be $271,700 higher or $271,700 lower.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTY** (CONT'D)

Key sources of estimation uncertainty (cont'd)

(v) Estimated impairment of subsidiaries

When a subsidiary is in net equity deficit and has suffered operating losses, a test is made whether the investment in the investee had 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.

4. **OTHER CREDITS**

	Group	
	2008	2007
	$'000	$'000
Gain on disposal of plant and equipment	**68**	111
Gain on foreign exchange	**40**	46
Write back for doubtful receivables	**33**	–
Others	**28**	13
	169	170

5. **OTHER CHARGES**

	Group	
	2008	2007
	$'000	$'000
Allowance for doubtful receivables	–	34
Write down of inventories to net realisable value	**19**	58
	19	92

6. **FINANCE COSTS**

	Group	
	2008	2007
	$'000	$'000
Interest on bank loans	**40**	107

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

7. PROFIT/(LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS

Profit/(loss) before income tax from continuing operations is determined after charging the following:

	Group	
	2008	2007
	$'000	$'000
Depreciation of plant and equipment	**490**	597
Rental expenses	**174**	175
Personnel expenses (Note 8)	**2,039**	1,798
Fees for non-audit services by auditors	**35**	23

8. PERSONNEL EXPENSES

	Group	
	2008	2007
	$'000	$'000
Salaries, wages and bonuses	**2,553**	2,697
Defined contribution benefits	**224**	236
Other staff related expenses	**146**	217
	2,923	3,150
Less: Amount attributable to discontinued operations	**(884)**	(1,352)
	2,039	1,798

Directors' and key management's remunerations included in personnel expenses are as follows:

Directors of the Company		
- Salaries and bonuses	**166**	156
- Fees	**60**	60
Directors of the subsidiaries		
- Salaries and bonuses	–	85
- Defined contribution benefits	–	4
- Other related expenses	–	3
Key management staffs		
- Salaries and bonuses	**246**	318
- Defined contribution benefits	**8**	10
- Other related expenses	**7**	21

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

9. TAX CREDIT/(EXPENSE)

Tax credit/(expense) attributable to profits is made up of:

	Group	
	2008	2007
	$'000	$'000
Continuing operations		
Income tax for current financial year	**–**	(28)
Over-provision in prior year	**8**	–
Total income tax credit/(expense)	**8**	(28)

In accordance with the relevant tax laws in the PRC, the subsidiaries of Company incorporated in the PRC are subject to corporate income tax of 25% (2007: 27%) on its taxable income. Under the relevant tax laws in the PRC, certain subsidiaries are entitled to exemption on corporate income tax for the first two years commencing from 1 January 2008, and are entitled to 50% tax reduction for the next three calendar years.

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the applicable corporate income tax rate to profit before income tax from continuing operations due to the following factors:

	Group	
	2008	2007
	$'000	$'000
Profit/(loss) before income tax		
- continuing operations	**55**	(609)
- discontinued operations (Note 10)	**(640)**	(809)
	(585)	(1,418)
Tax calculated at tax rate of 18%	**105**	255
Effect of different tax rate in other countries	**6**	56
Income not subject to tax	**21**	–
Expenses not deductible for tax purposes	**(13)**	(194)
Deferred tax benefit not recognised	**(205)**	(218)
Tax exemption in other countries	**86**	95
Over/(under) provision in prior year	**8**	(18)
Others	**–**	(4)
Tax credit/(expense)	**8**	(28)

The Group has unutilised tax losses and other temporary differences of approximately $3,255,000 and $98,000 respectively (2007: $2,116,000 and $83,000). The use of these balances is subject to the agreement of the relevant tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies in the Group operates.

No deferred tax asset has been recognised as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

10. **DISCONTINUED OPERATIONS**

Following the approval of the Board of Directors on 25 November 2008 for C.S.K. Plastic Industries Co., Ltd to cease operations at end of the financial year, the assets and liabilities of C.S.K. Plastic Industries Co., Ltd have been presented separately on the Income Statement as "Discontinued operations".

Accordingly, the Group's results for the immediate preceding financial year are restated to conform with the presentation of the Group's results for the current financial year.

An analysis of the results of discontinued operations is as follows:

	Group	
	2008	2007
	$'000	$'000
Revenue	**2,909**	4,780
Cost of sales	**(2,802)**	(4,175)
Gross profit	**107**	605
Interest income	**8**	5
Other credits	**862**	29
Distribution and selling expenses	**(53)**	(67)
Administrative expenses	**(697)**	(1,003)
Other charges	**(855)**	(357)
Finance costs	**(12)**	(21)
Loss before income tax from discontinued operations	**(640)**	(809)
Tax expense	**–**	–
	(640)	(809)

The impact of the discontinued operations on the cash flows of the Group is as follows:

	2008	2007
	$'000	$'000
Operating activities	**672**	154
Investing activities	**109**	(117)
Financing activities	**(25)**	(122)
Net cash flows	**756**	(85)
Effect of exchange rate changes	**(47)**	(15)
Net increase/(decrease) in cash and cash equivalents	**709**	(100)

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

11. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2008	2007
Net profit/(loss) attributable to equity holders of the Company (S$'000)		
- from continuing operations	**63**	(637)
- from discontinued operations	**(387)**	(492)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	**91,677**	85,904

12. PLANT AND EQUIPMENT

Group	Leasehold Improvements $'000	Plant and equipment $'000	Total $'000
Cost			
At 1 January 2007	909	8,902	9,811
Exchange adjustment	9	97	106
Additions	7	234	241
Disposals	–	(446)	(446)
At 31 December 2007	925	8,787	9,712
Exchange adjustment	26	428	454
Additions	–	10	10
Disposals	–	(831)	(831)
Written off	(684)	(619)	(1,303)
Reclassified to discontinued operations	–	(3,101)	(3,101)
At 31 December 2008	**267**	**4,674**	**4,941**
Accumulated depreciation			
At 1 January 2007	786	3,786	4,572
Exchange adjustment	–	(48)	(48)
Depreciation charge	112	909	1,021
Disposals	–	(386)	(386)
Impairment	–	343	343
At 31 December 2007	898	4,604	5,502
Exchange adjustment	30	233	263
Depreciation charge	17	785	802
Disposals	–	(721)	(721)
Written off	(680)	(478)	(1,158)
Impairment	–	217	217
Reclassified to discontinued operations	–	(2,681)	(2,681)
At 31 December 2008	**265**	**1,959**	**2,224**
Net book value			
At 31 December 2007	27	4,183	4,210
At 31 December 2008	**2**	**2,715**	**2,717**

In 2007, certain plant and equipment were pledged as security for bank facilities (see Note 19).

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

12. **PLANT AND EQUIPMENT** (CONT'D)

	Office equipment	
	2008	2007
Company	**$'000**	$'000
Cost		
At 1 January	**18**	64
Disposal	**–**	(46)
At 31 December	**18**	18
Accumulated depreciation		
At 1 January	**4**	32
Depreciation charge	**4**	9
Disposal	**–**	(37)
At 31 December	**8**	4
Net book value		
At 31 December	**10**	14

13. **INVESTMENT IN SUBSIDIARIES**

	Company	
	2008	2007
	$'000	$'000
Unquoted equity shares, at cost	**4,917**	4,917
Cost from fair value on financial guarantee	**70**	70
Quasi-equity loan[1]	**4,335**	4,330
Less: allowance for impairment	**(3,782)**	(3,098)
	5,540	6,219
Movement in allowance for impairment:		
Balance at beginning of the year	**(3,098)**	(1,245)
Charged to income statement included under other charges	**(684)**	(1,853)
Balance at end of the year	**(3,782)**	(3,098)

[1] This loan is an interest free quasi-equity loan from the Company to its subsidiary, 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 and K Plas Hi-Tech Tooling (Shanghai) Co., Ltd.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

13. **INVESTMENT IN SUBSIDIARIES** (CONT'D)

The Company had the following subsidiaries as at 31December 2008.

Name of subsidiary	Country of incorporation	Principal activities	Effective % ownership held by the Company and Group
K Plas Industries Pte Ltd**	Singapore	Dormant	100%
K Plas Engineering Pte Ltd**	Singapore	Investment holding	100%
K Plas Moulding Pte Ltd**	Singapore	Investment holding	100%
Held through K Plas Moulding Pte Ltd			
K Plas Hi-Tech (Shanghai) Co Ltd **	Shanghai, The People's Republic of China ("PRC")	Manufacture of plastic components	100%
K Plas Hi-Tech Tooling (Shanghai) Co Ltd **	Shanghai, PRC	Manufacture of plastic injection moulds	100%
Held through K Plas Engineering Pte Ltd			
CSK Plastic Industries (Shanghai) Co Ltd **	Shanghai, PRC	Manufacture of plastic components and plastic injection moulds	60.8%

** Audited by Baker Tilly TFWLCL

*** Audited by Baker Tilly TFWLCL for the sole purpose of inclusion in the consolidated financial statements

14. **ASSETS AND LIABILITIES ASSOCIATED WITH DISCONTINUED OPERATIONS**

a) **Current assets**

		Group 2008 $'000
Assets held for sale	(i)	420
Trade receivables	(ii)	359
Other receivables	(iii)	306
Cash and bank balances		1,295
		2,380

(i) **Assets held for sale**

The assets held for sale comprise the following:

	Group 2008 $'000
Plant and equipment	420

Certain items are under finance lease agreements (see Note 14(b)).

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

14. **ASSETS AND LIABILITIES ASSOCIATED WITH DISCONTINUED OPERATIONS** (CONT'D)

a) **Current assets (cont'd)**

(ii) **Trade receivables**

	Group 2008 $'000
Outsider parties	419
Less: Allowance for doubtful receivables	(60)
	359
Movement in the above allowance:	
Reclassed from continuing operations (Note 16)	15
Allowance made	58
Allowance written off	(15)
Exchange adjustment	2
At 31 December	60

Trade receivables are non-interest bearing and there are no fixed credit term. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions.

They are recognised at their original income amounts which represent their fair values on initial recognition.

(iii) **Other receivables**

	Group 2008 $'000
Deposits	24
Other receivables	267
Prepayments	15
	306

The amounts were unsecured, interest free and repayable on demand.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

14. **ASSETS AND LIABILITIES ASSOCIATED WITH DISCONTINUED OPERATIONS** (CONT'D)

b) **Current liabilities**

		Group 2008 $'000
Trade payables	(i)	94
Other payables	(ii)	115
Finance lease liabilities	(iii)	263
		472

(i) **Trade payables**

	Group 2008 $'000
Outsider parties	77
Related party	17
	94

(ii) **Other payables**

	Group 2008 $'000
Advances from customers	25
Accrued operating expenses	72
Tax payables	18
	115

(iii) **Finance lease liabilities**

The minimum lease payment under the finance lease liabilities are payable as follows:

	Group 2008 $'000
Not later than one financial year	283
Less: Future finance charges	(20)
Present value of finance lease liabilities	263

The weighted average effective interest rate of the finance lease liabilities at the balance sheet date is 4.77% per annum.

Net book value of assets held for sale under finance leases as at 31 December 2008 is $151,000.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

15. INVENTORIES

	Group	
	2008	2007
	$'000	$'000
Raw materials and consumables	**83**	327
Work-in-progress	**64**	246
Finished goods	**116**	225
	263	798

Raw materials are stated at net realisable value after write down of $19,000 (2007: $58,000).

16. TRADE RECEIVABLES

	Group	
	2008	2007
	$'000	$'000
Third parties	**1,462**	2,323
Less: Allowance for doubtful receivables	–	(47)
	1,462	2,276
Movement in the above allowance:		
Balance at the beginning of the financial year	**(47)**	(25)
Reclassed to discontinued operations (Note 14(a)(ii))	**15**	–
Allowance made	–	(34)
Write back of allowance	**33**	11
Exchange adjustment	**(1)**	1
	–	(47)

The write-back of allowance to income statement is due to recovery of the debt.

Trade receivables are non-interest bearing and are up to 90 days term. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions.

They are recognised at their original income amounts which represent their fair values on initial recognition.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

16. **TRADE RECEIVABLES** (CONT'D)

The table below is an analysis of trade receivables as at the end of the financial year:

	Group	
	2008	2007
	$'000	$'000
Not past due and not impaired	**1,323**	1,767
Past due but not impaired	**139**	509
	1,462	2,276
Impairment receivables – individually assessed:		
Past due less than 3 months	–	47
Less: Allowance for doubtful receivables	–	(47)
	–	–
Total trade receivables, net	**1,462**	2,276

The aging analysis of trade receivables which is past due but not impaired is as follows:

Past due less than 3 months	**139**	509

Concentration of trade receivable customers:

Top 1 customer	**409**	455
Top 2 customers	**689**	886
Top 3 customers	**911**	1,272

17. **OTHER RECEIVABLES**

	Group		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Advance payment to suppliers	**11**	–	–	–
Deposits	**17**	120	**14**	10
Other receivables	**21**	11	**4**	2
Prepayments	**17**	60	**6**	5
Amount due from subsidiaries	–	–	**212**	242
Income tax recoverable	–	77	–	65
	66	268	**236**	324

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and are receivable on demand.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

18. CASH AND BANK BALANCES

	Group		Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**970**	1,141	**30**	40
Fixed deposits	**100**	400	**100**	–
	1,070	1,541	**130**	40

The effective interest rate of the fixed deposits ranged from 0.325% to 1.53% (2007: 0.72% to 1.72%) per annum for the Group and Company. Fixed deposits are made for varying periods within 12 months.

19. OTHER FINANCIAL LIABILITIES

		Group	
		2008	2007
		$'000	$'000
Non-current			
Finance lease liabilities	(c)	–	197
Current			
Bank loans (secured)	(a)	–	364
Bank overdraft (secured)	(b)	–	489
Finance lease liabilities	(c)	–	65
		–	918

The interest rates at the balance sheet date were as follows:

Bank overdraft	–	5%
Bank loan	–	6.97% to 7.77%
Finance lease liabilities	–	4.77%

The carrying amounts of current borrowings approximate their fair values.

(a) **Bank loans**

In 2007, the bank loans were covered by a corporate guarantee from the Company and on a first legal charge and negative pledges on the subsidiaries' certain plant and equipment at total carrying value of $1,277,828.

The bank loan agreements provide among other matters for the followings:

(i) No change in the subsidiaries' shareholding structure without the prior written consent of the bank.
(ii) During the tenor of the facilities, the Company shall remain as a listed company on the SGX.
(iii) Subordination of all present and future shareholders' loans to the subsidiaries.
(iv) 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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

19. **OTHER FINANCIAL LIABILITIES** (CONT'D)

(a) **Bank loans** (cont'd)

The bank loans were analysed as follows:

(i) A three-year bank loan of US$500,000 is repayable in 5 equal semi-annual instalments commencing 12 months from August 2005.
(ii) A three-year bank loan of US$700,000 is repayable in 5 equal semi-annual instalments commencing 12 months from December 2004.

The bank loans were fully repaid during the financial year.

(b) **Bank overdraft**

The bank overdraft was covered by a corporate guarantee from the Company, and was fully repaid during the financial year.

(c) **Finance lease liabilities**

The minimum lease payment under the finance lease liabilities are payable as follows:

	Group	
	2008	2007
	$'000	$'000
Not later than one financial year	–	76
Later than one financial year but not later than five financial years	–	211
	–	287
Less: Future finance charges	–	(25)
Present value of finance lease liabilities	–	262
Representing finance lease liabilities:		
Current	–	65
Non-current	–	197
	–	262

Net book value of plant and equipment under finance lease was $295,000.

20. **OTHER PAYABLES**

	Group		**Company**	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Advance receipts from customers	**4**	46	–	–
Accrued operating expenses	**420**	598	**185**	157
Amount due to subsidiaries	–	–	**13**	18
Other payables	**100**	50	–	–
	524	694	**198**	175

The amounts due to subsidiaries are non-trade in nature, unsecured, interest-free and are payable on demand.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

21. SHARE CAPITAL

	Group & Company			
	2008		2007	
	No. of shares	**$'000**	No. of shares	$'000
Issued and paid up capital				
At 1 January	**90,000,000**	**8,546**	77,000,000	7,577
Issue of shares	**9,000,000**	**540**	13,000,000	1,001
Share issue expenses	**–**	**(31)**	–	(32)
At 31 December	**99,000,000**	**9,055**	90,000,000	8,546

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

During the financial year, the Company issued 9,000,000 ordinary shares of $0.06 per share for cash, on 24 October 2008 to provide funds for the working capital. In 2007, the Company issued 13,000,000 ordinary shares of $0.077 per share for cash to provide funds for the working capital. The newly issued shares rank pari passu in all respects with the previously issued shares.

22. OTHER RESERVES

	Statutory reserve $'000	Translation reserve $'000	Total $'000
At 1 January 2007	74	(254)	(180)
Exchange difference	–	73	73
At 31 December 2007	74	(181)	(107)
Exchange difference	–	257	257
At 31 December 2008	**74**	**76**	**150**

Statutory reserve

In accordance with relevant PRC regulations, subsidiaries which are incorporated in the PRC are required to transfer 10% of their respective net profits to the statutory general reserve until the reserve reaches 50% of their registered capital. The transfer to this reserve must be made before the payment of dividends to shareholders.

The statutory general reserve can only be used to set off against losses, to expand the subsidiary's production operations or to increase the capital of the subsidiary. The subsidiary may convert its statutory general reserve into share capital provided that the remaining balance of such reserve is not less than 25% of the registered capital.

Translation reserve

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

23. OPERATING LEASE COMMITMENTS

	Group	
	2008	2007
	$'000	$'000
No later than one financial year	**190**	289
Later than one financial year but not later than five financial years	**30**	158
	220	447

24. 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 Company or that has an interest in the Company that gives it significant influence over the Company's financial and operating policies. 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 for which significant voting power in the Company resides with, directly or indirectly.

In addition to information disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties who are not members of the Group during the financial year on terms agreed by the parties concerned:

	Group	
	2008	2007
	$'000	$'000
Purchase of spare parts and services	**9**	11
Sales of plant and equipment	**(34)**	(122)
Purchase of plant and equipment	–	78

Intra-group transactions that have been eliminated in the financial statements are not disclosed as related party transactions above.

25. CAPITAL MANAGEMENT

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 and 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 light of changes in economics 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 debts.

The Group and the Company has complied with externally statutory imposed capital requirement for the financial years ended 31 December 2008 and 31 December 2007.

26. CONTINGENT LIABILITIES

	Company	
	2008	2007
	$'000	$'000
Corporate guarantee in favour of subsidiaries	–	2,364

27. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial instruments as at balance sheet date are as follows:

	Group	
	2008	2007
	$'000	$'000
Financial assets		
Loans and receivables	**4,778**	4,746
Financial liabilities		
Measured at amortised cost	**1,413**	2,569

(b) Financial risk management

The Group's overall risk management policy is to ensure adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group's overall risk management is determined and carried out by the board of directors. The policies for managing each of these risks are summarised as follows:

(i) Foreign exchange risk

The Group and Company transacts some of the business in foreign currencies, which is mainly in United States dollar and Japanese Yen and therefore is exposed to foreign exchange risk. The Group and Company does not use forward contracts to hedge their exposure to foreign currency risk in the local functional currency.

The Company and its subsidiaries maintain their respective books and accounts in their functional currencies. As a result, the Group is subject to transaction and translation exposures resulting from currency exchange rate fluctuations. It is not the Group's policy to takes speculative positions in foreign currencies.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

27. **FINANCIAL INSTRUMENTS** (CONT'D)

(b) Financial risk management (cont'd)

(i) Foreign exchange risk

The Group's foreign currency transaction exposure based on the information provided to key management is as follows:

	USD $'000	JPY $'000	Total $'000
At 31 December 2008			
Financial assets			
Trade receivables	310	–	310
Cash and bank balances	539	1	540
	849	1	850
Financial liabilities			
Trade payables	86	–	86
Other payables	–	263	263
	86	263	349
Net financial assets/(liabilities)	**763**	**(262)**	**501**
At 31 December 2007			
Financial assets			
Trade receivables	241	–	241
Cash and bank balances	451	14	465
	692	14	706
Financial liabilities			
Trade payables	363	–	363
Other financial liabilities	364	262	626
	727	262	989
Net financial liabilities	(35)	(248)	(283)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a change in the USD and JPY against the functional currencies of the subsidiaries, with all other variables held constant, the effect arising from the net financial assets/(liabilities) position will be as follows:

	2008		2007	
	Profit net of tax $'000	**Equity $'000**	Profit net of tax $'000	Equity $'000
USD - strengthened 2%	**15**	**15**	(1)	(1)
- weakened 2%	**(15)**	**(15)**	1	1
JPY - strengthened 2%	**(5)**	**(5)**	(5)	(5)
- weakened 2%	**5**	**5**	5	5

27. **FINANCIAL INSTRUMENTS** (CONT'D)

(b) **Financial risk management** (cont'd)

(ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For cash and bank balances, the Group adopts the policy of dealing only with low risk credit quality counterparties.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their loans and borrowings and cash deposits placed with the financial institution.

The Group's policy is to manage interest cost using mix of fixed and floating rate debts, which depends on the interest rates market and economic conditions. For interest income from cash deposits, the Group managed the interest rate risks by placing cash deposits with reputable financial institutions on varying maturities and interest rate terms.

As at year end, the borrowings for the Group are at fixed rate.

(iv) Liquidity and cash flow risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining sufficient cash to enable them to meet their operating commitments and having an adequate amount of committed credit facilities.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

27. **FINANCIAL INSTRUMENTS** (CONT'D)

(c) Fair value financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and payable approximate their respective fair value due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

28. **SEGMENT INFORMATION**

The primary reporting format is by business segments and secondary reporting format is by geographical segments.

a) Primary reporting format - business segments

For management purposes, the Group is organised into two major operating segments: plastic injection moulding and mould design 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 ("injection moulding") 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, VCD & DVD players, audio car stereo and ignition systems.

The mould design and fabrication segment ("mould fabrication") 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 process. 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 transfer. Internal transfer pricing policies of the group are based on arm's length prices.

28. **SEGMENT INFORMATION** (CONT'D)

a) Primary reporting format - business segments (cont'd)

Segment information about these businesses is presented below:

	Injection moulding		Mould fabrication		Unallocated		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Continuing operations								
Revenue by segments								
Total revenue by segments	**3,121**	3,037	**2,009**	1,499	**–**	–	**5,130**	4,536
Inter-segment sales	**–**	–	**(259)**	(252)	**–**	–	**(259)**	(252)
External revenue	**3,121**	3,037	**1,750**	1,247	**–**	–	**4,871**	4,284
Segment profit/(loss)	**163**	162	**453**	133	**(521)**	(797)	**95**	(502)
Finance costs	**(15)**	(57)	**(4)**	(24)	**(21)**	(26)	**(40)**	(107)
Profit/(loss) before tax	**148**	105	**449**	109	**(542)**	(823)	**55**	(609)
Income tax	**–**	–	**–**	–	**8**	(28)	**8**	(28)
Net profit/(loss) for the year	**148**	105	**449**	109	**(534)**	(851)	**63**	(637)
Other segment information:								
Capital expenditure	**(9)**	(99)	**(1)**	(28)	**–**	–	**(10)**	(127)
Depreciation	**(281)**	(323)	**(205)**	(239)	**(4)**	(35)	**(490)**	(597)
Write down of inventories to net realisable value	**(13)**	(58)	**(6)**	–	**–**	–	**(19)**	(58)
Gain on disposal of plant and equipment	**–**	–	**–**	–	**68**	111	**68**	111
Write back/(provision) for doubtful receivables	**33**	(34)	**–**	–	**–**	–	**33**	(34)
Discontinued operations								
Revenue by segments								
Total revenue by segments	**2,797**	4,579	**112**	201	**–**	–	**2,909**	4,780
Inter-segment sales	**(81)**	–	**–**	–	**–**	–	**(81)**	–
External revenue	**2,716**	4,579	**112**	201	**–**	–	**2,828**	4,780
Segment loss	**(567)**	(777)	**(61)**	(11)	**–**	–	**(628)**	(788)
Finance costs	**(12)**	(21)	**–**	–	**–**	–	**(12)**	(21)
Loss before tax	**(579)**	(798)	**(61)**	(11)	**–**	–	**(640)**	(809)
Income tax	**–**	–	**–**	–	**–**	–	**–**	–
Net loss for the year	**(579)**	(798)	**(61)**	(11)	**–**	–	**(640)**	(809)
Other segment information:								
Capital expenditure	**–**	(99)	**–**	(15)	**–**	–	**–**	(114)
Depreciation	**(264)**	(365)	**(48)**	(59)	**–**	–	**(312)**	(424)
Write down of inventories to net realisable value	**–**	(10)	**–**	–	**–**	–	**–**	(10)
Plant and equipment written off	**(145)**	–	**–**	–	**–**	–	**(145)**	–
Impairment loss on plant and equipment	**(217)**	(343)	**–**	–	**–**	–	**(217)**	(343)
Loss on disposal of plant and equipment	**(25)**	(4)	**–**	–	**–**	–	**(25)**	(4)
(Provision)/write back for doubtful receivables	**(58)**	11	**–**	–	**–**	–	**(58)**	11

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

28. **SEGMENT INFORMATION** (CONT'D)

a) **Primary reporting format - business segments** (cont'd)

	Injection moulding		Mould fabrication		Unallocated		Eliminations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Segment assets	**3,321**	5,893	**2,051**	2,472	**225**	747	**(19)**	(19)	**5,578**	9,093
Assets associated with discontinued operations	**2,074**	–	–	–	**306**	–	–	–	**2,380**	–
Consolidated total assets									**7,958**	9,093
Segment liabilities	**398**	1,425	**350**	483	**211**	904	**11**	–	**970**	2,812
Liabilities associated with discontinued operations	**343**	–	**14**	–	**115**	–	–	–	**472**	–
Consolidated total liabilities									**1,442**	2,812

b) **Secondary reporting format - geographical segments**

All the customers of the Group are located in PRC.

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:

	Group	
	2008	2007
	$'000	$'000
Segment assets:		
Singapore	206	625
PRC	7,752	8,468
	7,958	9,093
Capital expenditure:		
PRC	10	241

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

29. COMPARATIVE FIGURES

The financial statements for the financial year ended 31 December 2007 were audited by another firm of auditors whose report dated 7 March 2008 expressed an unqualified opinion on those financial statements.

As mentioned in Note 10 to the financial statements, the comparative figures for the Group have been restated to conform with the current financial year's presentation as a result of the discontinued operations of the Group.

Certain other reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements as follows:

Group	As previously reported $'000	Amount reclassified $'000	Restated $'000
Balance sheet items			
Trade and other receivables	2,407	(2,407)	–
Other assets	137	(137)	–
Trade and other payables	(1,697)	1,697	–
Trade receivables	–	2,276	2,276
Other receivables	–	268	268
Trade payables	–	(1,003)	(1,003)
Other payables	–	(694)	(694)

30. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2008 were authorised for issue in accordance with a resolution of the directors dated 10 March 2009.

Statistics of Shareholdings

AS AT 18 MARCH 2009

Number of shares	-	99,000,000
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 OF SHARES	%
1 - 999	2	0.45	350	0.00
1,000 - 10,000	162	36.82	872,000	0.88
10,001 - 1,000,000	265	60.23	21,560,650	21.78
1,000,001 AND ABOVE	11	2.50	76,567,000	77.34
TOTAL	440	100.00	99,000,000	100.00

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information provided to the Company as at 18 March 2009, approximately 24.63% 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	BEH KIM LING	13,050,000	13.18
2	CHIN FOOK LAI	12,000,000	12.12
3	STONE CANYON CAPITAL PTE LTD	9,000,000	9.09
4	HL BANK NOMINEES (S) PTE LTD	8,214,800	8.30
5	CHIN FAH	8,128,700	8.21
6	HONG LEONG FINANCE NOMINEES PTE LTD	8,020,000	8.10
7	CHIN FOOK CHOY	7,501,000	7.58
8	LIM SENG LEONG	6,087,400	6.15
9	SIN YUE LEE	1,707,900	1.73
10	CHIN FOOK YUEN	1,428,600	1.44
11	CHIN NYOK TOW	1,428,600	1.44
12	TONG CHEE KEONG	913,000	0.92
13	HUANG SHU HUA	714,000	0.72
14	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	699,000	0.71
15	LIM TENG SAY	632,000	0.64
16	CHIA SER SIN	624,300	0.63
17	TAN CHAY LONG	547,000	0.55
18	KANEISHI SHOHO	500,000	0.51
19	OCBC SECURITIES PRIVATE LTD	443,000	0.45
20	KANG SIAK NGEE	425,000	0.43
	TOTAL	82,064,300	82.89

Statistics of Shareholdings

AS AT 18 MARCH 2009

SUBTANTIAL SHAREHOLDERS AS AT 18 MARCH 2009

(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)]	12,000,000	15,894,800	27,894,800	28.18
Beh Kim Ling	13,050,000		13,050,000	13.18
Stone Canyon Capital Pte. Ltd.	9,000,000	–	9,000,000	9.09
Stone Forest Pte Ltd [(2)]	–	9,000,000	9,000,000	9.09
Hong Thye Holdings Pte Ltd [(3)]	–	9,000,000	9,000,000	9.09
Chin Fah	8,128,700	–	8,128,700	8.21
Chin Fook Choy	7,501,000	–	7,501,000	7.58
Lim Seng Leong	6,087,400	–	6,087,400	6.15

[(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.

[(2)] and [(3)] The deemed interest arises from shares held by Stone Canyon Capital Pte. Ltd.

Notice of Annual General Meeting

Registration No: 200300326D

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095 on Wednesday, 29 April 2009 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 2008 and the Auditors' Report thereon. Resolution 1

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

   [Mr Chin Fah will upon re-election as a Director of the Company, remain as a member of the Audit Committee and will not be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.]

3. To re-elect Mr Leong Kin Weng, 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 Leong Kin Weng, will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.]

4. To approve the Directors' fees of S$60,000.00 for the financial year ended 31 December 2008 (2007: S$60,000.00) Resolution 4

5. To re-appoint Messrs Baker Tilly TFWLCL 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 resolutions as Ordinary Resolutions:

6. **Ordinary Resolution: Authority to allot and issue shares** Resolution 6

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

Notice of Annual General Meeting

Registration No: 200300326D

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

    (a) new shares arising from the conversion or exercise of any convertible securities;

    (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

    (c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) the 50% limit in sub-paragraph (1) above may be increased to 100% for the Company to undertake pro-rata renounceable rights issues;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and

(5) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)]

7. **Ordinary Resolution: Authority to issue shares other than on a pro-rata basis pursuant to the aforesaid share issue mandate at discounts not exceeding twenty per centum (20%) of the weighted average price for trades done on the SGX-ST.** Resolution 7

That subject to and pursuant to the aforesaid share issue mandate being obtained, the Directors of the Company be hereby authorised and empowered to issue shares other than on a pro-rata basis at a discount not exceeding twenty per centum (20%) to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement in relation to such shares is executed (or if not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement or subscription agreement is executed), provided that :-

(a) in exercising the authority conferred by this Resolution, the Company complies with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST); and

(b) 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 of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

Notice of Annual General Meeting

Registration No: 200300326D

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

Explanatory Note:

(i) The proposed Resolution 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders. The 50% limit referred to in the preceding sentence may be increased to 100% for the Company to undertake pro-rata renounceable rights issues.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary 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 when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

The 100% renounceable pro-rata rights issue limit is one of the new measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective on 20 February 2009. It will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. Minority shareholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlements through trading of nil-paid rights if they do not wish to subscribe for their rights shares. It is subject to the condition that the Company makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in the annual report.

Notice of Annual General Meeting

Registration No: 200300326D

Explanatory Note (cont'd):

(ii) The proposed Resolution 7 above is pursuant to measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective on 20 February 2009. Under the measures implemented by the SGX-ST, issuers will be allowed to undertake non pro-rata placements of new shares priced at discounts of up to 20% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed, subject to the conditions that (a) shareholders' approval be obtained in a separate resolution (the "Resolution") at a general meeting to issue new shares on a non pro-rata basis at discount exceeding 10% but not more than 20%; and (b) that the resolution seeking a general mandate from shareholders for issuance of new shares on a non pro-rata basis is not conditional upon the Resolution.

It should be noted that under the Listing Manual of the SGX-ST, shareholders' approval is not required for placements of new shares, on a non pro-rata basis pursuant to a general mandate, at a discount of up to 10% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed.

BY ORDER OF THE BOARD

Chong Kian Lee
Low Mei Mei Maureen
Company Secretaries

Singapore
13 April 2009

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 authorised.
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.

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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 8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095 on Wednesday, 29 April 2009 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 Fah		
3	To re-elect Director – Mr Leong Kin Weng		
4	To approve the Directors' fees of S$60,000 for the financial year ended 31 December 2008		
5	To re-appoint Baker Tilly TFWLCL as Auditors and authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
6	To authorise Directors to allot and issue shares and convertible securities		
7	To authorise Directors to issue shares other than on pro-rata basis at discounts not exceeding 20%		

Dated this ________ day of ______________ 2009

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 shareholding to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50.

6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 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)
Wong Kok Hoe	(Independent Director)
Leong Kin Weng	(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:

Baker Tilly TFWLCL
Certified Public Accountants, Singapore
15 Beach Road #03-10
Beach Centre
Singapore 189677
Partner-in-charge: Foong Daw Ching
(Appointed on 31 October 2008)

CSK Plastic Industries (Shanghai) Co., Ltd
精所塑胶工业（上海）有限公司

No 898 Block 27 2nd floor
Bei Wu Road
Min Hang, Shanghai China
Post Code: 201109
上海市闵行区北吴路898号27栋2楼
邮编201109

Tel: (021) 64583318
Fax: (021) 64583018

K Plas Hi-Tech (Shanghai) Co., Ltd
科精祥星精密注塑(上海)有限公司

K Plas Hi-Tech Tooling (Shanghai) Co Ltd
科精祥星精密模具(上海)有限公司

No 6999 Chuansha Road Block 2 Shanghai Pudong
Chuansha Economic Park
Pudong New Area, Shanghai China
Post Code: 201202
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
邮编201202

Tel: (021) 58593160
Fax: (021) 58593166

www.kplas.com.sg

Company Registration Number: 200300326D