

Full Year Financial Statement And Dividend Announcement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Group Income Statement for full year ended 31 December 2007. These figures have not been audited.

	Group		
	Year ended 31/12/2007	Year ended 31/12/2006	% Increase/ (Decrease)
(S\$'000)			
Total revenue	81,994	76,853	6.69
Cost of sales	(69,813)	(69,586)	0.33
Gross profit	12,181	7,267	67.62
Other operating income	2,374	1,189	99.66
Selling and distribution expenses	(3,807)	(11,732)	(67.55)
Administrative expenses	(7,130)	(6,554)	8.79
Share of results from an associate	-	4,125	(100.00)
Finance costs	(3,104)	(2,984)	4.02
Profit/(loss) before taxation and minority interests	514	(8,689)	NM
Taxation (Note 1)	(276)	(581)	(52.50)
Profit/(loss) after taxation and before minority interests	238	(9,270)	NM
Attributable to;			
Shareholders of the company	171	(9,243)	NM
Minority interest	67	(27)	NM
	238	(9,270)	
Profit/(loss) for the financial years ended 31 December is arrived at after (charging)/crediting the following:			
	Group		
	Year ended 31/12/2007	Year ended 31/12/2006	% Increase/ (Decrease)
(S\$'000)			
Dividend income	257	-	NM
Depreciation of property, plant and equipment	(3,368)	(3,374)	(0.18)
Foreign exchange gain, net	928	904	2.65
Interest expenses	(3,104)	(2,984)	4.02
Interest income	73	88	(17.05)
Allowance for inventories obsolescence	(52)	(7,501)	(99.31)
Allowance for doubtful debts (Trade)	(142)	(577)	(75.39)
Allowance for doubtful debts (Non-trade)	85	(175)	NM
Loss on liquidation of a subsidiary	(331)	-	NM
Amortisation of intangible assets	(20)	(21)	(4.76)
Gain on disposal of property, plant and equipment	316	2	NM
Gain on disposal of investment securities	792	-	NM
NM: Not meaningful			

	Year ended 31/12/2007	Year ended 31/12/2006
Note 1: Taxation		
The charge for taxation is made up of the following:-		
Current taxation		
- Singapore	26	108
- Overseas	295	314
Deferred taxation	14	2
	335	424
(Over)/under provision in respect of prior years	(59)	157
	276	581

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

(S\$'000)	Group		Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Non-current assets:				
Property, plant and equipment	39,596	40,914	13	-
Investments in subsidiaries	-	-	42,404	44,495
Goodwill on consolidation	2,594	2,875	-	-
Intangible assets	806	819	-	-
Deferred taxation	202	252	-	-
Long-term investments	5,041	6,355	-	-
Total non-current assets	48,239	51,215	42,417	44,495
Current assets:				
Cash and bank balances	5,567	6,750	166	113
Trade receivables	25,300	22,534	-	-
Investment securities	4,894	15,884	3	6
Other receivables and prepayments	5,353	4,835	15,358	15,664
Inventories	20,419	14,974	-	-
Total current assets	61,533	64,977	15,527	15,783
Total assets	109,772	116,192	57,944	60,278
Current liabilities:				
Interest-bearing loans and borrowings	38,259	46,599	1,776	1,500
Trade payables	19,166	11,260	-	-
Other payables	3,396	3,282	5,188	7,959
Provision for taxation	421	390	68	68
Obligations under finance leases (current)	222	517	148	-
Total current liabilities	61,464	62,048	7,180	9,527
Net current assets	69	2,929	8,347	6,256
Non-current liabilities:				
Obligations under finance leases (non-current)	437	220	296	-
Deferred taxation	11	18	-	-
Long-term bank loans	4,617	5,219	-	-
Total non-current liabilities	5,065	5,457	296	-
Equity attributable to equity holders of the company				
Share capital	50,520	50,520	50,520	50,520
Treasury shares	(318)	-	(318)	-
Statutory reserves	2,428	2,264	-	-
Foreign currency translation reserves	(6,790)	(6,938)	-	-
Share option reserves	185	185	185	185
Fair value adjustment reserves	(3,326)	2,191	(3)	(1)
Revenue reserves	54	47	84	47
	42,753	48,269	50,468	50,751
Minority interest	490	418	-	-
Total equity	43,243	48,687	50,468	50,751
Total liabilities and equity	109,772	116,192	57,944	60,278

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/12/2007	As at 31/12/2006
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,581	32,900	6,287	40,829

Amount repayable after one year

As at 31/12/2007	As at 31/12/2006
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,054	Nil	5,439	Nil

Details of any collateral

The credit facilities of the subsidiaries are secured by the leasehold properties of Europtronic (Singapore) Pte Ltd and Europtronic Electronic (Shenzhen) Co., Ltd, and freehold properties of Europtronic Taiwan Ind Corp and Housing Technology Corp respectively.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	S\$'000	
	12 months ended 31/12/2007	12 months ended 31/12/2006
Cash flows from operating activities:		
Profit/(loss) before taxation	514	(8,689)
Adjustments for:		
Amortisation of intangible assets	20	21
Depreciation of property, plant and equipment	3,368	3,374
Interest income	(73)	(88)
Interest expense	3,104	2,984
Dividend income	(257)	-
Gain on disposal of property, plant and equipment	(316)	(2)
Gain on disposal of investment securities	(792)	-
Allowance for inventories obsolescence	52	7,501
Allowance for doubtful debts (trade)	142	577
Allowance for doubtful debts (non-trade)	(85)	175
Share of results from an associate	-	(4,125)
Loss on a liquidation of a subsidiary	331	-
Net effect of exchange rate changes in consolidating subsidiaries	192	(45)
Operating cash flow before reinvestment in working capital	6,200	1,683
(Increase)/decrease in trade receivables	(2,908)	6,540
(Increase)/decrease in other receivables and prepayments	(433)	1,037
(Increase)/decrease in inventories	(5,497)	745
Increase/(decrease) in trade payables	7,906	(8,057)
Increase/(decrease) in other payables	114	(384)
Cash generated from operations	5,382	1,564
Interest paid	(3,104)	(2,984)
Interest received	73	88
Income tax paid	(202)	(765)
Net cash generated from/(used in) operating activities	2,149	(2,097)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(4,003)	(4,726)
Proceeds from disposal of plant and equipment	2,275	1,256
Proceeds from disposal of investment securities	6,244	-
Proceeds from disposal of convertible bond	1,233	-
Dividends received	257	-
Dividends received from associate	-	768
Acquisition of a subsidiary, net of cash acquired (Note 1)	-	(2,493)
Net cash generated from/(used in) investing activities	6,006	(5,195)
Cash flows of financing activities:		
(Repayments of)/proceeds from bank loans, net	(8,942)	7,650
Repayments of finance leases	(78)	(963)
Dividends paid	-	(3,386)
Share buy-back	(318)	(673)
Net cash (used in)/generated from financing activities	(9,338)	2,628
Net decrease in cash and cash equivalents	(1,183)	(4,664)
Cash and cash equivalents at beginning of financial year	6,750	11,414
Cash and cash equivalents at end of financial year	5,567	6,750

Note 1: Acquisition of a subsidiary, net of cash acquired:**31/12/2006**

	S\$'000
Current assets	1,791
Fixed assets	2,948
Current liabilities	(1,247)
Non-current liabilities	(1,509)
Fair value of net assets acquired	1,983
Goodwill on acquisition	987
Minority interest	(444)
Purchase consideration	2,526
Cash of subsidiary acquired	(33)
Net cash outflow on acquisition of subsidiaries	2,493

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital	Share premium	Statutory reserves	Foreign currency translation reserves	Share option reserves	Revenue reserves	Fair value adjustment reserves	Treasury shares	Minority interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group										
Balance at 1 January 2006	34,231	16,962	2,239	(4,220)	185	23,492	-	-	-	72,889
Acquisition of interest in a subsidiary	-	-	-	-	-	-	-	-	444	444
Dividends paid	-	-	-	-	-	(3,386)	-	-	-	(3,386)
Loss for the financial year	-	-	-	-	-	(9,243)	-	-	(27)	(9,270)
Dividend - in specie declared	-	-	-	-	-	(12,182)	-	-	-	(12,182)
Share buy-back	(673)	-	-	-	-	-	-	-	-	(673)
Transfer from revenue reserve to statutory reserve	-	-	25	-	-	(25)	-	-	-	-
Transfer of share premium reserve to issued share capital account	16,962	(16,962)	-	-	-	-	-	-	-	-
Net gain on fair value changes	-	-	-	-	-	-	2,191	-	-	2,191
Fair value adjustment arising from dividend in specie	-	-	-	-	-	1,391	-	-	-	1,391
Translation adjustments	-	-	-	(2,718)	-	-	-	-	1	(2,717)
Balance at 31 December 2006	50,520	-	2,264	(6,938)	185	47	2,191	-	418	48,687
Profit for the financial year	-	-	-	-	-	171	-	-	67	238
Transfer from revenue reserve to legal reserve	-	-	164	-	-	(164)	-	-	-	-
Fair value changes	-	-	-	-	-	-	(5,517)	-	-	(5,517)
Translation adjustment	-	-	-	148	-	-	-	-	5	153
Share buy-back	-	-	-	-	-	-	-	(318)	-	(318)
Balance at 31 December 2007	50,520	-	2,428	(6,790)	185	54	(3,326)	(318)	490	43,243
Company										
Balance at 1 January 2006	34,231	16,962	-	-	185	3,622	-	-	-	55,000
Dividends paid	-	-	-	-	-	(3,386)	-	-	-	(3,386)
Profit for the financial year	-	-	-	-	-	14,362	-	-	-	14,362
Dividends - in specie declared	-	-	-	-	-	(12,182)	-	-	-	(12,182)
Share buy-back	(673)	-	-	-	-	-	-	-	-	(673)
Transfer of share premium reserve to issue share capital account	16,962	(16,962)	-	-	-	-	-	-	-	-
Fair value adjustment arising from dividend in specie	-	-	-	-	-	(2,369)	-	-	-	(2,369)
Net loss on fair value changes	-	-	-	-	-	-	(1)	-	-	(1)
Balance at 31 December 2006	50,520	-	-	-	185	47	(1)	-	-	50,751
Profit for the financial year	-	-	-	-	-	37	-	-	-	37
Fair value changes	-	-	-	-	-	-	(2)	-	-	(2)
Share buy-back	-	-	-	-	-	-	-	(318)	-	(318)
Balance at 31 December 2007	50,520	-	-	-	185	84	(3)	(318)	-	50,468

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There were no changes in the Company's share capital since the end of both financial years reported on.

Option granted under the Europtronic Employees' Share Option Scheme outstanding as at 31 December 2007 is 1,067,000 (31 December 2006: 1,290,200).

During the year, the Company has bought back 3,000,000 shares. Of the 3,000,000 shares bought back, the Company had transferred 500,000 shares to its employees under the Europtronic Performance Shares, and the remaining 2,500,000 shares as treasury shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Year ended 31/12/2007	Year ended 31/12/2006
Number of issued shares	338,554,577	338,554,577
Less: Number of treasury shares	(2,500,000)	-
Number of issued shares excluding treasury shares	336,054,577	338,554,577

1(d)(iv) A statement showing all sales transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

	Year ended 31/12/2007	Year ended 31/12/2006
Purchase of treasury shares	3,000,000	-
Transfer to Europtronic Performance Shares	(500,000)	-
Balance of treasury shares	2,500,000	-

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the most recent audited financial statements as at 31 December 2006.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	2007	2006
Earnings per ordinary share ("EPS") for the year based on net profit attributable to the shareholders		
(i) Based on weighted average number of ordinary shares in issue ; and	0.05 cents	(2.72 cents)
(ii) On a fully diluted basis	0.05 cents	(2.72 cents)

(i) EPS for year ended 31 December 2007 on existing issued share capital is computed based on the weighted average number of shares in issue during the year of 336,793,750 (31/12/2006 : 340,229,235) ordinary shares of S\$0.10 each.

(ii) There is no dilution in respect of the share options outstanding for the end of both financial years reported on.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group			Company		
	31/12/07	31/12/06	Change	31/12/07	31/12/06	Change
Net asset value ("NAV") backing per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the period reported on	12.72 cents	14.26 cents	(10.80%)	15.02 cents	14.99 cents	0.20%

Note:

NAV per ordinary share is computed based on number of shares in issue (excluding treasury shares) of 336,054,577 (31/12/2006 : 338,554,577) as at 31 December 2007.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Income Statement

Revenue

Group's revenue increased by S\$5 million or 6.7% from S\$76.9 million reported in FY2006 to S\$82.0 million reported in FY2007. The increase was due primarily to the increase contributed by the distribution segment. Revenue from the manufacturing segment remain stable. This segmental increase in revenue has resulted in the change of segmental mix between distribution and manufacturing to 31% (2006: 34%) and 69% (2006: 66%) respectively in FY2007.

The Group registered an increase in gross profit of S\$4.9 million or 67.6 % to S\$12.2 million in FY2007, compared with S\$7.3 million reported in FY2006.

Group's gross profit margin increased by 5.4% to 14.8% in FY2007 from 9.4% in FY2006.

This substantial improvement in gross profit and margin performance was attributable to the Group's adoption of new marketing strategy. During the year, the Group had enlarged its customer base and gradually shifted sales to customers that offered better margin. As a result, profit from the manufacturing segment increased from S\$2 million in FY2006 to S\$5.5 million in FY2007. Manufacturing gross margin increased from 7.8% in FY2006 to 21.6 % in FY2007. In addition, profit from the distribution segment increased from S\$5.2 million in FY2006 to S\$6.6 million in FY2007. Distribution gross margin increased from 10.2% in FY2006 to 11.8% in FY2007.

In FY2007, other income increased by S\$1.2 million mainly attributable to the dividend received and gain on partial disposal of investment in Eucon Holding Limited ("Eucon") as well as the disposal of the Group's four office units, two units located in Taiwan and another two units located in Hong Kong.

The Group had since Q1 2007 ceased to report share of profit from its associate company as the Group had reduced its shareholding in Eucon from 26.9% as at 31.12.2006 to 9.0% to date.

Selling and distribution expenses decreased by S\$7.9 million or 67.5% were due mainly to a provision of S\$7.5 million made for obsolescence of non-green stocks made in FY2006.

Administrative expenses remained in check. Finance costs increased by 4 % due to increase in the utilisation of bank facilities during the year which was in line with increase in revenue.

The Group had turned around from loss before tax of S\$8.7 million in FY2006 to profit before tax of S\$0.5 million in FY2007. As a result of improvement in sales, gross profit margin and sales mix, as well as the one-off allowance for obsolescence of non-green stocks in FY2006, the Group's profit before tax improved by S\$9.2 million.

Balance sheet

Inventory increased by S\$5.4 million partly due to an increase in sales and inventory holding. Average inventory holding remained stable and was aged approximately 3 months. Trade receivables increased by S\$2.8 million which was in line with the increase in revenue, and the average trade account receivables aged around 3.5 months was consistent with the industry practice in the PRC.

Total bank borrowings decreased by S\$9 million from S\$52 million as at the beginning of the financial year 2007 to S\$43 million as at 31 December 2007. Gearing was 1.02 compared with 1.09 as at the beginning of the financial year 2007.

The Group's wholly-owned subsidiary, Europtronic Technology (UK) Ltd, had been voluntarily liquidated in FY2007 because management had considered that this subsidiary had not been contributing to the Group's overall performance as planned while giving due consideration to its negligible trading and operational activities from the Group's perspective.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement was disclosed to shareholders previously.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group will continue to focus on its core business and positioned itself as a well-recognized and established manufacturer and distributor of active and passive components providing high quality capacitors, inductors and a wide range of other components to global brand Multinational Corporations.

To maintain the Group's competitive edge under the current fierce competitive economic environment, the Group will focus on the cost reduction measures, inventory control and in improving its production management and procurement efficiency. The Group will also focus its efforts on product and process improvement as well as upgrading the existing older machines.

In view of steep increase in prices of oil and petroleum related products as well as increase in basic raw material prices such as steel, copper and aluminum, the Group has strategized its selling efforts in increasing its selling prices to mitigate the impact on cost hike.

The Group is committed to a viable business model and operation that will steer Europtronic to remain competitive.

In addition to its core component business, the Group will continue to pursue its diversification into other profitable business ventures. In January 2008, the Group had acquired a 25% shareholding in a bio-technology company in China via a capital injection of US\$250,000.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been recommended by the Directors for the full year ended 31 December 2007.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Manufacturing S\$'000	Distribution S\$'000	Corporate S\$'000	Elimination S\$'000	Total S\$'000
31 December 2007					
PROFIT AND LOSS STATEMENT					
Revenue					
- External	25,633	56,361	-	-	81,994
- Internal	18,239	39,824	-	(58,063)	-
Total revenue	43,872	96,185	-	(58,063)	81,994
Result:					
Segment results	5,531	6,650	-	-	12,181
Unallocated expenses					(8,563)
Finance costs					(3,104)
Profit before taxation					514
Taxation					(276)
Profit after taxation					238
Attributable to;					
Shareholders of the company					171
Minority interest					67
					238
Other segment information:					
Capital expenditure	3,698	305	-	-	4,003
Amortisation & depreciation	2,966	422	-	-	3,388
Allowance for inventories obsolescence	15	37	-	-	52
Allowance for doubtful debts (Trade)	111	31	-	-	142
Allowance for doubtful debts (Non-trade)	-	-	(85)	-	(85)
Gain on disposal of investment securities	-	-	792	-	792
Gain on disposal of property, plant and equipment	-	(316)	-	-	(316)
Loss on liquidation of a subsidiary	-	-	331	-	331

	Manufacturing S\$'000	Distribution S\$'000	Corporate S\$'000	Elimination S\$'000	Total S\$'000
31 December 2007 STATEMENT OF NET ASSETS					
Assets:					
Segment assets	64,885	102,804	70,294	(128,413)	109,570
Unallocated assets					202
Total assets					109,772
Liabilities:					
Segment liabilities	34,977	89,696	16,406	(74,982)	66,097
Unallocated liabilities					432
Total liabilities					66,529

	Manufacturing S\$'000	Distribution S\$'000	Corporate S\$'000	Elimination S\$'000	Total S\$'000
31 December 2006 PROFIT AND LOSS STATEMENT					
Revenue					
- External	25,928	50,925	-	-	76,853
- Internal	22,093	39,785	-	(61,878)	-
Total revenue	48,021	90,710	-	(61,878)	76,853
Result:					
Segment results	2,010	5,257	-	-	7,267
Unallocated expenses					(17,097)
Share of results from an associate	4,125				4,125
Finance costs					(2,984)
Loss before taxation					(8,689)
Taxation					(581)
Loss attributable to the shareholders					(9,270)
Other segment information:					
Capital expenditure	4,471	415	-	-	4,886
Amortisation & depreciation	2,931	464	-	-	3,395
Allowance for inventories obsolescence	6,863	638	-	-	7,501
Allowance for doubtful debts (Trade)	323	254	-	-	577
Allowance for doubtful debts (Non-trade)	-	-	175	-	175
Gain on disposal of property, plant and equipment	(2)	-	-	-	(2)

	Manufacturing S\$'000	Distribution S\$'000	Corporate S\$'000	Elimination S\$'000	Total S\$'000
31 December 2006					
STATEMENT OF NET ASSETS					
Assets:					
Segment assets	58,205	89,718	85,029	(117,012)	115,940
Unallocated assets					252
Total assets					116,192
Liabilities:					
Segment liabilities	29,552	82,071	20,909	(65,435)	67,097
Unallocated liabilities					408
Total liabilities					67,505

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to note 8.

15. A breakdown of sales.

	Year Ended 31/12/2007 \$'000	Year Ended 31/12/2006 \$'000	% Increase/(decrease)
Sales reported for first half year	Group 38,395	Group 42,050	(8.69)
Operating profit after tax before deducting minority interest reported for first half year	1,389	3,012	(53.88)
Sales reported for second half year	43,599	34,803	25.27
Operating (loss) after tax before deducting minority interest reported for second half year	(1,151)	(12,282)	90.63

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend

	Latest Full Year (2007)	Previous Full Year (2006)
Ordinary	-	-
Preference	-	-
Total:	-	-

By Order of the Board

Huang Shih An
Chairman
22 February 2008