Stay Focus
meet the challenge

SunningdaleTech

ANNUAL REPORT 2008

5 pillars of Excellence

- On-time delivery for both external and internal customers
- Pro-quality mindset to the extent of doing right the first time, every time with no rework
- Waste reduction attitude in time, cost, manpower and other resources
- Continuous improvement culture through new work processes and new technologies
- Strong teamwork and co-operation spirit among workers, sections, departments, locations and organisations

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Music, in performance, is a type of sculpture. The air in the performance is sculpted into something.

- Frank Zappa

VISION

To be recognised as a leading Asian tooling, plastics injection moulding with decorative finishing processes and precision assembly company supplying to the Global market.


AUTOMOTIVE


CONSUMER / IT


HEALTHCARE


TELECOMMUNICATIONS

Focused on our *destination*

CHAIRMAN'S STATEMENT

To Our Shareholders,

To say that FY08 was challenging would be an understatement. The price of oil rose to US$140 per barrel in June 2008 and the US dollar was at it weakest also in 2Q08. While the pressure from these two factors abated in the 2H08, the damage was done, and then towards the end of the year, orders began to fall as the financial crisis extended into the real economy.

The Group's revenue for FY08 declined 5.2% to $365.0 million from $385.1 million for FY07. Except for the Mould Fabrication business segment, contribution from all other business segments, on parts sales, had declined.

During the year, the Group faced rising resin cost, increases in operating costs, an increase in minimum wages in the China, lower capacity utilisation as a result of lower orders and significant weakening of the US Dollar. As a result, the Group's gross margin for the year declined from 15.6% for FY07 to 12.0% for FY08.

The Group recorded a net loss of $97.5 million for FY08 compared to a net profit of $12.1 million in FY07. The loss was due to the impairment of goodwill and foreign exchange loss. Without these factors, the Group would have achieved net profit attributable to shareholders of approximately $5.2 million.

The Group had $8.4 million of net cash from operating activities for the year under review compared to $36.8 million a year earlier. This was due to payment of capital expenditure for a new plant in Johor and an increase in work-in-progress for Mould Fabrication due to higher year end orders.

Our capital expenditure incurred for the year was $28.1 million compared to $23.1 million in FY07. This was due to the acquisition of assets in Mexico to support an existing customer in the Consumer/IT segment, construction of a new factory in Zhongshan which was approved in FY07 and the acquisition of machines to support the Healthcare, Consumer/IT as well as Tooling businesses.

The Group closed the year with a cash balance of $41.9 million, compared to $70.3 million at 31 December 2007.

The Group's net tangible asset value per share rose to 28.24 cents as at 31 December 2008 as compared to 27.49 cents as at 31 December 2007 and closed with working capital of $36.9 million, slightly down from $37.7 million for FY07.

Business Outlook

2009 will be an even more challenging year as the global financial crisis makes its impact felt in the real economy. However, two factors provide some relief. First, the price of oil has fallen, taking pressure off resin prices. Second, US dollar weakening has abated.

Demand for Automobiles is expected to be the lowest in several decades. Automakers, especially in the US, are cutting back production. We expect the orders from the Automotive business segment to be significantly lower than FY08.

The Consumer/IT business segment will continue to be steady as the Group was awarded several projects in the last quarter of 2008 and first quarter of 2009. In addition, the Group had acquired certain assets in the last quarter of 2008 in Mexico which we expect to contribute in FY09. Many of these projects kick off in the second half, so we expect the first half to be relatively weak, and the second half to be stronger. To manage cost better, the Group is moving all production, except for some precision components, from Singapore to Johor.

In the Healthcare segment, new projects from two customers were launched in the last quarter of 2008. The tainted milk scandal in China has resulted in increase in orders for foreign manufacturers of infant formula. This in turn has resulted in increased orders from our customers. We expect growth in this business segment. We also continue to receive enquiries for Mould Fabrication from customers in Healthcare.

Acknowledgements

On behalf of the Board, I would like to take this opportunity to thank our business partners for their support, and our management and staff for their continued commitment and hard work.

I would also like to thank my fellow directors for their guidance and advice.

Koh Boon Hwee
Chairman
April 2009

主席致词

致公司股东，

以“富有挑战性”来形容2008财政年度，绝对不足以陈述其真实的情况。油价上涨至每桶140美元，而美元更在2008年的第二季跌至新低点。尽管这两项压力已经在下半年减弱，却已经造成了巨额的损失。在下半年，席卷全球的金融危机也已对实际经济带来了冲击，订单也开始放缓。

2008财政年度，集团的营业收入下滑5.2％，从2007财政年度的385.1百万新元减至365.0百万新元。除了模具制造业务之外，其他集团业务对业绩的贡献都有所减少。

集团继续面对树脂价格上涨、营运成本增加、在中国的最低薪金上调、定单减少导致产能使用率下降，以及美元显著疲弱等不利因素。集团的毛利率因而从2007财政年度的15.6％下降至2008财政年度的12.0％。

和2007财政年度的12.1百万新元净利相比，集团在2008财政年度蒙受了97.5百万新元的净亏损，主要原因在于商誉减值亏损，以及外汇所造成的损失。倘若没有这些因素，集团可取得约5.2百万新元的可归属股东净利。

集团从营运活动中，与2007财政年度36.8百万新元相比，在这财政年只取得了8.4百万新元的现金。这是因为支付了马来西亚柔佛州新厂房的款项和由于模具定单提高而增加的在产品。

和2007财政年度的23.1百万新元相比，集团在这一年的固定资产支出达到28.1百万新元。这是因为我们为支持一名现有的消费／资讯科技客户而在墨西哥收购的资产、2007财政年度通过批准在中山兴建新厂房，以及为扩展医疗保健、消费／资讯科技和加工业务而添购机器。

和截至2007年12月31日的70.3百万新元相比，集团在2008财政年度的现金余额为41.9百万新元。

集团截至2008年12月31日的每股净有形资产为28.24分，比2007年12月31日的27.49分高。而2008年的36.9百万新元流动资金，则稍微低过前一年的37.7百万新元。

业务展望

迈入2009年，随着全球金融危机对实际经济造成巨大的冲击，我们将面对更严峻的挑战。与此同时，油价下跌解除树脂价格上涨的压力，以及美元疲弱情况的扭转，则将给予我们喘息的空间。

汽车业务的需求预料将创下数十年来的新低。全球特别是美国的汽车制造商已经开始减少产量。和2008财政年度相比，我们预计汽车业务的定单将显著减少。

消费／资讯科技的业务继续稳健发展。集团在2008年第四季和2009年第一季成功取得了几项合同。此外，集团也在2008年第四季于墨西哥完成了一些资产的收购计划，并预计可在2009财政年度对集团的业绩表现作出贡献。由于大部分项目都会在下半年展开，因此我们预计上半年的业绩表现和下半年相比，将显得相对疲弱。除了一些精密组件的生产设施，集团决定把新加坡的所有零件制造设施迁移至柔佛，以更好地管理成本。

在医疗保健业务方面，我们在2008年第四季和两名客户的新项目已开始推出。中国毒奶粉丑闻促使外国婴儿配方制造商的定单增加，进而刺激了我们的客户增加定单。我们预计可取得业务增长。此外，集团的医疗保健业客户也对我们的模具制造业务深感兴趣。

致谢

本人谨代表董事局感谢我们的商业伙伴所给予的支持，并向充满热忱，努力不懈的管理层与员工表示谢意。

最后，我还要感谢董事局成员的宝贵意见和指教。

许文辉
主席
2009年4月

Meeting the *challenges* ahead

FINANCIAL HIGHLIGHTS

REVIEW OF THE FINANCIAL HIGHLIGHTS

The financial year ended 31 December 2008 ("FY08") was adversely affected in the first half of the year by oil prices climbing to US$140 per barrel and the US dollar weakening. As these two pressures abated in the second half, however, relief was short lived as the real economy began a rapid fall as a result of the financial crisis escalating. Demand in the automobile sector, in particular, is the weakest in more than two decades. While facing these challenges, the Group continues to manage cash flow, keeping tight control over capital expenditure and operating expenditure while managing receivables and inventory.

Revenue

For FY08, the Group's revenue declined by 5.2% to $365.0 million from $385.1 million for FY07.

The decrease in revenue came from all business segments except for Mould Fabrication. In Automotive, the Group was affected by low demand. In Consumer/IT, it was due to end of life of projects in 2Q08 and new projects only launched in 3Q08. This was partially offset by increased revenue in the Mould Fabrication segments, but the latter could not make up for the shortfall.

Gross Profit and Gross Profit Margin

Gross profit for FY08 fell 27.4% to $43.7 million from $60.2 million for FY07 due to rising resin cost, increases in operating costs, an increase in minimum wages in China, lower capacity utilisation as a result of lower orders and significant weakening of the US Dollar. The process of relocating production for automotive components from Singapore to Bintan also resulted in duplicate overheads for a period of time. Correspondingly, the gross profit margin for FY08 was also lower at 12.0% compared to 15.6% for FY07. The details behind this overall picture, however, is better as gross margins, which in 2Q08 was at 7.9% (oil prices and a weakened US dollar peaked in that period), rose to 11.7% in 3Q08 and further improved to 13.6% in 4Q08.

Profitability

Net loss attributable to shareholders amounted to $97.5 million for FY08 compared to a net profit of $12.1 million for FY07.

The loss was due to the impairment of goodwill and foreign exchange loss. Both of these are non cash items. Without these factors, the Group would have achieved net profit attributable to shareholders of approximately $5.2 million.

Earnings, Net Asset Value and Net Tangible Asset Value Per Share

Based on the weighted average number of ordinary shares in issue, the Group recorded basic losses per share of 13.26 cents for FY08 compared to basic earnings per share of 1.65 cents for FY07.

Net asset value per share fell to 32.32 cents as at 31 December 2008 from 44.48 cents as at 31 December 2007, mainly due to the impairment in the value of its goodwill.

Net tangible asset per share rose to 28.24 cents as at 31 December 2008 from 27.49 cents a year earlier.

Financial Position and Cash Flow Movements

The Group's fixed assets were at $176.7 million as at 31 December 2008 compared to $171.7 million as at 31 December 2007. This included $26.2 million (FY07: $26.2 million) in depreciation charges incurred during the year. The increase in fixed assets was due to the acquisition of assets in Mexico to support an existing customer in the Consumer/IT segment, construction of a new factory in Zhongshan which was approved in FY07 and the acquisition of machines to support the Healthcare, Consumer/IT as well as Mould Fabrication businesses.

Inventories increased to $64.9 million as at 31 December 2008 from $55.5 million as at 31 December 2007. However, this was due an increase in tooling orders in the last quarter of the year from Mould Fabrication business segment which resulted in an increase in work-in-progress.

Trade and other receivables decreased to $86.6 million as at 31 December 2008 from $87.7 million as at 31 December 2007. The Group continues to focus on the management of receivables.

Trade and other payables decreased to $41.0 million as at 31 December 2008 from $51.3 million as at 31 December 2007 mainly due to capital expenditure items incurred towards the end of the last financial year being paid off.

Overall bank borrowings decreased to $88.2 million as at 31 December 2008 from $93.7 million as at 31 December 2007.

The Group maintained a cash balance of $41.9 million as at 31 December 2008 resulting in net debt of about $46.3 million.

Net cash generated from operating activities was $8.4 million for FY08, compared to $36.8 million for FY07. Net cash used in investing activities was $28.0 million for FY08 as compared to $15.4million in FY07. For comparison purpose, in FY07 the Group received the proceeds on the disposal of the Bukit Batok plant. On the other hand, in FY08 cash was used in the acquisition of machines to support the Healthcare, Consumer/IT as well as Tooling business and construction of a new factory in Zhongshan. Once completed, the Group will move certain manufacturing processes in its existing Zhongshan facility to the new factory, which will help to improve operational efficiency. Net cash used in financing activities for FY08 was $8.0 million compared to $3.0 million in FY07.

Performance by Business Segments

Revenue from the Automotive business segment decreased by 4.1% from $104.2 million for FY07 to $100.0 million for FY08. The segment's contribution to Group revenue grew slightly from 27.1% to 27.4%. The decrease in revenue was mainly due to the decrease in orders and weakening of the US dollar.

Revenue from the Telecommunications business segment declined by 36.1% from $17.1 million for FY07 to $11.0 million for FY08 while revenue contribution fell from 4.4% to 3.0%. This was mainly due to end of life of the projects.

The combined Consumer/IT and Healthcare business segments continued to be the main revenue generator accounting for 43.1% of Group revenue for FY08, this was down from 45.3% for FY07. The revenue for the combined segment declined by 10.0% from $174.5 million for FY07 to $157.2 million for FY08, primarily due to certain projects coming to end of life and there was a delay in new projects launched. This was partially offset by an increase in orders from inkjet cartridge assembly and healthcare segments.

Revenue from Mould Fabrication increased by 8.5% from $89.3 million for FY07 to $97.0 million for FY08. This segment accounted for 26.6% of the Group's revenue for FY08, up from 23.2% for FY07. This was due to increased orders in the healthcare segment.

Performance by Geographic Segments

The Group currently has manufacturing facilities located in nine locations including Singapore, Malaysia, Indonesia, China and Mexico.

Operations in China and Hong Kong continued to contribute the bulk of Group revenue which accounted for 54.7% for FY08, slightly decreased by 0.1% from 54.8% in FY07.

The Singapore and Malaysia operations continued to be the next most important revenue-generating region and their contribution increased slightly from 41.4% for FY07 to 42.0% for FY08.

Revenue contribution from the Group's operations in other regions decreased from 3.8% for FY07 to 3.3% for FY08, due to a decrease in orders from the Automotive segment.

Business Outlook

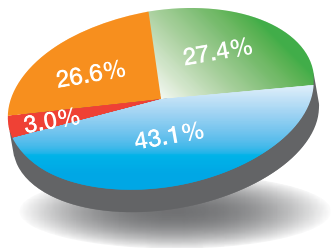
The Group plans to further consolidate its operations. The injection moulding business, except for Healthcare and some precision parts are moving to Johor by 2nd quarter 2009. In addition, the Group has decided to move the production of bezels and climate control components, for Automotive business segment, from Mexico to Asia to maximise the utilisation of capacity and facilities in Asia as the technical expertise in decorative plastic technology is centred in Asia. Mexico will focus on less labour intensive, mold and ship products; including large parts that are not feasible to be shipped to US from Asia.

Despite the difficult operating environment, the Group continues to receive enquiries for new business. In the course of 2008, a number of US and European competitors have fallen victim to the credit crisis. Ironically, this has given rise to increased enquiries, but we are well aware that overall demand is still coming down. We taking new business order that fits the Group's current capacity without incurring additional capital expenditure.

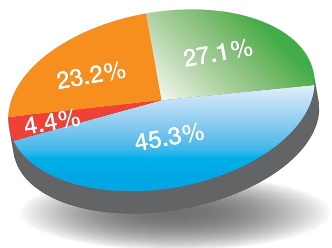
Overall the outlook continues to be challenging as the global financial crisis continues to deteriorate and almost every industry sector is impacted.

PERFORMANCE BY BUSINESS SEGMENT

FY2008



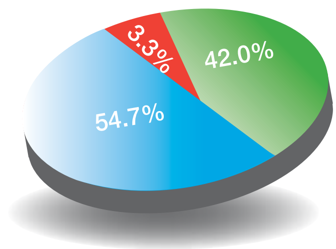
FY2007



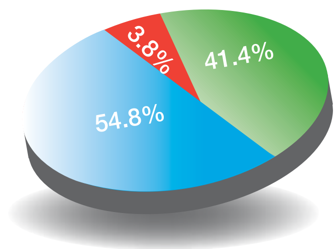
Automotive
Consumer / IT and Healthcare
Telecommunications
Mould Fabrication

PERFORMANCE BY GEOGRAPHIC SEGMENT

FY2008



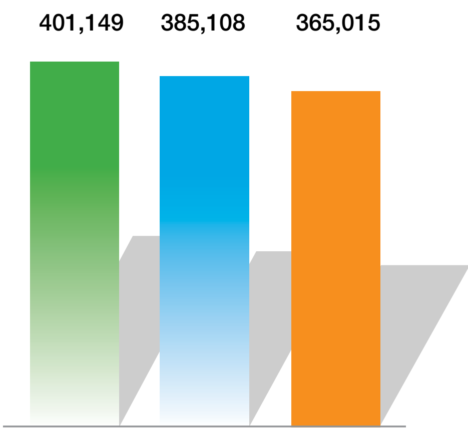
FY2007



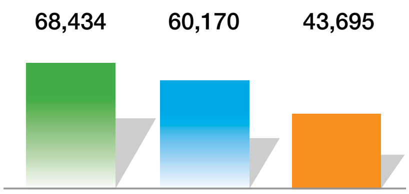
China & Hong Kong
Singapore & Malaysia
Others

REVENUE AND NET PROFIT ($'000)

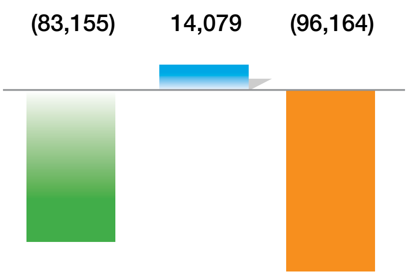
Revenue



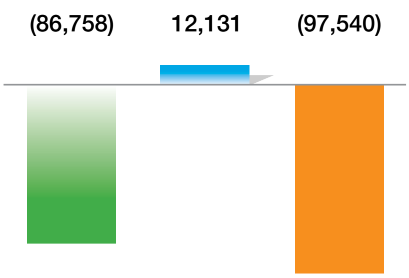
Gross Profit



Net (Loss) /Profit Before Tax

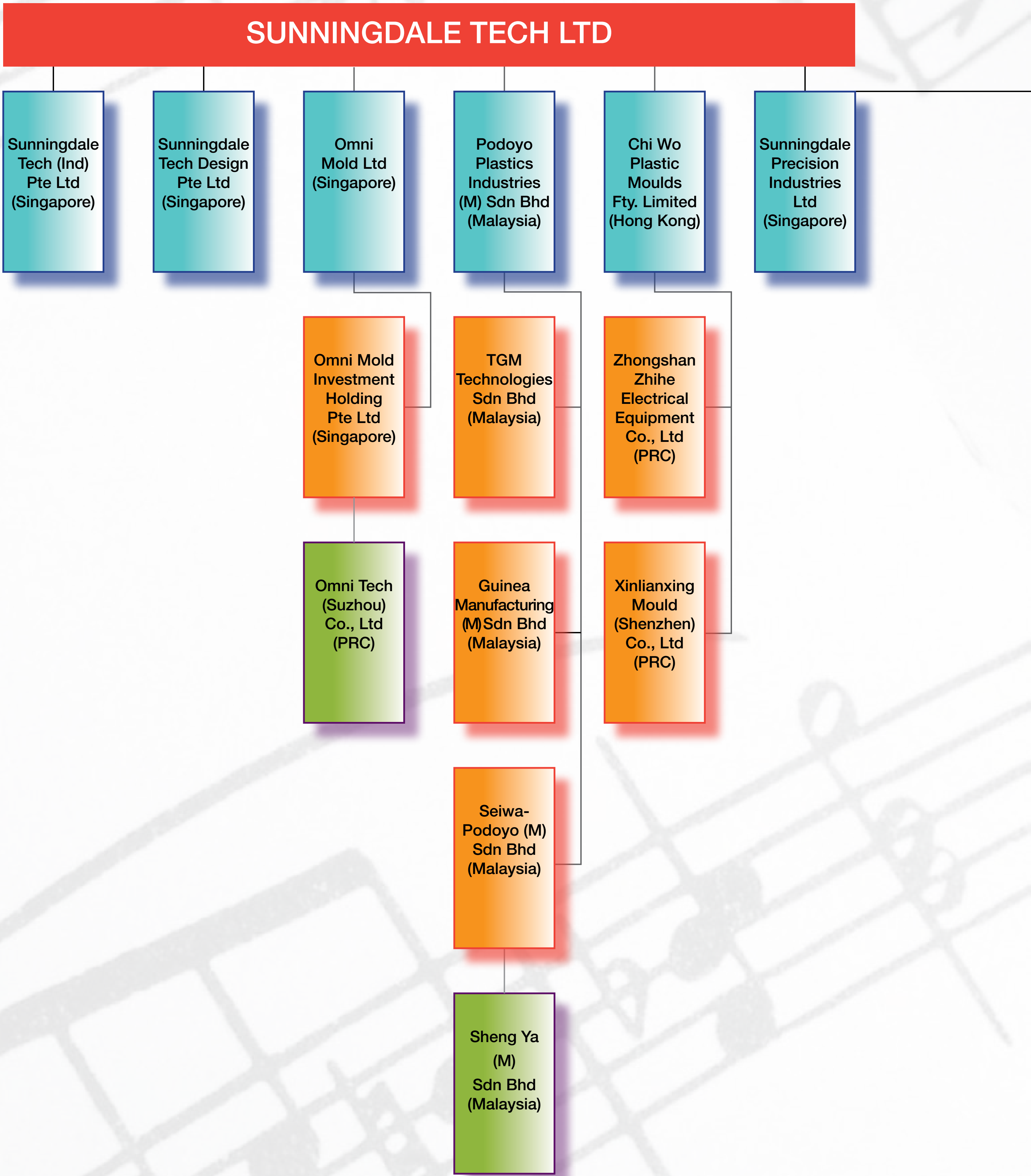


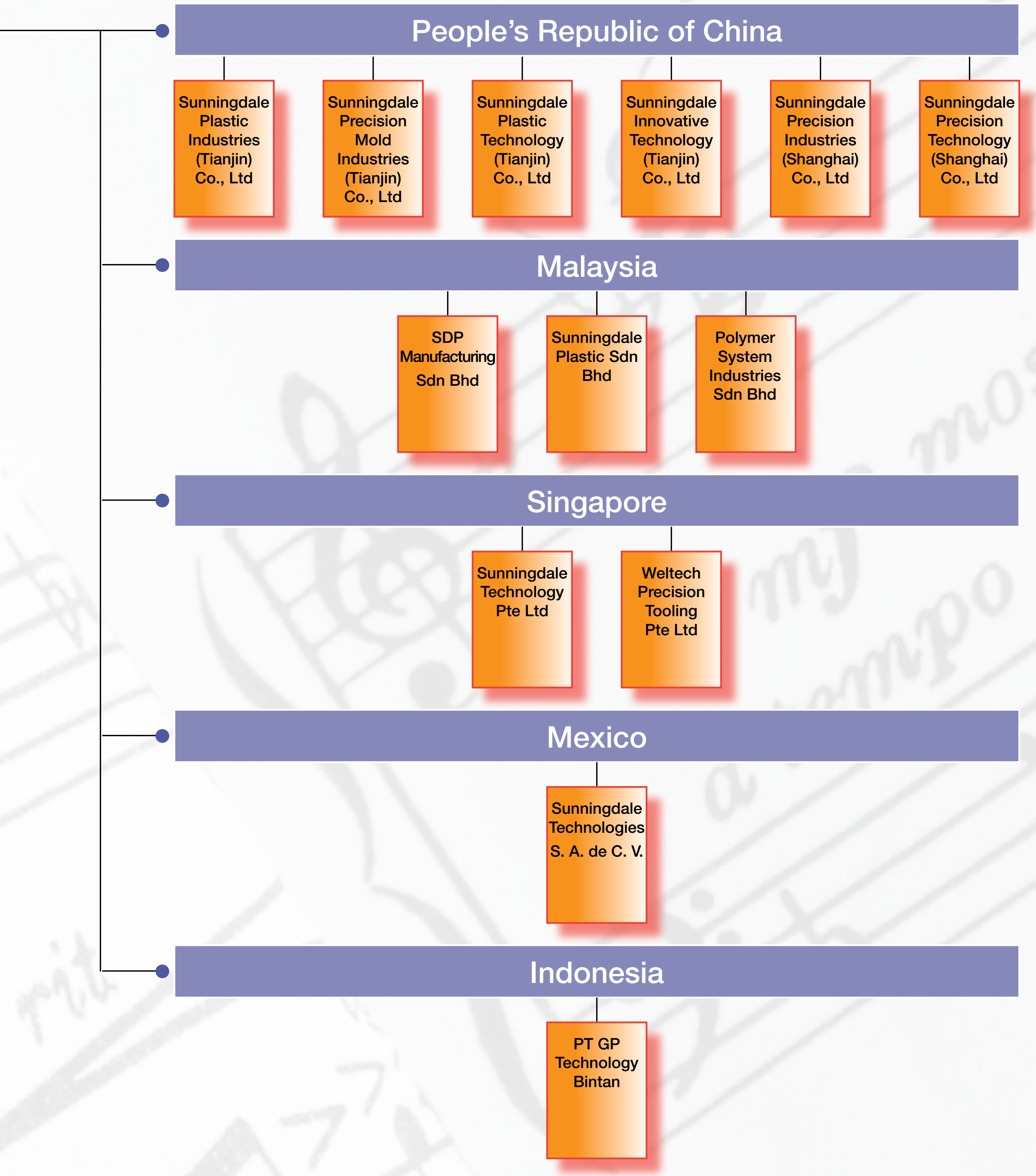
Net (Loss) /Profit After Tax



1 Jan 06 - 31 Dec 06 1 Jan 07 - 31 Dec 07 1 Jan 08 - 31 Dec 08

CORPORATE STRUCTURE




People's Republic of China
Sunningdale Plastic Industries (Tianjin) Co., Ltd
Sunningdale Precision Mold Industries (Tianjin) Co., Ltd
Sunningdale Plastic Technology (Tianjin) Co., Ltd
Sunningdale Innovative Technology (Tianjin) Co., Ltd
Sunningdale Precision Industries (Shanghai) Co., Ltd
Sunningdale Precision Technology (Shanghai) Co., Ltd
Malaysia
SDP Manufacturing Sdn Bhd
Sunningdale Plastic Sdn Bhd
Polymer System Industries Sdn Bhd
Singapore
Sunningdale Technology Pte Ltd
Weltech Precision Tooling Pte Ltd
Mexico
Sunningdale Technologies S. A. de C. V.
Indonesia
PT GP Technology Bintan

BOARD OF DIRECTORS

Back row (L to R)
- Gabriel Teo Chen Thye, *Independent Director*
- Steven Uhlmann, *Non-Executive Director*
- Kaka Singh, *Independent Director*
- Steven Tan Chee Chuan, *Independent Director*
- Ong Sim Ho, *Independent Director*

Front row (L to R)
- Ng Boon Hoo, *Non-Executive Director*
- Koh Boon Hwee, *Non-Executive Chairman*
- Khoo Boo Hor, *Executive Director and Chief Executive Officer*
- Wong Chi Hung, *Executive Director*

Mr Koh Boon Hwee is the Non-Executive Chairman of Sunningdale Tech Ltd.

He is currently the Executive Director of MediaRing Ltd, and Chairman of DBS Group Holdings Ltd and DBS Bank Ltd. He also serves on the boards of Agilent Technologies, Inc, and AAC Acoustic Technologies Holdings Ltd. Mr Koh is also the Chairman of the Nanyang Technological University Board of Trustees.

Mr Koh was previously Chairman of Singapore Airlines Ltd (2001-2005), SIA Engineering Company Ltd (2003-2005), Singapore Telecommunications Ltd (1986-2001), Chairman of Omni Industries Ltd (1997-2001), Executive Chairman of the Wuthelam Group of Companies (1991-2000) and, before that, Managing Director of Hewlett Packard Singapore (1985–1990), where he started his career in 1977.

He holds a Bachelor of Science (Mechanical Engineering) First Class Honours Degree from Imperial College, University of London, and a Masters of Business Administration (with Distinction) from Harvard Business School.

Mr Khoo Boo Hor was appointed as Executive Director of Sunningdale Tech Ltd on 10 November 2008. He was appointed as CEO on 1 January 2009. Prior to this appointment, he was the Group Operations Director of Sunningdale Tech Ltd. He joined the Group on 18 May 2005 and was responsible for the Group's manufacturing operations. Mr Khoo played a significant role in integrating the operations of Sunningdale Precision Industries Ltd and Tech Group Asia Ltd following the merger of the two companies in July 2005.

Mr Khoo was previously the Director of Operations for Hewlett-Packard ("HP") Singapore, where he was responsible for HP's Enterprise Storage and Server manufacturing operations. He worked in HP in various capacities, including Manufacturing Manager, Materials Manager, Product Line Manager and Engineering Section Manager for over 16 years.

Mr Khoo holds a Bachelor of Science and a Bachelor of Engineering (Honours) from Monash University, as well as a Master of Business Administration from the University of Louisville, Kentucky.

Dr Ng Boon Hoo is the Non-Executive Director of Sunningdale Tech Ltd. Founder of Sunningdale Precision Industries Ltd, Dr Ng has more than 20 years of experience in the injection moulding industry.

Prior to setting up Sunningdale Plastic Industries Pte Ltd, Dr Ng was the General Manager responsible for mould fabrication and injection moulding operations of Bon Mold. He also held various senior positions in Pacific Precision Casting Singapore Deckel (Singapore) Pte Ltd and C Melchers Manufacturing GmbH Singapore.

Dr Ng serves as a member of the Central Provident Fund Board. He holds a Diploma in Mechanical Engineering from Taiwan Provincial Kaohsiung Institute of Technology.

He was honoured with the Entrepreneur Award by Rotary-ASME in 1997. In 2001, Dr Ng was conferred the Doctor of Philosophy in Business Administration, Honoris Causa by the Wisconsin International University. He was the winner of the

Phoenix Award 2005 and was also the winner of Ernst & Young Business and Industrial Entrepreneur of The Year 2005.

Mr Wong Chi Hung is the Executive Director of Sunningdale Tech Ltd. He began his moulding and tooling career by establishing Chi Wo Plastic Moulds Fty. Ltd. in Hong Kong in 1983. In 1994, he set up Shenzhen Xinlianxing Mould (Shenzhen) Co., Ltd in Shenzhen, China to start tool making activities. Two years later, another factory was set up in Zhongshan, China, called Zhongshan Zhihe Electrical Equipment Co., Ltd.

Mr Wong has successfully made Chi Wo a premium one-stop moulding supplier for computer, electronics, automotive and consumer industries through his years of directorship. Today, he is the Managing Director of Chi Wo Plastic Moulds Fty. Ltd, a wholly-owned subsidiary of Sunningdale Tech Ltd. He oversees all operational, marketing and business issues of Chi Wo and its subsidiaries.

Mr Steven Uhlmann is a Non-Executive Director of Sunningdale Tech Ltd.

Mr Uhlmann pursued a career in the plastics industry, setting up Tech Group in 1967. He was named Arizona's 1998 Entrepreneur of the Year in the Manufacturing/High Tech category, and is also a former President of the Society of Plastics Engineers, Arizona Chapter.

In addition, Mr Uhlmann is the former Chairman of the Board of Governors for the National Plastics Centre Museum. He also serves on the boards of Family Matters and Strong Families, two organizations committed to strengthening family relationships.

Mr Uhlmann studied product design at the Arizona State University.

Mr Gabriel Teo is an independent Director of Sunningdale Tech Ltd. He is also an independent Director of IFS Capital Limited, and sits on the Boards of several other corporates including NTUC Income Insurance Co-operative Ltd. He is the Managing Director of Gabriel Teo & Associates Pte. Ltd.

Mr Teo has more than 20 years of experience in the financial industry, having been previously the Regional Managing Director of Bankers Trust and the Chief Executive Officer of Chase Manhattan Bank. Mr Teo had also held various senior positions at Citibank and Citicorp Investment Bank.

He holds a Bachelor of Business Administration degree from the University of Singapore and a Master of Business Administration from Cranfield School of Management. Mr Teo also attended the Executive Program in International Management at Columbia University.

Mr Kaka Singh is an Independent Director of Sunningdale Tech Ltd. He is also an Independent Director of Tuan Sing Holdings Limited and Gul Technologies Singapore Ltd, as well as Chairman of RSM Chio Lim, Certified Public Accountants.

He holds memberships in various professional bodies. Mr Singh is also the past president of the ACCA Singapore, CIMA Singapore and SAICSA. In addition, he had held chairmanship in the Audit Practice Committee and the Accounting Standards Committee of the ICPAS. He was awarded the Silver Medal by ICPAS in 1994 for his contributions to the community and accounting profession in Singapore. He holds an MBA from the Cass Business School of the London City University.

Mr Steven Tan is an Independent Director of Sunningdale Tech Ltd. He is currently the Chairman of Steven Tan PAC, Samas Management Consultants Pte Ltd and Steven Tan Management Consultants Pte Ltd. Mr Tan is a practicing Certified Public Accountant of Singapore and is a fellow member of the Institute of Chartered Accountants in England and Wales, as well as the Hong Kong Society of Accountants. From 1969 to 1981, he was the President of the Singapore Society of Accountants, now known as the Institute of Certified Public Accountants of Singapore (ICPAS) for six terms, and from 1994 to April 2002, he was the Chairman of the Ethics Committees of ICPAS and The Public Accountants Board.

From 1994 to September 2001, he was an Independent Director and Chairman of the Audit Committee of Berger International Ltd.

Mr Tan was also a member of the Council of the Ngee Ann Polytechnic from 1980 to 1992, and Deputy Chairman from 1992 to March 2000. He was appointed as a member of the Liquor Licensing Board from 1971 to 1992 and as Vice-Chairman from 1992 to 2006.

He was a member of the National University of Singapore Advisory Committee on Acquisitions of the Lee Kong Chian museum from 1995 to 2003 and Chairman from 2003 to 2006.

Mr Tan received the Gold Medal awarded by ICPAS in 1987, and was conferred the Public Service Medal and The Public Service Star in 1988 and 1995 respectively.

Mr Ong Sim Ho is an Independent Director of Sunningdale Tech Ltd. He is a Director at Drew & Napier LLC where he heads the Tax & Private Client Services Group. He is the Non-Executive Chairman of TM Asia Life Singapore Ltd and a member of the Board of Emirates National Oil Company (Singapore) Pte Ltd, Eucon Holding Limited, Innovalues Limited, Metal Components Engineering Limited and TM Asia Insurance Singapore Ltd. Mr Ong also serves as an Advisory Board Member of the School of Accountancy at the Singapore Management University. He is a member of the Investigation Committee and the Accounting Standards Council, of the Institute of Certified Public Accountants of Singapore. He is an Advocate and Solicitor of the Supreme Court of Sinapore, Barrister-at-Law, Lincoln's Inn, a Certified Public Accountant in Singapore and a member of the Singapore Institute of Directors.

MANAGEMENT TEAM

Mr Lim Chin Hong is the Engineering Director of Sunningdale Tech Ltd, responsible for all the tooling operations of the Group.

Prior to joining Sunningdale Tech Ltd in 2005, Mr Lim was the Vice President and General Manager of the Automated Test Group for the Manufacturing Test Business Unit of Agilent Technologies. Mr Lim spent 25 years with Hewlett-Packard and Agilent Technologies in its semiconductor operations. He was instrumental in their re-engineering initiatives and in the worldwide implementation of an Oracle ERP system. Mr Lim also spent two years working as an engineering manager in the hard disk storage industry.

Mr Lim graduated from the University of Strathclyde in Glasgow with a Bachelor of Science in Engineering (Honours). He also holds a Master of Business Administration (Executive Program) from Golden Gate University. He also completed the Stanford-NUS General Management Program in 1995.

Ms Soh Hui Ling is the Chief Financial Officer of Sunningdale Tech Ltd. Prior to this appointment, she was the Group Financial Controller responsible for the financial and accounting matters of the Group. She held the same post as Group Financial Controller at the former Sunningdale Precision Industries Ltd, which she joined in January 1997.

Before joining Sunningdale Precision Industries Ltd, Ms Soh was the Finance and Administrative Manager of Dew Management Advancement Consultants Pte Ltd, in charge of the accounts and administration department.

She was also previously an Audit Supervisor at Paul Wan & Co, in charge of the audit and accounts department.

Ms Soh holds a Diploma in Business Studies from Ngee Ann Polytechnic in Singapore. She completed the Association of Chartered Certified Accountant Course in 1991 and is a Fellow member of the Association of Chartered Certified Accountants, UK, and a Fellow member of the Institute of Certified Public Accountants of Singapore.

Mr Ang Kock Seong is the Corporate Business Development Director of Sunningdale Tech Ltd. He previously held the post of Director of Corporate Business Development & China Operations with Sunningdale Precision Industries Ltd. In that capacity, he was in charge of business development, sales and marketing, and programme management of the Group as well as the operations of its subsidiaries in China.

Mr Ang started his career as an Executive Engineer in the R&D department of Aiwa Singapore Ltd, in charge of new product design and development. During his tenure at Aiwa, Mr Ang received product design and engineering training at Aiwa Japan's R&D headquarters.

Mr Ang later held the position of Executive Director with Cybertronics Pte Ltd, where he was in charge of sales and marketing, operations and technical support. His diverse experience includes product design, programme management, business development, sales and marketing, and running operations in China.

Mr Ang graduated from the National University of Singapore with a Bachelor of Mechanical Engineering (Honours), and participated in the TDB-Wharton-INSEAD Executive Marketing Management Program in 2001. He was conferred a Master of Business Administration (Executive Program) from the State University of New York at Buffalo.

Mr Chan Whye Mun is the General Manager for South East Asia, responsible for all moulding operations in Singapore, Johor (Cemerlang) and Bintan plants. Prior to joining Sunningdale Tech Ltd in June 2006, he was the COO of UMS holdings, a semiconductor precision machining and solutions company.

Mr Chan was previously a Senior Director of Product Engineering, Failure Analysis and Quality for Seagate Technology where he worked for 13 years. Before that, he was in Hewlett Packard Singapore as a Reliability Engineer for 3 years.

Mr Chan holds a Bachelor of Engineering (1st Class Hons) from University of Western Australia.

Mr Paul Ow is the General Manager responsible for the business at Podoyo Plastics Sdn Bhd and the contract manufacturing business at Sunningdale Tech Ltd.

Prior to joining Sunningdale Tech Ltd in March 2004, Mr Ow was managing the Penang plant for First Engineering Ltd. Mr Ow has several years of practical engineering experience in process control, quality assurance and production, etc. He has worked in Texas Instrument Singapore, and Hewlett-Packard ("HP") Singapore. He furthered his career with HP as Functional Manager by setting strategic objectives for the Quality Department, Automation Department and TQC Department.

Mr Ow was also a venture capitalist and managed start-up companies when he joined Seed Venture Management Pte Ltd, a venture capitalist, as Vice President. He managed a team of investment officers to evaluate investment opportunities, monitor performance of investee companies and develop strategies for growth.

Mr Ow obtained his Bachelor Degree in Engineering (Electronics) from the University of Melbourne. He further completed his Advanced Management Program from the University of Hawaii.

Mr Chan Tung Sing is the General Manager for Shanghai operations and is fully responsible for the plant performance.

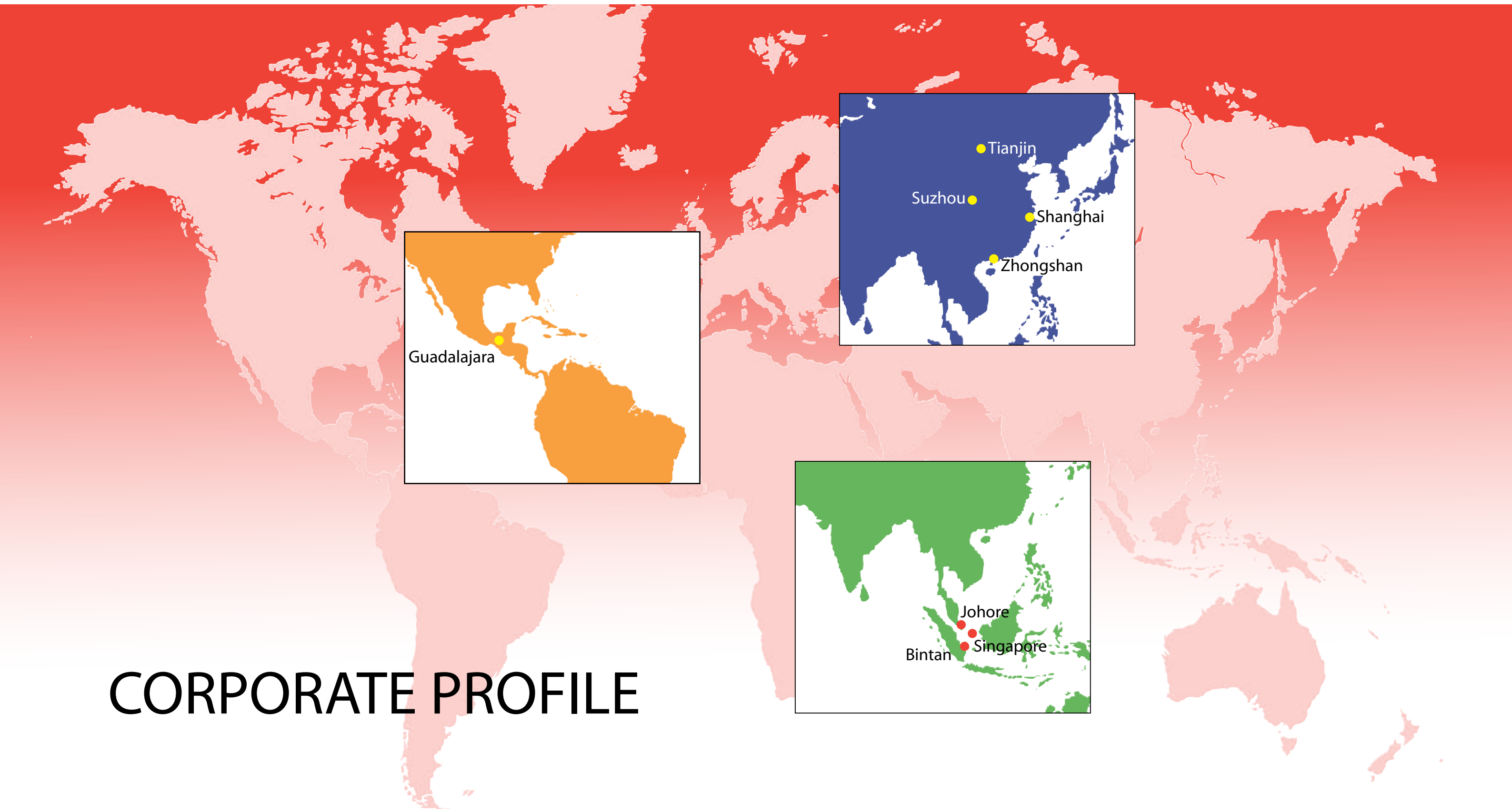
Prior to joining Sunningdale Tech Ltd in November 2005, Mr Chan spent over 11 years with Hewlett Packard ("HP") in various management positions. His last role was the Materials Manager, Engineering & Supply Chain, of Enterprise Storage & Servers Group, Asia Pacific Region. He was responsible for formulating and implementing material engineering strategy, materials management for various HP Global Business Units and implementing Asia Pacific Supply Chain Programs. Mr Chan comes with vast management experience in Product, Test & Procurement engineering, Materials and Supply Chain.

Mr Chan holds a Bachelor degree of Electrical Engineering from the National University of Singapore.

Ms Cindy Bin is the Group Human Resource Manager of Sunningdale Tech Ltd and is responsible for the development and implementation of the Group's human resource programmes and policies. Prior to her current position, Ms Bin joined Sunningdale Precision Industries Ltd as Corporate Human Resource Manager in April 2003.

Prior to joining Sunningdale Precision Industries Ltd, she was the Human Resource Manager of De La Rue Currency and Security Print Pte Ltd, a subsidiary of UK-based De La Rue, a commercial currency printer. Ms Bin spent 19 years with De La Rue and was responsible for the full spectrum of human resource functions. She was instrumental in developing and implementing the company's Quality Management System and Environmental Management System, and managing the health and safety functions. She started her career in human resource in Newton Pte Ltd and Jurong Plywood Pte Ltd.

Ms Bin graduated from the University of Singapore with a Bachelor of Science degree, majoring in Chemistry. She also holds a Post Graduate Diploma in Personnel Management from the Singapore Institute of Management. Ms Bin is a Professional Member of the Singapore Human Resources Institute.



CORPORATE PROFILE

A One-stop Precision Plastic Engineering Company

Sunningdale Tech Ltd is a leading manufacturer of precision plastic components. The Group provides one-stop, turnkey plastic solutions, with capabilities ranging from product design, mould fabrication, injection moulding and secondary processing, through to the precision assembly of complete products. Sunningdale Tech is focusing on four key business segments – automotive, telecommunications, consumer/IT, and healthcare.

Sunningdale Tech boasts a total factory space of more than 2.5 million sq feet, with more than 500 injection moulding machines and a tooling capacity of 2,500 moulds per year.

With a comprehensive regional footprint, Sunningdale Tech has manufacturing facilities located in nine locations across Singapore, Malaysia (Johore), Indonesia (Bintan), China (Tianjin, Shanghai, Suzhou and Zhongshan), and Mexico (Guadalajara). Sunningdale Tech strategic position in almost all of the key manufacturing centres in Asia enables the Group to target and capture opportunities in different sectors in each geographic location.

Partner of Choice

Sunningdale Tech has emerged as an even more compelling manufacturing partner – delivering greater synergy and value for shareholders through a diversified customer and product base, new skills and technologies, new geographic markets, stronger management team and larger talent pool, increased scale and financial strength.

By pooling strengths, sharing technology and skills and cross-selling each other's facilities, the Group is able to offer customers a strong suite of capabilities across the entire value chain-bringing us closer to being a Preferred Supplier.

Testament to this is diversified customer base which spans across continents to include leading American, European and Japanese multi-national corporations and original equipment manufacturers.

Moving Forward

To sustain future growth, the Group is continually strengthening the technical capabilities, and broadening the product range and geographical reach. The Group aim is to support customers' global programmes and cater to their specific requirements, in line with rapidly changing market trends.

BOARD OF DIRECTORS

Koh Boon Hwee
(Non-Executive Chairman)

Khoo Boo Hor
(Executive Director, Chief Executive Officer)

Ng Boon Hoo
(Non-Executive Director)

Steven Uhlmann
(Non-Executive Director)

Wong Chi Hung
(Executive Director)

Steven Tan Chee Chuan
(Independent Director)

Gabriel Teo Chen Thye
(Independent Director)

Kaka Singh
(Independent Director)

Ong Sim Ho
(Independent Director)

AUDIT COMMITTEE

Kaka Singh
(Chairman)

Gabriel Teo Chen Thye
(Member)

Steven Tan Chee Chuan
(Member)

NOMINATING COMMITTEE

Ong Sim Ho
(Chairman)

Steven Uhlmann
(Member)

Gabriel Teo Chen Thye
(Member)

REMUNERATION COMMITTEE

Steven Tan Chee Chuan
(Chairman)

Steven Uhlmann
(Member)

Ong Sim Ho
(Member)

COMPANY SECRETARY

Dorothy Ho Lai Yong

REGISTERED OFFICE

51 Joo Koon Circle Singapore 629069
Tel: (65) 6861 1161 Fax: (65) 6863 4173

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583
Audit Partner : Simon Yeo
commencing financial year 2008

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
(a member of Boardroom Limited)
3 Church Street, #08-01 Samsung Hub,
Singapore 049483

BANKERS

DBS Bank Ltd

Malayan Banking Berhad

Oversea-Chinese Banking Corporation

The Hongkong and Shanghai Banking Corporation Limited

United Overseas Bank Limited

CORPORATE GOVERNANCE REPORT

Sunningdale Tech Ltd (**"Sunningdale Tech"** or the **"Company"**) is committed to ensuring a high standard of corporate governance within the Group to protect the interests of its shareholders and maximise long-term shareholder value. This report is in compliance with the continuing obligations stipulated under Chapter 7 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual.

Sunningdale Tech has complied substantially with the requirements of the Code of Corporate Governance (the "Code") and will continue to review its practices on an ongoing basis. It has provided an explanation for any deviation from the Code, where appropriate.

BOARD MATTERS

Board's Conduct of its Affairs

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

The primary function of the Board is to protect and enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board oversees the formulation of the Group's overall long-term strategic objectives and directions; deliberates the Group's annual business and strategic plans and monitors the achievement of the Group's corporate objectives. It assumes responsibility for the Group's overall strategic plans and performance objectives, financial plans and annual budgets, investments proposals, financial performance reviews, compliance and accountability systems, and corporate governance practices.

The Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly, half-year and full year's results and interested person transactions of a material nature.

The full Board meets regularly on a quarterly basis and ad-hoc Board meetings are convened as and when they are deemed necessary. Meetings via telephone or video conference are permitted by Sunningdale Tech's Articles of Association. The Secretary attends all Board meetings and is responsible for ensuring that Board procedures are observed.

CORPORATE GOVERNANCE REPORT

A record of the Directors' attendance at Board meetings for the financial year ended 31 December 2008 is set out below.

	Board Meetings	
Name of Director	**Held**	**Attended**
Koh Boon Hwee (Chairman)	4	4
Ng Boon Hoo	4	4
Wong Chi Hung	4	3
Steven Uhlmann	4	4
Gabriel Teo Chen Thye	4	4
Steven Tan Chee Chuan	4	4
Kaka Singh	4	4
Ong Sim Ho	4	3
Khoo Boo Hor (appointed on 10 November 2008)	4	4

Formal Board meetings are held on a regular basis to oversee the business affairs of the Group and to approve the financial results or business strategies or objectives. Additional Special Board meetings and/or Teleconference meetings are held to deliberate on urgent substantive matters.

To assist in the execution of its responsibilities, the Board has established three Board Committees, namely, the **Audit Committee ("AC")** , the **Nominating Committee ("NC")** and the **Remuneration Committee ("RC")**. These committees function within clear defined terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly monitored.

The terms of reference and the composition of the Board Committees have been detailed in the respective sections of this report.

Board Composition and Guidance

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

The Board currently comprises 9 Directors, of whom 4 are independent, 2 are executive and 3 are non-executive. Having the right competencies and diversity of experience enable each of the Directors to effectively contribute to the Company. The current size of the Board appears sufficient and appropriate to facilitate decision making. The Board will continue to review the size of the Board on an ongoing basis.

The independent Directors are Messrs Steven Tan Chee Chuan, Kaka Singh, Ong Sim Ho and Gabriel Teo Chen Thye. The criterion of independence is based on the definition given in the Code. The Board considers an "independent" director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent judgment of the conduct of the Group's affairs. With four of the directors deemed to be independent, the Board is able to exercise independent judgment on corporate affairs and provide Management with a diverse and objective perspective on issues.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. Each director has been appointed on the strength of his calibre, experience and stature and his potential to contribute to the proper guidance of the Group and its business.

CORPORATE GOVERNANCE REPORT

When a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new director with particular skills, the **NC,** in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. The Board then nominates the most suitable candidate who is only appointed to the Board by the Company.

Chairman and Chief Executive Officer

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

Since 1 January 2009, the Company segregated the functions of the Chairman and the Chief Executive Officer ("CEO"). Mr. Khoo Boo Hor was appointed as the CEO and Mr. Koh Boon Hwee remains as the non-Executive Chairman. The Chairman is responsible for the workings of the Board while the CEO is responsible for implementing Group strategies and policies and conducting the Group's businesses. Such division of responsibilities is agreed by the Board, though not in writing. The Chairman and the CEO are not related.

The Chairman's duties include:

a) leading the Board to ensure its effectiveness on all aspects of its role and setting its agenda;
b) ensuring accurate, timely and clear information flow to the Directors;
c) ensuring effective shareholder communication;
d) encouraging constructive relations between the Board and the Management;
e) facilitating effective contribution of Non-Executive Directors;
f) encouraging constructive relations between Executive Directors and Non-Executive Directors ; and
g) promoting high standards of corporate governance.

Board Membership

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

The **NC** comprises a non-executive director and two independent directors of the Company, i.e. Mr Ong Sim Ho as the Chairman, Messrs Steven Uhlmann and Gabriel Teo Chen Thye as members.

The responsibilities of the **NC** are to determine the criteria for identifying candidates and reviewing nominations for the appointment of directors to the Board and also to decide on how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval.

In addition, the **NC** also performs the following functions:

- assess the contribution of each individual director to the effectiveness of the Board;
- re-nominate any director, having regard to the director's contribution and performance;
- determine on an annual basis whether a director is independent;
- decide whether a director is able to and has been adequately carrying out his duties as a director of the Company, particularly where the director has multiple board representations; and
- identify gaps in the mix of skills, experience and other qualities required in an effective board so as to better nominate or recommend suitable candidates to fill the gaps.

CORPORATE GOVERNANCE REPORT

Where, by virtue of any vacancy in the membership of the **NC** for any reason, the number of members of the **NC** is reduced to less than three (or such other number as may be determined by the SGX-ST), the Board shall, within three months thereafter, appoint such number of new members to the **NC**. Any new member appointed shall hold office for the remainder of the term of office of the member of the **NC** in whose place he or she is appointed.

The **NC** is regulated by its terms of reference that sets out its responsibilities, procedures and in particular the calling of meetings, notice to be given of such meetings, the voting and proceedings thereat. The Company also maintains records of the deliberations and proceedings of the **NC**.

The number of meetings held and attendance at the meetings of the NC are as follows:-

	Nominating Committee Meetings	
Name of Director	**Held**	**Attended**
Ong Sim Ho (Chairman)	1	1
Steven Uhlmann (Member)	1	1
Gabriel Teo Chen Thye (Member)	1	1

In addition, informal meetings were also held during the year as well as circular resolutions were also passed relating to the appointment of the CEO.

The directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to Article 91 of the Company's Articles of Association, one-third of the Board directors are to retire from office by rotation and be subject to re-election at the Company's Annual General Meeting ("AGM"). In addition, Article 97 of the Company's Articles of Association provides that a newly appointed director must retire and submit himself for re-election at the next AGM following his appointment.

The dates of initial appointment and last re-election/re-appointment of each director are set out below:

Name of Director	**Appointment**	**Date of Initial Appointment**	**Date of Last Re-election/ Re-Appointment**
Koh Boon Hwee	Chairman	22 April 2003	17 April 2007
Ng Boon Hoo	Non-Executive Director	18 July 2005	25 April 2006
Wong Chi Hung	Executive Director	11 May 2004	25 April 2006
Steven Uhlmann	Non-Executive Director	22 January 1996	29 April 2008
Gabriel Teo Chen Thye	Independent Director	18 July 2005	17 April 2007
Steven Tan Chee Chuan	Independent Director	20 October 2003	29 April 2008
Kaka Singh	Independent Director	18 July 2005	29 April 2008
Ong Sim Ho	Independent Director	18 July 2005	17 April 2007
Khoo Boo Hor	Executive Director	10 November 2008	-

CORPORATE GOVERNANCE REPORT

Board Performance

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

The **NC** has adopted a system for assessing the effectiveness of the Board as a whole. Each Director was requested to participate in the appraisal process which focused on:-

a) the composition and degree of independence of the Board;
b) information flow from management;
c) Board's access to management and external experts;
d) Board process;
e) Investor relations and corporate social responsibility vis-à-vis the Board;
f) Strategy review activities;
g) Appropriate financial measures to assess the Board's stewardship;
h) Board's management of the Company's performance
i) Board Committees' effectiveness; and
j) CEO's performance and succession planning.

The Board and the **NC** have, with its best effort, ensured that directors appointed to the Board possess the background, experience, knowledge in business, finance and management skills critical to the Group's business. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

Access to Information

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

Directors are from time to time furnished with detailed information concerning the Group to enable them to be fully cognisant of the decisions and actions of the Group's executive management. All directors have unrestricted access to the Company's records and information. They also receive monthly management accounts to enable them to exercise oversight over the Group's financial position.

The agenda for Board meetings is prepared in consultation with the Chairman. Detailed Board papers are prepared for each meeting and are normally circulated a week in advance of each meeting. The Board papers include sufficient background explanatory information from the Management on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at Board meetings. Such explanatory information may also be in the form of briefings to the directors or formal presentations made by senior management staff in attendance at Board meetings, or by external consultants engaged on specific projects.

The Board has separate and independent access to the Company Secretary and to other senior management executives of the Company and of the Group at all times in carrying out their duties.

The Board takes independent professional advice as and when necessary to enable it or the independent directors to discharge its or their responsibilities effectively. Subject to the approval of the Chairman, each director has the right to seek independent legal and other professional advice, at the Company's expense, to assist them in their duties.

The Company Secretary attends all Board meetings and meetings of the Board committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The **RC** comprises a non-executive director and two independent directors of the Company, i.e. Mr Steven Tan Chee Chuan as the Chairman, Messrs Ong Sim Ho and Steven Uhlmann as members.

The Committee has access to expert advice in the field of executive compensation outside the Company where required.

The number of meetings held and attendance at the meetings during the last financial year ended 31 December 2008 are as follows:

	Remuneration Committee Meetings	
Name of Director	**Held**	**Attended**
Steven Tan Chee Chuan (Chairman)	1	1
Ong Sim Ho (Member)	1	1
Steven Uhlmann (Member)	1	1

In addition, informal meetings were also held during the year as well as circular resolutions were also passed relating to the remuneration packages of the Executive Directors.

The **RC** oversees and approves recommendations on executives' remuneration and development in the Company, with the aim of building capable and committed management teams through competitive compensation and focused management and progressive policies. The review covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, share options, and benefits-in-kind. The Committee's recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the Board. No director proposed or determined his own remuneration.

Level and Mix of Remuneration

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

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual directors.

The independent directors receive directors' fees, in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the directors and the need to pay competitive fees to attract, motivate and retain the directors. Directors' fees are recommended by the Board for approval at the Company's AGM.

The executive directors do not receive directors' fees. The remuneration for the executive directors and the key senior executives comprise a basic salary component and a variable component which is the annual bonus and the share awards, based on the performance of the Group as a whole and their individual performance.

The annual reviews of the compensation of directors are carried out by the **RC** to ensure that the remuneration of the executive directors is commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group. The performance of the CEO is reviewed periodically by the RC and the Board.

The **RC** also administers the SunningdaleTech Employees' Share Option Scheme as well as the SunningdaleTech Restricted Share Plan and SunningdaleTech Performance Share Plan.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

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

The breakdowns of remuneration payable to the Directors and key executives for the financial period from 1 January 2008 to 31 December 2008 are set out below:

Remuneration Band and Name of Directors	Fee[1] (%)	Basic Remuneration (%)	Variable Remuneration (%)	Share[2] Award (%)	Total Remuneration (%)
Below S$250,000					
Steven Uhlmann	100	-	-	-	100
Gabriel Teo Chen Thye	100	-	-	-	100
Steven Tan Chee Chuan	100	-	-	-	100
Kaka Singh	100	-	-	-	100
Ong Sim Ho	100	-	-	-	100
$500,000 and above					
Ng Boon Hoo	-	69	31	-	100
Koh Boon Hwee	-	71	-	29	100
Wong Chi Hung	-	69	9	22	100
Khoo Boo Hor (appointed on 10 November 2008)	-	64	4	32	100

Remuneration Band of top 5 key Employees (who are not Directors)	No. of Key Executive	Salary (%)	Share[2] Award (%)	Other Benefits (%)	Total Remuneration (%)
S$250,000 and below	-	-	-	-	-
Above S$250,000 to S$499,999	5	74	7	19	100

(1) subject to approval by shareholders as a lump sum at the annual general meeting for the financial year ended 31 December 2008

(2) the share awards are granted under the Restricted Share Plan. The fair value of the shares award is estimated in-house by management using the last traded price at grant date less the present value of expected dividend during the vesting period as the valuation basis. Details of the share awards are disclosed in the Directors' Report.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Accountability

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

In presenting the annual financial statements and quarterly announcements, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position, results and prospects.

The Management currently provides the Board with a regular flow of pertinent information on a timely basis in order that it may effectively discharge its duties. On a monthly basis, Board members are provided with up-to-date financial reports and other information on the Group's performance for effective decision making.

Audit Committee

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

All three members of the **AC** namely, Mr Kaka Singh as the Chairman, Messrs Gabriel Teo Chen Thye and Steven Tan Chee Chuan, are independent directors of the Company. They bring with them invaluable leadership, managerial and professional expertise in the investment, financial and business management spheres. The **AC** meets regularly with the Group's external auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group.

The **AC** also monitors proposed changes in accounting policies and discusses the accounting implications of major transactions. It also reviews the adequacy of the internal audit and risk management functions. In addition, the AC advises the Board regarding the adequacy of the Group's internal controls including risk management and the contents and presentation of its reports.

Specifically, the **AC**:

- reviews the audit plans and scope of audit examination of the external and internal auditors and evaluates their overall effectiveness through regular meetings with each group of auditors;

- reviews the adequacy of the internal audit function;

- determines that no restrictions are being placed by Management upon the work of the internal and external auditors;

- evaluates the adequacy of the internal control systems of the Group by reviewing written reports from the internal and external auditors, and Management's responses and actions to correct any deficiencies;

- evaluates the adherence to the Group's administrative, operating and internal accounting controls;

- reviews the annual and quarterly financial statements and announcements to shareholders before submission to the Board for adoption;

- ensures the nature and extent of non-audit services provided by external auditors would not affect their independence as external auditors of the Company;

- reviews interested person transactions to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders; and

- considers other matters as requested by the Board.

CORPORATE GOVERNANCE REPORT

The **AC** is authorised to investigate any matter within its Terms of Reference, and has full access to the Management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any executive director or executive officer to attend its meetings. For the financial year ended 31 December 2008, the **AC** met with the external auditors separately, without the presence of the Management. It also discussed with the external auditors and Management the reasonableness of the financial reporting process, the adequacy of audit arrangements with particular emphasis on the observations and recommendations of the auditors, the scope and quality of their audits and the independence and objectivity of the auditors.

The internal audit function has been outsourced to PricewaterhouseCoopers LLP.

The **AC** also reviewed the non-audit services provided by the external auditors, which comprise tax services, and was satisfied that the independence of the external auditors is not impaired.

During the financial year, the Company has put in place a "whistle blowing" process whereby staff of the Group can raise concerns about possible improprieties in matters of financial reporting or other matters through a well-defined and accessible channel within the Company. The objective of the policy is to encourage the reporting of such matters in good faith, while providing the assurance that staff making such reports will be fairly treated. Procedures are also established to ensure that such matters are promptly investigated, appropriate follow-up actions taken by management and results reported to the Board of Directors.

The number of meetings held and attendance at the meetings during the last financial year ended 31 December 2008 are as follows:

	Audit Committee Meetings	
Name of Director	**Held**	**Attended**
Kaka Singh (Chairman)	4	4
Gabriel Teo Chen Thye (Member)	4	4
Steven Tan Chee Chuan (Member)	4	4

Internal Control

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

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has appointed PricewaterhouseCoopers LLP to develop an Enterprise Risk Management framework for implementation in key businesses within the Group. Risk assessment and evaluation takes place as an integral part of the annual strategic planning cycle. Having identified the risks to the achievement of their strategic objectives, each business is required to document and propose the mitigating actions in place in respect of each significant risk.

During the financial year, the **AC,** on behalf of the Board, has reviewed the effectiveness of the Group's system of internal controls in the light of key business and financial risks affecting the operations.

Internal Audit

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

The Board recognises that it is responsible for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's business and assets. The effectiveness of the internal financial control systems and procedures are monitored by the Management and the internal audit function is out-sourced to an international public accounting firm, PricewaterhouseCoopers LLP. The internal audit function reports primarily to the Chairman of the **AC**.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

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

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

The Company does not practise selective disclosure. In line with the continuous disclosure obligations of the Company pursuant to the Singapore Exchange Listing Rules and the Singapore Companies Act, the Board's policy is that all shareholders should be informed regularly and on a timely basis of all major developments that impact the Group.

Pertinent information is communicated to shareholders on a regular and timely basis through:

- the Company's annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group;
- quarterly financial statements containing a summary of the financial information and affairs of the Group for the period. These are published on the SGXNET and in news releases;
- notices of and explanatory memoranda for AGM and Extraordinary General Meetings. The Board ensures that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's principle as regards to the "bundling" of resolutions. The Board will provide reasons and material implications where resolutions are interlinked;
- press and analyst briefings for the Group's half-year and full-year results as well as other briefings, as appropriate;
- press releases on major developments of the Group;
- disclosures to the Singapore Exchange; and
- the Group's website at www.sdaletech.com from which shareholders can access information on the Group. The website provides, inter alia, corporate announcements, press releases, annual reports, and profiles of the Group.

In addition, shareholders are encouraged to attend the AGM to ensure a greater level of shareholder participation and for them to be kept up to date as to the Group's strategies and goals. The notice of the AGM is dispatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 working days before the meeting. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues and ask the directors or Management questions regarding the Company and its operations.

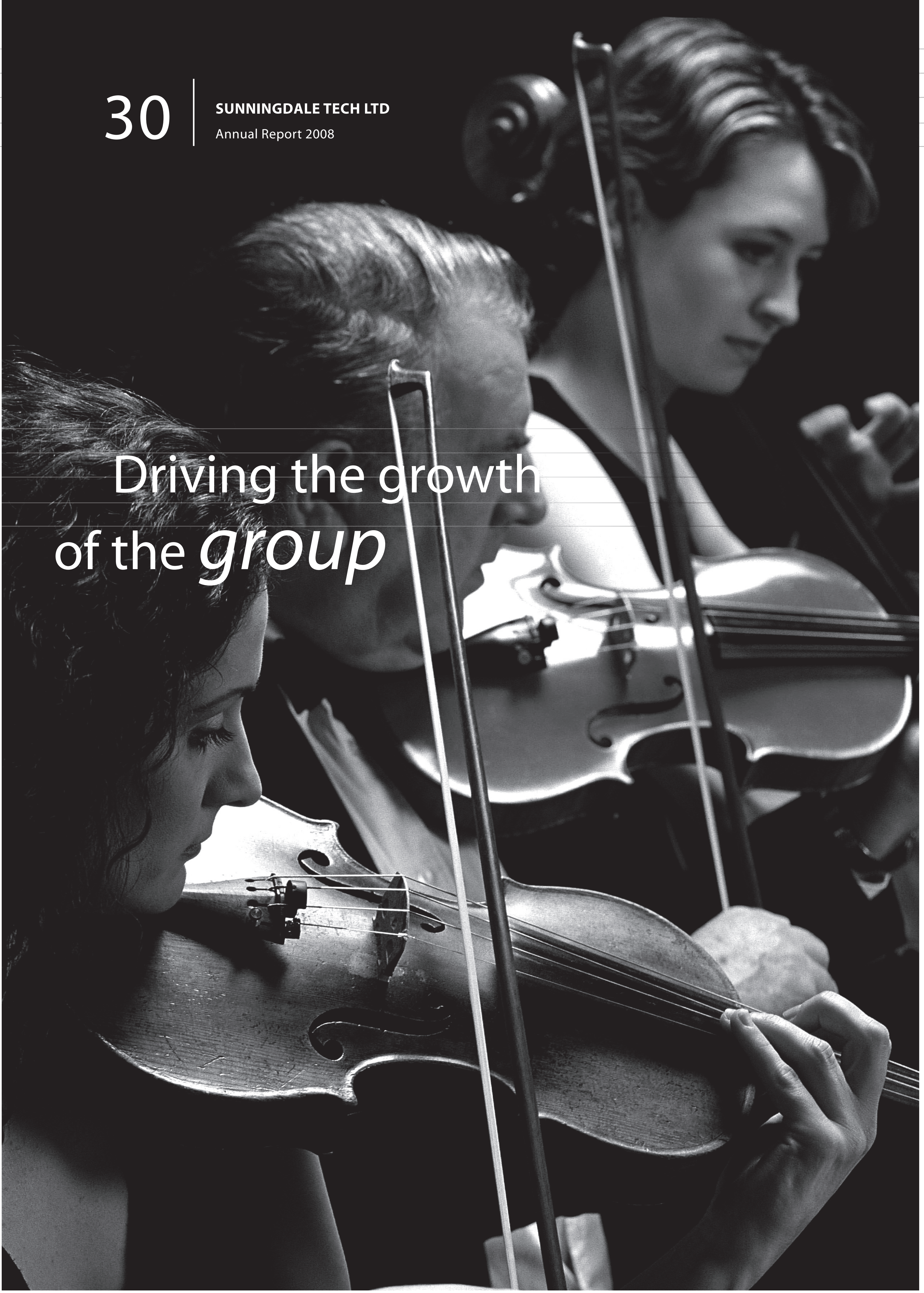
The Board supports the Code's principle to encourage shareholder participation. The Articles allow a shareholder of the Company to appoint one or two proxies to attend the AGM and vote in place of the shareholder.

The Chairmen of the **AC, RC** and **NC** are normally available at the AGM to answer those questions relating to the work of these Committees. The external auditors are also present to assist the Board in addressing any relevant queries by the shareholders.

DEALING IN SECURITIES

The Group has adopted and implemented an internal code in relation to the dealing of shares of the Company. The Group has procedures in place prohibiting directors and executives of the Group from dealing in the Company's shares during the periods commencing one month (for the Group's half yearly and full year results) and two weeks (for the Group's quarterly results) prior to the announcement of the Group's results and ending on the date of the announcement of the results, or if they are in possession of unpublished material price-sensitive information of the Group. In addition, directors and executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

Driving the growth of the *group*



Financial *Report*

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DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Sunningdale Tech Ltd (the "Company") and its subsidiaries (collectively, 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 of the Company in office at the date of this report are:

Koh Boon Hwee	(Non-Executive Chairman, Non-Executive Director)
Khoo Boo Hor	(Executive Director, Chief Executive Officer), appointed on 10 November 2008
Ng Boon Hoo	(Non-Executive Director)
Steven Uhlmann	(Non-Executive Director)
Wong Chi Hung	(Executive Director)
Steven Tan Chee Chuan	(Independent Director)
Gabriel Teo Chen Thye	(Independent Director)
Kaka Singh	(Independent Director)
Ong Sim Ho	(Independent Director)

In accordance with Article 91 of the Company's Article of Association, Wong Chi Hung and Ng Boon Hoo retire and, being eligible, offer themselves for re-election.

In accordance with Article 97 of the Company's Articles of Association, Khoo Boo Hor retires and, being eligible, offers himself for re-election.

In accordance with Section 153(6) of the Singapore Companies Act, Cap. 50, Steven Tan Chee Chuan retires and, being eligible, offers himself for re-election.

2. Arrangements to enable directors to acquire shares and debentures

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 object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate, other than as disclosed under "Share plans" on paragraph 5 of this report.

DIRECTORS' REPORT

3. Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of Director	**At beginning of financial year**	**At end of financial year**	**At beginning of financial year**	**At end of financial year**
Sunningdale Tech Ltd (Ordinary shares)				
Koh Boon Hwee	25,278,960	25,278,960	110,040	110,040
Ng Boon Hoo	3,599,860	4,099,860	131,567,464	126,267,464
Steven Uhlmann	800,000	800,000	150,993,500	150,993,500
Wong Chi Hung	–	–	9,080,883	9,080,883
Steven Tan Chee Chuan	400,000	1,000,000	–	–
Gabriel Teo Chen Thye	339,660	339,660	–	–
Kaka Singh	396,270	396,270	–	–

There was no change in any of the above mentioned interests between the end of the financial year and 21 January 2009 except for :

i. On 13 January 2009, 960,000 ordinary shares were issued to Koh Boon Hwee relating to share awards granted in 2006 under the Restricted Share Plan;

ii. On 13 January 2009, 450,000 ordinary shares were issued to Khoo Boo Hor relating to share awards granted in 2006 under the Restricted Share Plan.

By virtue of section 7 of the Singapore Companies Act, Cap. 50, Steven Uhlmann is deemed to have interests in shares of the subsidiaries of the Company.

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

4. Directors' contractual benefits

Except as disclosed in the financial statements and emoluments paid by related corporations, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' REPORT

5. Share plans

Restricted Share Plan and Performance Share Plan

The Sunningdale Tech Ltd Restricted Share Plan (the "RSP") and Sunningdale Tech Ltd Performance Share Plan (the "PSP") were approved by the members of the Company at an Extraordinary General Meeting held on 29 October 2004. Details of the RSP and PSP were set out in the Circular dated 13 October 2004.

The Remuneration Committee ("RC") administering the RSP and PSP comprise three directors, Steven Tan Chee Chuan (Chairman), Steven Uhlmann and Ong Sim Ho. The RC administers the RSP and PSP in accordance to its objectives and rules thereof and to determine participation eligibility, grant of share awards and any other matters as may be required.

No share awards were granted under PSP during the financial year under review and as at the date of this report.

Shares granted under RSP

The following RSP share awards were granted to key employees of the Company and the Group:

No. of Participants	Date of grant	Market price of share awards at date of grant (S$)	Share awards granted during financial year	Aggregate share awards granted since commencement of the RSP to end of financial year	Aggregate share awards forfeited since date of grant to end of financial year	Aggregate share awards released since date of grant to end of financial year	Aggregate share awards outstanding as at end of financial year
72	13 January 2006	0.62	–	7,071,000	(1,365,250)	(180,000)	5,525,750
6	06 October 2006	0.32	–	640,000	(270,000)	–	370,000
52	21 June 2007	0.395	–	5,466,000	(946,250)	–	4,519,750
1	24 August 2007	0.34	–	800,000	–	–	800,000
71	02 October 2008	0.12	6,694,000	6,694,000	(45,000)	–	6,649,000

Details of the RSP granted to directors of the Company are as follows:

Name of Director	As at beginning of financial year	Share awards granted during the financial year	As at end of financial year
Koh Boon Hwee	1,760,000	–	1,760,000
Wong Chi Hung	900,000	600,000	1,500,000
Khoo Boo Hor	1,050,000	750,000	1,800,000

The share awards granted to participants who received five percent or more of the total number of share awards under the RSP during the financial year under review are as follows:

Name of Participant	As at beginning of financial year	Share awards granted during the financial year	As at end of financial year
Lim Chin Hong	780,000	540,000	1,320,000

DIRECTORS' REPORT

5. Share plans (cont'd)

Shares granted under RSP (cont'd)

The share award of 7,711,000 shares granted in 2006, 6,266,000 shares granted in 2007 and 6,694,000 shares granted in 2008 were subject to the following conditions:-

(i) one third of allotted number of share awards shall be vested on the first anniversary of the date of grant; one third on the second anniversary of the date of grant; and the last third on the third anniversary of the date of grant;

(ii) all the share awards shall be delivered only on the third anniversary of the date of grant;

(iii) that in order to receive this award, the participants must be in the employment of the Company or its group of companies, subject to the provisions as set out in the Summary of Rules of the RSP in the Circular to Shareholders dated 13 October 2004;

(iv) in the event employee leaves the employment of the Company or its group of companies, the share awards which have vested before the date of resignation shall be delivered on the third anniversary of the date of grant subject to length of service adjustment (*);

(v) in the event employee leaves the employment of the Company or its group of companies and joins competitors, the share awards which have vested before the date of resignation shall be delivered on the fifth anniversary of the date of grant subject to length of service adjustment (*); and

(vi) in the event employee retires from the workforce, the share awards which have been granted shall be vested as active employees and delivered on the third anniversary of the date of grant, provided the sum of his age and length of service is greater than 60 years, he has worked with the Company or its group of companies for at least ten years and he does not go to work for a competitor.

Any waiver to these conditions would need the Remuneration Committee's final decision.

(*) Length of service adjustment does not apply to the share awards granted in 2008.

Since commencement of the RSP and PSP plans till the end of the financial year:

- No awards have been granted to the controlling shareholders of the Company and their associates;
- No participants other than mentioned above have received 5% or more of the total options or awards available under the plans;
- No awards other than mentioned above have been granted to directors and employees of the Company and its subsidiaries;
- No awards that entitle the holder, to participate, by virtue of the options or awards, in any share issue of any other corporation have been granted; and
- No awards have been granted at a discount.

The ordinary shares if issued are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

The market price of each share as at 31 December 2008 under the above share award is S$0.055.

DIRECTORS' REPORT

6. Audit committee

The Audit Committee ("AC") carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviewed the audit plans and scope of audit examination of the external and internal auditors;
- Reviewed with the external auditors their report on the financial statements and the assistance given by the Company's officers to them;
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX).

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC has recommended to the board of directors that the auditors, Ernst & Young LLP, be nominated for reappointment as auditors at the next annual general meeting of the Company.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

7. Auditors

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the board of directors,

Koh Boon Hwee
Non-Executive Chairman & Non-Executive Director

Khoo Boo Hor
Executive Director & Chief Executive Officer

Singapore
3 April 2009

STATEMENT BY DIRECTORS PURSUANT TO SECTION 201(15)

We, Koh Boon Hwee and Khoo Boo Hor, being two of the directors of Sunningdale Tech Ltd, do hereby state that, in the opinion of the directors,

(a) the accompanying balance sheets, consolidated income statement, statements of changes in equity, and consolidated cash flow statement together with notes thereto 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 of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(b) 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 board of directors,

Koh Boon Hwee
Non-Executive Chairman & Non-Executive Director

Khoo Boo Hor
Executive Director & Chief Executive Officer

Singapore
3 April 2009

INDEPENDENT AUDITORS' REPORT

To the Members of Sunningdale Tech Ltd

We have audited the accompanying financial statements of Sunningdale Tech Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 39 to 110, which comprise the balance sheets of the Group and the Company as at 31 December 2008, the statements of changes in equity of the Group and the Company, and the income statement and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

Opinion

In our opinion,

(i) 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 of the Company as at 31 December 2008 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(ii) 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.

Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore
3 April 2009

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

(In Singapore dollars)

	Note	Group 2008 $'000	Group 2007 $'000
Revenue	3	365,015	385,108
Cost of Sales		(321,320)	(324,938)
Gross profit		43,695	60,170
Other items of income			
Interest income	4	499	1,305
Other income	5	5,272	4,007
Other items of expense			
Selling expenses		(10,758)	(13,174)
General and administrative expenses		(28,914)	(29,616)
Other operating expenses	6	(102,987)	(4,779)
Finance costs	7	(2,971)	(3,610)
Share of losses of associates		–	(224)
(Loss)/profit from continuing operations before taxation	8	(96,164)	14,079
Taxation	9	(1,376)	(1,948)
(Loss)/profit from continuing operations for the year		(97,540)	12,131
Attributable to:			
Equity holders of the Company		(97,540)	12,114
Minority interests		–	17
		(97,540)	12,131
(Loss)/earnings per share from continuing operations attributable to equity holders of the Company (cents per share)			
Basic	10	(13.26)	1.65
Diluted	10	(13.26)	1.63

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2008

(In Singapore dollars)

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	176,728	171,733	13,222	11,842
Investment property	13	711	709	–	–
Intangible assets	14	29,967	124,967	–	–
Other investments	15	1	1	–	–
Investment in subsidiaries	16	–	–	227,706	292,361
Investment in associates	17	–	–	–	–
Deferred tax assets	25	802	2,478	–	–
		208,209	299,888	240,928	304,203
Current assets					
Inventories	18	64,864	55,493	5,223	4,665
Prepayments		1,995	2,651	129	82
Trade and other receivables	19	86,590	87,711	18,284	22,396
Cash and cash equivalents	20	41,890	70,284	5,632	12,234
		195,339	216,139	29,268	39,377
Total assets		**403,548**	**516,027**	**270,196**	**343,580**
LIABILITIES					
Current liabilities					
Bank overdrafts	20	267	–	–	–
Trade and other payables	21	40,980	51,337	16,002	14,340
Excess of progress billings over work-in-progress	18	3,916	5,132	1,088	1,482
Other liabilities	22	19,232	20,699	3,298	4,654
Interest-bearing loans and borrowings	23	83,801	88,177	30,193	36,233
Financial derivatives	24	29	–	–	–
Tax payable		10,234	13,072	–	955
		158,459	178,417	50,581	57,664
Net current assets/(liabilities)		**36,880**	**37,722**	**(21,313)**	**(18,287)**

BALANCE SHEETS

AS AT 31 DECEMBER 2008

(In Singapore dollars)

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-current liabilities					
Interest-bearing loans and borrowings	23	4,163	5,533	–	–
Deferred tax liabilities	25	3,194	4,554	522	296
		7,357	10,087	522	296
Total liabilities		**165,816**	**188,504**	**51,103**	**57,960**
NET ASSETS		237,732	327,523	219,093	285,620
Equity attributable to equity holders of the Company					
Share capital	26	265,146	265,146	265,146	265,146
Reserves		(27,414)	62,056	(46,053)	20,474
		237,732	327,202	219,093	285,620
Minority interests		–	321	–	–
Total equity		**237,732**	**327,523**	**219,093**	**285,620**
Total equity and liabilities		**403,548**	**516,027**	**270,196**	**343,580**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2008

(In Singapore dollars)

	Attributable to equity holders of the Company					
Group	Share capital (Note 26) $'000	Accumulated profits/ (losses) $'000	Other reserves (Note 27) $'000	Total reserves $'000	Minority interests $'000	Total equity $'000
2008						
Beginning of financial year	265,146	65,509	(3,453)	62,056	321	327,523
Foreign currency translation adjustment	–	–	10,752	10,752	(14)	10,738
Net income and (expense) recognised directly in equity	–	–	10,752	10,752	(14)	10,738
Net loss for the year	–	(97,540)	–	(97,540)	–	(97,540)
Total recognised (expense) and income for the year	–	(97,540)	10,752	(86,788)	(14)	(86,802)
Grant of equity-settled share awards to employees	–	–	1,732	1,732	–	1,732
Repayment of capital to minority interest	–	–	–	–	(307)	(307)
Transfer to statutory reserve	–	(733)	733	–	–	–
Dividends paid (Note 11)	–	(4,414)	–	(4,414)	–	(4,414)
End of financial year	265,146	(37,178)	9,764	(27,414)	–	237,732
2007						
Beginning of financial year	345,417	(21,929)	(3,915)	(25,844)	574	320,147
Foreign currency translation adjustment	–	–	(2,645)	(2,645)	31	(2,614)
Net (expense) and income recognised directly in equity	–	–	(2,645)	(2,645)	31	(2,614)
Net profit for the year	–	12,114	–	12,114	17	12,131
Total recognised income and (expense) for the year	–	12,114	(2,645)	9,469	48	9,517
Issue of shares (RSP)	283	–	(283)	(283)	–	–
Grant of equity-settled share awards to employees	–	–	1,400	1,400	–	1,400
Capital reduction	(80,554)	80,554	–	80,554	–	–
Acquisition of minority interest	–	–	–	–	(301)	(301)
Acquisition of additional shares in subsidiaries	–	–	42	42	–	42
Dividends paid (Note 11)	–	(3,683)	–	(3,683)	–	(3,683)
Transfer to statutory reserve	–	(1,547)	1,547	–	–	–
Disposal of an associate	–	–	401	401	–	401
End of financial year	265,146	65,509	(3,453)	62,056	321	327,523

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2008

(In Singapore dollars)

Company	Share capital (Note 26) $'000	Attributable to equity holders of the Company Accumulated profits/(losses) $'000	Other reserves (Note 27) $'000	Total reserves $'000	Total equity $'000
2008					
Beginning of financial year	265,146	17,865	2,609	20,474	285,620
Net loss for the year	–	(63,845)	–	(63,845)	(63,845)
Total recognised expense for the year	–	(63,845)	–	(63,845)	(63,845)
Grant of equity-settled share awards to employees	–	–	1,732	1,732	1,732
Dividends paid (Note 11)	–	(4,414)	–	(4,414)	(4,414)
End of financial year	265,146	(50,394)	4,341	(46,053)	219,093
2007					
Beginning of financial year	345,417	(80,555)	1,492	(79,063)	266,354
Net profit for the year	–	21,549	–	21,549	21,549
Total recognised income for the year	–	21,549	–	21,549	21,549
Issue of shares (RSP)	283	–	(283)	(283)	–
Grant of equity-settled share awards to employees	–	–	1,400	1,400	1,400
Capital reduction	(80,554)	80,554	–	80,554	–
Dividends paid (Note 11)	–	(3,683)	–	(3,683)	(3,683)
End of financial year	265,146	17,865	2,609	20,474	285,620

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2008

(In Singapore dollars)

	Group	
	2008	**2007**
	$'000	**$'000**
Cash flows from operating activities:		
(Loss)/profit from operations before taxation	(96,164)	14,079
Adjustment for:		
Depreciation of property, plant and equipment (Note 12)	26,167	26,182
Net gain on disposal of property, plant and equipment	(9)	(375)
Property, plant and equipment written off	188	317
Share of losses of associates	–	224
Loss on disposal of investment in associates	–	192
Fair value losses on financial derivatives	29	–
Impairment loss on property, plant and equipment	–	120
Impairment loss on goodwill	95,000	–
Bad debts written off	33	187
(Write-back)/allowance for doubtful debts	(183)	1,326
Fair value gain on investment property	–	(186)
(Write-back)/allowance for inventories obsolescence/foreseeable losses	(347)	435
Employee share option/award expenses	1,732	1,400
Interest expense	2,971	3,610
Interest income	(499)	(1,305)
Currency realignment	5,936	(1,369)
Operating cash flows before changes in working capital	34,854	44,837
Decrease in trade and other receivables	1,271	1,185
Decrease/(increase) in prepayments	656	(719)
Increase in inventories	(9,024)	(4,355)
(Decrease)/increase in trade and other payables	(13,040)	7,228
Cash flows generated from operations	14,717	48,176
Interest paid	(2,971)	(3,610)
Interest received	499	1,305
Income tax paid	(3,867)	(9,030)
Net cash from operating activities	8,378	36,841

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2008

(In Singapore dollars)

	Group	
	2008	**2007**
	$'000	**$'000**
Cash flows from investing activities:		
Purchase of property, plant and equipment	(28,051)	(23,072)
Net proceeds from disposal of property, plant and equipment	404	6,795
Net proceeds from disposal of associates	–	856
Repayment of capital to minority interests	(307)	–
Net cash used in investing activities	(27,954)	(15,421)
Cash flows from financing activities:		
Proceeds from loans and borrowings	15,486	47,822
Repayment of loans and borrowings	(21,263)	(44,659)
Repayment of obligations under finance leases and hire purchase	(137)	(99)
Decrease/(increase) in restricted cash	2,280	(2,395)
Dividends paid to equity holders of the Company	(4,414)	(3,683)
Net cash used in financing activities	(8,048)	(3,014)
Net (decrease)/increase in cash and cash equivalents	(27,624)	18,406
Cash and cash equivalents at beginning of year	65,353	48,403
Effects of exchange rate changes on opening cash and cash equivalents	933	(1,456)
Cash and cash equivalents at end of year (Note 20)	38,662	65,353

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

1. Corporate information

Sunningdale Tech Ltd (the "Company") is a public limited liability company, domiciled and incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 51 Joo Koon Circle, Singapore 629069.

The principal activities of the Company consist of manufacturing and sale of dies, tools, jigs, fixtures, high precision steel moulds and plastic products. The principal activities of the subsidiaries are outlined in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the year.

2. Summary of significant accounting policies

2.1 Basis of presentation

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 on a historical cost basis, except as disclosed in the accounting policies below.

Based on the Company's cash flow projection for the year ending 31 December 2009, the financial statements of the Company have been prepared on a going concern basis despite its net current liabilities position.

The financial statements are presented in Singapore Dollars (SGD or $), and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.2 Future changes in accounting policies

The Group has not applied the following FRS and INT FRS that have been issued but not yet effective:

Reference		***Description***	***Effective date (Annual periods beginning on or after)***
FRS 1	:	- *Presentation of Financial Statements* – Revised presentation	1 January 2009
		- *Presentation of Financial Statements* – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23	:	Borrowing Costs	1 January 2009
FRS 27	:	*Consolidated and Separate Financial Statements* – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.2 Future changes in accounting policies (cont'd)

Reference		***Description***	***Effective date (Annual periods beginning on or after)***
FRS 32	:	*Financial Instruments: Presentation* – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 39	:	*Financial Instruments :* Recognition and Measurement – Amendments relating to eligible hedged items	1 July 2009
FRS 101	:	*First-time Adoption of Financial Reporting Standards* – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 102	:	*Share-based payment* – Vesting conditions and cancellations	1 January 2009
FRS 108	:	Operating Segments	1 January 2009
INT FRS 113	:	*Customer Loyalty Programmes*	1 July 2008
INT FRS 116	:	*Hedges of a Net Investment in a Foreign Operation*	1 October 2008
INT FRS 117	:	*Distributions of Non-cash Assets to Owners*	1 July 2009

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 1 and FRS 108 as indicated below.

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 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position and results of the Group when implemented in 2009.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

2.3.1 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.

(i) Impairment of goodwill and investment in subsidiaries

Management determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. For the financial year ended 31 December 2008, an impairment charge of $95,000,000 (2007: $Nil) was recognised in the income statement. More details are given in Note 14. The carrying amount of the goodwill at 31 December 2008 was $29,964,000 (2007: $124,964,000).

The Company determines whether the investment in subsidiaries is impaired at least on an annual basis. This valuation is based on value in use. This requires the management to make an estimate of the expected future cash flows and also to choose a suitable discount rate in order to calculate the present value of the cash flows. For the financial year ended 31 December 2008, an impairment charge of $66,172,000 (2007: $Nil) was recognised in the income statement. The carrying amount of the Company's investment in subsidiaries at 31 December 2008 was $227,706,000 (2007: $292,361,000).

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment as discussed in Note 2.9. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at 31 December 2008 was $176,728,000 (2007: $171,733,000).

(iii) Employee share awards

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share awards at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for the share awards granted, depending on the terms and conditions of the grant. Management is also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the award and dividend yield. The assumptions and model used are disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.3 Significant accounting judgements and estimates (cont'd)

2.3.2 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most effect on the amounts recognised in the financial statements.

(i) Revenue recognition – mould fabrication work

Management recognises revenue from mould fabrication work based on the percentage of completion method. All losses are recorded when they become known. Management had recognised revenue amounting to $96,937,000 (2007: $89,314,000) for mould fabrication work. Management estimates that based on experience with similar work, the percentage of completion used in recognising revenue is appropriate. Even if the events anticipated under the assumptions occur, actual results are still likely to be different from the estimates since other anticipated events frequently do not occur as expected and the variation may be material. As at 31 December 2008, management has also determined that any provision made for foreseeable losses is adequate.

(ii) Impairment of property, plant and equipment

The carrying values of property, plant and equipment are reviewed for impairment when there are indicators of impairment. Except as disclosed in Note 12, as at 31 December 2008, there are no indications of impairment.

(iii) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Management recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax assets and deferred tax liabilities in the period in which such determination is made. The carrying amounts of the Group's income tax payables, deferred tax assets and deferred tax liabilities at 31 December 2008 were $10,234,000 (2007: $13,072,000), $802,000 (2007: $2,478,000) and $3,194,000 (2007: $4,554,000) respectively.

(iv) Operating lease commitments – As lessor

The Group has entered into operating lease arrangements for its plant and machinery. Management has determined that it retains all the significant risks and rewards of ownership of the plant and machinery, which are leased out on operating leases.

(v) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.4 Foreign currency

(a) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the subsidiary.

(b) Foreign currency translation

The results and financial position of foreign subsidiaries are translated into SGD using the following procedures:

- Assets and liabilities of foreign operations are translated at the rate ruling at that balance sheet date; and

- Income and expense are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in the foreign currency translation reserve.

On disposal of a foreign operation, the cumulative amount recognised in the foreign currency translation reserve relating to that particular foreign operation is recognised in the income statement.

2.5 Subsidiaries and basis of consolidation

(a) 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.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.5 Subsidiaries and basis of consolidation (cont'd)

(b) Basis 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 used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of the business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy is set out in Note 2.11.

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

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.

2.6 Transactions with minority interests

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

Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with equity holders. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.7 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The financial statements of the associate are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.8 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense item, it is recognised in the income statement over the period necessary to match them on a systematic basis, to the costs, that it is intended to compensate.

2.9 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold land and buildings	-	20 to 60 years
Leasehold improvements	-	1 to 30 years
Machinery and equipment	-	1 to 10 years
Office equipment and furniture	-	2 to 10 years
Motor vehicles	-	5 to 10 years

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.9 Property, plant and equipment and depreciation (cont'd)

Assets under construction included in plant and equipment, classified as construction-in-progress are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

2.10 Investment properties

Investment properties are initially recorded at cost. Subsequent to recognition, investment properties are measured at fair value and gains or losses arising from changes in the fair value of investment properties are included in the income statement in the year in which they arise.

Investment properties are dereognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

2.11 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.11 Intangible assets (cont'd)

(a) Goodwill (cont'd)

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.4.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method are reviewed at least at each financial year-end.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

Research and development costs

Research and development costs are expensed as incurred. Deferred development costs arising from development expenditure on an individual project is recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the income statement except for assets that are previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.13 Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirely, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

All regular way purchases and sales of financial assets are recognised or derecongnised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.13 Financial assets (cont'd)

(a) Financial assets at fair value through profit or loss

Financial asset held for trading are classified as financial assets at fair value through profit or loss. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the income statement. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(b) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(c) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in equity is recognised in the income statement when financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 Impairment of financial assets

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

(a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

(b) Assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.15 Impairment of financial assets (cont'd)

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the income statement. Reversals of impairment losses on debt instruments are recognised in the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials - purchase cost on a first-in-first out basis;
- Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

2.17 Financial liabilities

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 recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Net gains or losses on derivatives include exchange differences.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.18 Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The contractual rights to receive cash flows from the asset have expired;
- The Group retains the contractual rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.19 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the income statement over the period of guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the income statement.

2.20 Borrowing Costs

Borrowing costs are recognised in the income statement as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying 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. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

2.21 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision for sales returns is recognised for all products sold as at the balance sheet date based on past experience of the level of returns.

2.22 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund (CPF) scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.22 Employee benefits (cont'd)

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

(c) Employee share plans – Restricted Share Plan and Performance Share Plan

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for share plans and awards ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share awards are granted. In valuing the share awards, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in the Restricted Share Plan reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award is treated as if it was a modification of the original award, as described in the previous paragraph.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.23 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised, at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24.

2.24 Revenue recognition

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 is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from the sale of goods is recognised upon passage of title to the customer which generally coincides with their delivery and acceptance.

(b) Revenue from mould fabrication work

Revenue from mould fabrication work is recognised on the percentage of completion method, measured by reference to the stages of mould manufacturing processes surveyed by project engineers and all losses are provided for as they become known. Where the outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

(c) Interest income

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.24 Revenue recognition (cont'd)

(d) Dividends

Dividend income is recognised when the Group's right to receive payment is established.

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

2.25 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current taxes are recognised in the income statement except that tax relating to items recognised directly in equity is recognised directly in equity.

(b) Deferred tax

Deferred income tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss;

- In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

- In respect of deductible temporary differences and carry-forward of unused tax credit and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax losses and unused tax credit can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.25 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred taxes are recognised in the income statement except that deferred tax relating to items recognised directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax except:

- Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.26 Derivative financial instruments

Derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss and are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each balance sheet date.

Any gains or losses arising from changes in fair value on derivative financial instruments are taken to the income statement for the year.

2.27 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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

2.28 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.29 Treasury shares

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in the income statement on purchase, sale, issue or cancellation of treasury shares.

2.30 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

3. Revenue

Revenue represents net invoiced value of goods supplied and percentage of work completed for sale of moulds, and it is shown net of related sales taxes, estimated returns, discounts and volume rebates.

4. Interest income

	Group	
	2008	**2007**
	$'000	**$'000**
Interest income from:		
Loans and receivables	499	1,305

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

5. Other income

	Group	
	2008 $'000	2007 $'000
Income from disposal of scrap materials	1,274	1,196
Fair value gain on investment property	–	186
Rental income	38	85
Government grant	10	260
Gain on disposal of property, plant and equipment	9	375
Compensation from customers and suppliers	2,811	492
Gain from financial derivatives	–	745
Waiver of debts	341	–
Miscellaneous income	789	668
	5,272	4,007

6. Other operating expenses

	Group	
	2008 $'000	2007 $'000
Property, plant and equipment written off	188	317
Impairment loss on plant and equipment (Note 12)	–	120
Impairment loss on goodwill (Note 14)	95,000	–
Loss on disposal of associates	–	192
Royalty expenses	–	11
Foreign exchange loss	7,770	3,785
Fair value losses on financial derivatives	29	–
Miscellaneous expenses	–	354
	102,987	4,779

7. Finance costs

	Group	
	2008 $'000	2007 $'000
Interest expense:		
– Bank loans	2,872	3,445
– Bank overdrafts	42	133
– Bills payable	55	23
– Hire purchase/finance leases	2	9
	2,971	3,610

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

8. (Loss)/profit from continuing operations before taxation

	Group 2008 $'000	Group 2007 $'000
(Loss)/profit from continuing operations before taxation is stated after charging/(crediting):		
Cost of inventories sold	321,320	324,938
Professional fees paid to a director related company	48	59
Depreciation of property, plant and equipment (Note 12)	26,167	26,182
Bad debts written off - trade	33	187
(Write-back)/allowance for doubtful debts	(183)	1,326
Non-audit fees paid to:		
– Auditors of the Company	199	189
– Other auditors of the Company	88	7
Employee benefits expense (Note 30)	85,272	88,249
(Write-back)/allowance for inventories obsolescence/foreseeable losses	(347)	435

9. Taxation

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2008 and 2007 are:

	Group 2008 $'000	Group 2007 $'000
Current taxation		
Current year	2,824	3,171
Overprovision in respect of previous years	(2,148)	(531)
Deferred taxation		
Origination and reversal of temporary differences	1,829	(324)
Benefits from previously unrecognised tax losses	(1,152)	(17)
Effect of reduction in tax rate	23	(351)
Income tax expense recognised in the income statement	1,376	1,948

The statutory income tax rate applicable to the Singapore companies of the Group is 18% (2007: 18%).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

9. Taxation (cont'd)

Relationship between tax expense and accounting profit

A reconciliation between the tax expenses and accounting (loss)/profit before income tax multiplied by the applicable corporate tax rates for the years ended 31 December 2008 and 2007 are as follows:-

	Group	
	2008	**2007**
	$'000	**$'000**
Accounting (loss)/profit before income tax	(96,164)	14,079
Tax at the domestic rates applicable to profits in the countries where the Group operates	(11,151)	3,741
Adjustments:		
Lower tax rate for specific provinces or local authority	(296)	(1,807)
Non-deductible expenses	15,178	1,462
Income not subject to taxation	(325)	(190)
Utilisation of previously unrecognised deferred tax assets	(1,152)	(1,497)
Deferred tax assets not recognised	1,588	1,329
Overprovision in respect of previous years	(2,148)	(531)
Effect of reduction in tax rate	23	(351)
Others	(341)	(208)
Income tax expense recognised in the income statement	1,376	1,948

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The corporate income tax rate applicable to Malaysian companies of the Group was reduced from 26% to 25% for the year of assessment 2009.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

10. (Loss)/earnings per share

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

Diluted (loss)/earnings per share are calculated by dividing the net (loss)/profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive potential shares).

The following table reflect the profit and loss and share data used in the computation of basic and diluted (loss)/earnings per share for the years ended 31 December 2008 and 2007:

	Group	
	2008	**2007**
	$'000	**$'000**
(Loss)/profit attributable to equity holders of the Company for basic and diluted earnings per share	(97,540)	12,114

	Number of shares	
	'000	**'000**
Weighted average number of ordinary shares on issue applicable to basic earnings per share	735,643	735,320
Effect of dilutive potential share		
● Restricted share plan	–*	10,121
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	735,643	745,441

Since the end of the financial year, 4,624,000 ordinary shares were issued pursuant to the Restricted Share Plan. There have been no other transaction involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

* For the purpose of calculating the diluted losses per share for the current financial year, the effect of 13,444,000 share awards under the Restricted Share Plan have not been included in the calculation of diluted losses per share because they are anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

11. Dividends

		Group and Company	
		2008	2007
		$'000	$'000
(a)	Declared and paid during the year are as follows:-		
	2007 interim dividend of $0.0055 per share on 735,212,643 ordinary shares less tax	–	3,316
	2007 interim dividend of $0.0005 per share on 735,212,643 ordinary shares, tax exempt	–	367
		–	3,683
(b)	Dividends paid during the year are as follows:-		
	2007 final exempt (one-tier) dividend of $0.006 per share on 735,642,643 ordinary shares	4,414	–
(c)	Proposed but not recognised as a liability as at 31 December:		
	Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
	2007 final exempt (one-tier) dividend of $0.006 per share on 735,642,643 ordinary shares	–	4,414

12. Property, plant and equipment

Group	Leasehold land and buildings $'000	Leasehold improvements $'000	Motor vehicles $'000	Machinery and equipment $'000	Office equipment and furniture $'000	Construction-in-progress $'000	Total $'000
Cost							
At 1 January 2008	48,696	26,631	2,368	235,067	19,117	778	332,657
Additions	728	2,152	19	15,745	1,292	8,115	28,051
Reclassification	–	–	–	618	–	(618)	–
Disposals	–	–	(406)	(398)	(17)	(195)	(1,016)
Written off	–	(533)	–	(2,085)	(104)	–	(2,722)
Currency realignment	760	439	12	5,165	162	128	6,666
At 31 December 2008	50,184	28,689	1,993	254,112	20,450	8,208	363,636
Accumulated depreciation							
At 1 January 2008	6,680	14,171	1,595	123,848	14,630	–	160,924
Charge for the year	1,692	3,190	192	19,458	1,635	–	26,167
Disposals	–	–	(271)	(339)	(11)	–	(621)
Written off	–	(453)	–	(1,992)	(89)	–	(2,534)
Currency realignment	78	246	1	2,492	155	–	2,972
At 31 December 2008	8,450	17,154	1,517	143,467	16,320	–	186,908
Net carrying amount							
At 31 December 2008	41,734	11,535	476	110,645	4,130	8,208	176,728

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

12. Property, plant and equipment (cont'd)

Group	Leasehold land and buildings $'000	Leasehold improvements $'000	Motor vehicles $'000	Machinery and equipment $'000	Office equipment and furniture $'000	Construction-in-progress $'000	Total $'000
Cost							
At 1 January 2007	50,167	26,550	2,658	227,202	19,327	41	325,945
Additions	5,811	3,388	271	10,420	1,110	2,221	23,221
Reclassification	–	1,394	–	–	88	(1,482)	–
Disposals	(7,056)	(3,314)	(542)	(524)	(764)	–	(12,200)
Written off	–	(1,323)	(5)	(336)	(530)	–	(2,194)
Currency realignment	(226)	(64)	(14)	(1,695)	(114)	(2)	(2,115)
At 31 December 2007	48,696	26,631	2,368	235,067	19,117	778	332,657
Accumulated depreciation							
At 1 January 2007	7,570	14,233	1,821	106,536	14,173	–	144,333
Charge for the year	1,805	3,216	212	19,219	1,730	–	26,182
Impairment loss	–	28	–	92	–	–	120
Disposals	(2,499)	(2,157)	(427)	(21)	(680)	–	(5,784)
Written off	–	(1,089)	(3)	(301)	(484)	–	(1,877)
Currency realignment	(196)	(60)	(8)	(1,677)	(109)	–	(2,050)
At 31 December 2007	6,680	14,171	1,595	123,848	14,630	–	160,924
Net carrying amount							
At 31 December 2007	42,016	12,460	773	111,219	4,487	778	171,733

Company	Leasehold land and buildings $'000	Leasehold improvements $'000	Motor vehicles $'000	Machinery and equipment $'000	Office equipment and furniture $'000	Construction-in-progress $'000	Total $'000
Cost							
At 1 January 2008	4,732	5,207	–	23,760	1,491	610	35,800
Additions	–	387	–	3,791	313	40	4,531
Reclassification	–	–	–	618	–	(618)	–
Disposals	–	–	–	(166)	–	–	(166)
At 31 December 2008	4,732	5,594	–	28,003	1,804	32	40,165
Accumulated depreciation							
At 1 January 2008	894	2,819	–	19,292	953	–	23,958
Charge for the year	79	456	–	2,282	310	–	3,127
Disposals	–	–	–	(142)	–	–	(142)
At 31 December 2008	973	3,275	–	21,432	1,263	–	26,943
Net carrying amount							
At 31 December 2008	3,759	2,319	–	6,571	541	32	13,222

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

12. Property, plant and equipment (cont'd)

Company	Leasehold land and buildings $'000	Leasehold improvements $'000	Motor vehicles $'000	Machinery and equipment $'000	Office equipment and furniture $'000	Construction-in-progress $'000	Total $'000
Cost							
At 1 January 2007	4,732	4,747	86	23,091	1,016	107	33,779
Additions	–	556	–	1,009	387	1,938	3,890
Reclassification	–	1,347	–	–	88	(1,435)	–
Disposals	–	(756)	(86)	(340)	–	–	(1,182)
Written off	–	(687)	–	–	–	–	(687)
At 31 December 2007	4,732	5,207	–	23,760	1,491	610	35,800
Accumulated depreciation							
At 1 January 2007	815	3,836	81	17,448	729	–	22,909
Charge for the year	79	398	–	2,149	224	–	2,850
Impairment loss	–	28	–	–	–	–	28
Disposals	–	(756)	(81)	(305)	–	–	(1,142)
Written off	–	(687)	–	–	–	–	(687)
At 31 December 2007	894	2,819	–	19,292	953	–	23,958
Net carrying amount							
At 31 December 2007	3,838	2,388	–	4,468	538	610	11,842

The carrying amounts of leasehold land and buildings are as follows:-

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Leasehold land as at 31 December:				
Cost	4,060	3,617	–	–
Accumulated depreciation	(170)	(1)	–	–
Net carrying amount	3,890	3,616	–	–
Leasehold building as at 31 December:				
Cost	46,124	45,079	4,732	4,732
Accumulated depreciation	(8,280)	(6,679)	(973)	(894)
Net carrying amount	37,844	38,400	3,759	3,838

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

12. Property, plant and equipment (cont'd)

Assets under finance leases and hire purchase

The net book value of property, plant and equipment under finance leases and hire purchase:-

	Group	
	2008	**2007**
	$'000	**$'000**
Machinery and equipment	–	159
	–	159

Impairment of assets

There was no impairment charge to the income statement during the financial year ended 31 December 2008. In FY2007, management carried out a review on the recoverable amount of machines based on the working conditions. An impairment loss of $120,000, representing the write-down of these machines to the recoverable amount was recognised in "Other operating expenses" (Note 6). The recoverable amount was based on its market value.

13. Investment property

	Group	
	2008	**2007**
	$'000	**$'000**
Balance sheet:		
At 1 January	709	556
Fair value gain recognised in:		
- Income statement	–	186
Currency realignment	2	(33)
At 31 December	711	709
Income statement:		
Rental income from investment property:		
Minimum lease payments	38	40
	38	40
Direct operating expenses (including repair and maintenance) arising from:		
Rental generating property	–	1
	–	1

There was no contingent rent received during the year (2007: $nil).

Valuation of property

Investment property is stated at fair value, which has been determined based on valuations at the balance sheet date. The investment property was revalued on 31 December 2008 by A-Plus Surveyors Ltd., an independent professionally qualified valuer, at HK$3,800,000 (2007: HK$3,800,000) on an open market, existing use basis.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

14. Intangible assets

Group

	Goodwill $'000	Club membership $'000	Total $'000
Cost:			
At 1 January 2008 and 31 December 2008	213,590	56	213,646
Accumulated amortisation and impairment:			
At 1 January 2008	88,626	53	88,679
Impairment loss	95,000	–	95,000
At 31 December 2008	183,626	53	183,679
Net carrying amount:			
At 31 December 2008	29,964	3	29,967

	Goodwill $'000	Club membership $'000	Total $'000
Cost:			
At 1 January 2007 and 31 December 2007	213,590	56	213,646
Accumulated amortisation and impairment:			
At 1 January 2007 and 31 December 2007	88,626	53	88,679
Net carrying amount:			
At 31 December 2007	124,964	3	124,967

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

14. Intangible assets (cont'd)

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the Group's cash-generating units ("CGU") identified according to the Group's business units, for impairment testing as follows:

- Sunningdale Tech Ltd ("STL"), Omni Mold Ltd ("Omni"), Podoyo Plastic Industries Group ("Podoyo") and Sunningdale Tech Ind CGU;
- Omni Tech (Suzhou) ("OTS") CGU;
- Chi Wo Plastic Moulds Group ("Chi Wo") CGU; and
- Sunningdale Precision Industries Ltd Group ("SPIL") CGU

STL, Omni, Podoyo and Sunningdale Tech Ind CGU, Chi Wo CGU and SPIL CGU

The recoverable amounts of *STL, Omni, Podoyo and Sunningdale Tech Ind CGU, Chi Wo CGU* and SPIL CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections was 10.88% per annum, 10.42% per annum and 10.32% per annum (2007: 8.1% p.a.) for *STL, Omni, Podoyo and Sunningdale Tech Ind CGU, Chi Wo CGU* and SPIL CGU respectively. The growth rate used to extrapolate the cash flows of *STL, Omni, Podoyo and Sunningdale Tech Ind CGU* and *Chi Wo CGU* beyond the five-year period was 2.0% and SPIL CGU beyond the five-year period was 3.1% per annum (2007: 3.6% p.a.). The growth rate does not exceed the long-term average growth rates for the countries in which the CGUs operate.

Carrying amounts of goodwill allocated to the CGUs are as follows:-

	2008 $'000	2007 $'000
STL, Omni, Podoyo and Sunningdale Tech Ind CGU	6,808	13,808
OTS CGU	–	–
Chi Wo CGU	23,127	55,127
SPIL CGU	29	56,029
Total	29,964	124,964

Key assumptions used in calculations of value in use of the CGUs

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Budgeted gross margins – the basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, increased for expected efficiency improvements and the rationalisation exercise.

Cost of borrowing – The borrowing costs used was obtained from management's latest borrowing rates and is consistent with external market rates.

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14. Intangible assets (cont'd)

Management believes that any reasonably possible change of the key assumptions of which the CGUs recoverable amounts are based would not cause the CGUs carrying amounts to exceed their recoverable amounts.

During the financial year, impairment losses was recognised to write down the carrying value of goodwill attributable to the STL, OML, Podoyo and Sunningdale Tech Ind CGU, Chi Wo CGU and SPIL CGU. The impairment loss of $95,000,000 (2007: $nil) has been recognised in the income statement under the line item "Other operating expenses" (Note 6).

15. Other investments

	Group		Company	
	2008 **$'000**	**2007** **$'000**	**2008** **$'000**	**2007** **$'000**
Quoted shares, at market value	1	1	–	–
Total available-for-sale financial assets	1	1	–	–

16. Investment in subsidiaries

	Company	
	2008 **$'000**	**2007** **$'000**
Unquoted shares at cost	407,678	406,161
Impairment losses	(179,972)	(113,800)
Carrying amount of investments	227,706	292,361

The basis used in computing the recoverable amounts of the investment in subsidiaries is the same as the impairment testing of goodwill disclosed in Note 14.

During the financial year, there was an impairment charge of $66,172,000 (2007: $Nil) as the carrying value was higher than the recoverable amount. The impairment loss provided on subsidiaries represents the write-down of a subsidiary to recoverable amounts based on the economic performance of the subsidiary group.

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16. Investment in subsidiaries (cont'd)

Name of company/ (Country of incorporation)	Principal activities/ Country of business	Cost 2008 $'000	Cost 2007 $'000	Percentage of equity interest held 2008 %	Percentage of equity interest held 2007 %
Held by the Company					
Chi Wo Plastic Moulds Fty Limited [2] (Hong Kong)	Manufacturing and sale of mould and plastic injection products, trading of car audio equipment and investment holding (Hong Kong)	97,763	97,763	100	100
Omni Mold Ltd [1] (Singapore)	Design, manufacturing, marketing and export of high precision steel moulds (Singapore)	34,698	34,698	100	100
Podoyo Plastics Industries (M) Sdn Bhd [3] (Malaysia)	Manufacturer of plastic products in video front panels, office automation products and sub-assembly of paper feeders for printers and computer components (Malaysia)	5,209	5,209	100	100
Sunningdale Precision Industries Ltd [1] (Singapore)	Precision mould making, injection moulding of precision engineering plastic components, as well as contract manufacturing of assembled plastic products (Singapore)	265,317	265,317	100	100
Sunningdale Tech (Ind) Pte Ltd [1] (Singapore)	Manufacturing and sale of dies, tools, jigs, fixtures, high precision steel moulds and plastic products (Singapore)	3,172	3,172	100	100
Sunningdale Tech Design Pte Ltd [1] (Singapore)	Development and marketing of lifestyle products (Dormant) (Singapore)	#	#	100	100
Sunningdale Technologies S.A. de C.V. [7] (Mexico)	Manufacturing and sale of precision plastic injection moulding products (Mexico)	1,475	2	100**	100**
PT. GP Technology Bintan [12] (Indonesia)	Manufacturing of precision plastic injection moulding products (Indonesia)	44	–	100***	100
		407,678	406,161		

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16. Investment in subsidiaries (cont'd)

Name of company/ (Country of incorporation)	Principal activities/ Country of business	Percentage of equity interest held 2008 %	2007 %
Subsidiaries of Chi Wo Plastic Moulds Fty Limited			
Xinlianxing Mould (Shenzhen) Co., Ltd (8) (People's Republic of China)	Manufacture and sale of mould products (Dormant) (People's Republic of China)	100	100
Zhongshan Zhihe Electrical Equipment Co., Ltd (9) (People's Republic of China)	Manufacture and sale of mould and plastic injection products (People's Republic of China)	100	100
Subsidiaries of Omni Mold Ltd			
Omni Mold Investment Holding Pte Ltd (1) (Singapore)	Investment holding, e-commerce, trading and manufacturing and provision of internet services in precision moulds and related activities (Singapore)	100	100
Subsidiaries of Podoyo Plastics Industries (M) Sdn Bhd			
Seiwa-Podoyo (M) Sdn Bhd (3) (Malaysia)	Secondary process and assembly of video and audio front panel and computer components (Malaysia)	100	100
Guinea Manufacturing Sdn Bhd (3) (Malaysia)	Property investment (Malaysia)	100	100
TGM Technologies Sdn Bhd (3) (Malaysia)	Assembler and manufacturer, distributors of electronics components into circuit panels, mechanism and chassis for computers, etc (Dormant) (Malaysia)	100	100
Subsidiaries of Sunningdale Precision Industries Ltd			
Sunningdale Technology Pte Ltd (1) (Singapore)	Manufacturing of two colour plastic moulding products (Dormant) (Singapore)	100	100
SDP Manufacturing Sdn Bhd (3) (Malaysia)	Manufacturing of plastic and metal parts of machinery and equipment (Malaysia)	100	100

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16. Investment in subsidiaries (cont'd)

Name of company/ (Country of incorporation)	Principal activities/ Country of business	Percentage of equity interest held 2008 %	2007 %
Subsidiaries of Sunningdale Precision Industries Ltd (cont'd)			
Sunningdale Plastic Sdn Bhd [(4)] Malaysia)	Liaison office (Dormant) (Malaysia)	100	100
Sunningdale Plastic Industries (Tianjin) Co., Ltd [(5)] (People's Republic of China)	Manufacturing of precision plastic injection moulding products (People's Republic of China)	100	100
Sunningdale Precision Industries (Shanghai) Co., Ltd [(6)] (People's Republic of China)	Manufacturing of precision plastic injection moulding products (People's Republic of China)	100	100
Sunningdale Precision Mold Industries (Tianjin) Co., Ltd [(5)] (People's Republic of China)	Manufacturing of precision moulds and provision of technical consulting services (People's Republic of China)	100	100
Sunningdale Daiwa Seiki Industries Sdn Bhd [(4)] (Malaysia)	Manufacturing of precision moulds (Malaysia)	##	60
Weltech Precision Tooling Pte Ltd [(1)] (Singapore)	Manufacturing of moulds, tools and dies (Singapore) (Dormant)	100	100
Polymer System Industries Sdn Bhd [(11)] (Malaysia)	Manufacturing of moulds and tools (Dormant) (Malaysia)	100	100
Sunningdale Technologies S.A. de C. V.[(7)] (Mexico)	Manufacturing of precision plastic injection moulding products (Mexico)	100**	100**
Sunningdale Plastic Technology (Tianjin) Co., Ltd [(5)] (People's Republic of China)	Manufacturing of precision plastic injection moulding products (People's Republic of China)	100	100
Sunningdale Precision Technology (Shanghai) Co., Ltd [(6)] (People's Republic of China)	Designing and manufacturing of precision moulds and precision engineering plastic components for automobile parts (People's Republic of China)	100	100
PT. GP Technology Bintan [(12)] (Indonesia)	Manufacturing of precision plastic injection moulding products (Indonesia)	100*	100*
Sunningdale Innovative Technology (Tianjin) Co., Ltd [(5)] (People's Republic of China)	Manufacturing of precision plastic injection moulding products (People's Republic of China)	100	100

NOTES TO THE FINANCIAL STATEMENTS

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16. Investment in subsidiaries (cont'd)

Name of company/ (Country of incorporation)	Principal activities/ Country of business	Percentage of equity interest held 2008 %	2007 %
Subsidiaries of Omni Mold Investment Holding Pte Ltd			
Omni Tech (Suzhou) Co., Ltd [10] (People's Republic of China)	Product design and development, tooling and moulding (People's Republic of China)	100	100
Subsidiaries of Seiwa-Podoyo (M) Sdn Bhd			
Sheng Ya (M) Sdn Bhd [3] (Malaysia)	Property investment (Malaysia)	100	100

(1) Audited by Ernst & Young, Singapore
(2) Audited by Ernst & Young, Hong Kong, SAR
(3) Audited by Ernst & Young, Johor Bahru, Malaysia
(4) Audited by Ernst & Young, Penang, Malaysia
(5) Audited by Ernst & Young, Beijing, the People's Republic of China
(6) Audited by Ernst & Young, Shanghai, the People's Republic of China
(7) Audited by Ernst & Young, Mexico
(8) Audited by Yuehua Certified Public Accountants Co. Ltd. Shenzhen
(9) Audited by Zhongshan Xiangshan Certified Public Accountant Co., Ltd
(10) Audited by Welsen Certified Public Accountants
(11) Audited by Chong & Associates, Chartered Accountants
(12) Audited by Purwantono, Sarwoko & Sandjaja, a member firm of Ernst & Young Global
* Includes equity held by a subsidiary
** 54.7% (2007: 0.23%) of equity held by the Company and 45.3% (2007: 99.77%) of equity held by Sunningdale Precision Industries Ltd
*** 10.0% of equity held by the Company and 90.0% of equity held by Sunningdale Precision Industries Ltd
# Cost of investment is $2
Wound up during the financial year

As required by Rule 716 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Audit Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

17. Investment in associates

The impairment loss provided on associates represented the write-down of the associates to recoverable amounts based on the economic performances of these companies.

Name of company (Country of incorporation and business)	Principal activities	Effective equity interest held by the Group 2008 %	2007 %
Held through subsidiary			
Synergy MFG Pte Ltd (Singapore)*	Moulding	20	20

* The company is dormant as at 31 December 2008 and the accounts are not audited. The last set of accounts for the year ended 31 December 2005 was audited by T. Y. Kan & Company, Certified Public Accountants.

18. Inventories

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Finished goods	15,941	18,201	1,421	2,367
Work-in-progress	31,542	22,099	2,816	951
Raw materials	17,381	15,193	986	1,347
Total inventories at lower of cost and net realisable value	64,864	55,493	5,223	4,665
Inventories are stated after deducting allowance for inventories obsolescence/foreseeable losses	3,836	4,600	648	960
Analysis of allowance for inventories obsolescence:-				
At 1 January	3,907	3,590	960	564
Charge for the year	1,570	4,973	703	888
Written-off	(493)	(649)	(49)	–
Write-back	(1,832)	(3,955)	(966)	(492)
Currency realignment	74	(52)	–	–
At 31 December	3,226	3,907	648	960

The write-back of allowance for inventories obsolescence was made when the related inventories can be sold above their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

18. Inventories (cont'd)

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Work-in-progress:-				
Costs incurred to date	45,764	31,546	3,435	11,580
Recognised profits less recognised losses to date	9,089	11,398	72	889
	54,853	42,944	3,507	12,469
Progress billings	(26,617)	(25,284)	(1,779)	(13,000)
Allowance for foreseeable losses	(610)	(693)	–	–
	27,626	16,967	1,728	(531)
Comprising:				
Work-in-progress	31,542	22,099	2,816	951
Excess of progress billings over work-in-progress	(3,916)	(5,132)	(1,088)	(1,482)
	27,626	16,967	1,728	(531)

The revenue recognised in the income statement of the Group for the year was $96,937,000 (2007: $89,314,000).

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Analysis of allowance for foreseeable losses:				
At 1 January	693	1,276	–	88
Charge for the year	269	141	–	–
Write-back	(354)	(724)	–	(88)
Currency alignment	2	–	–	–
At 31 December	610	693	–	–

The write-back of allowance for foreseeable losses were made when the related inventories can be sold above their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

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19. Trade and other receivables

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade receivables	81,777	84,958	8,481	10,634
Amounts due from subsidiaries				
- trade	–	–	1,655	27
- non-trade	–	–	6,536	11,480
- loan	–	–	1,171	–
Sundry receivables	2,965	1,593	292	60
Staff loan	12	33	7	33
Deposits	1,836	1,127	142	162
Total trade and other receivables	86,590	87,711	18,284	22,396
Add: Cash and cash equivalents (Note 20)	41,890	70,284	5,632	12,234
Total loans and receivables	128,480	157,995	23,916	34,630

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts, which represents their fair values on initial recognition.

Amounts due from subsidiaries

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

The loan to a subsidiary is unsecured and repayable on demand. The loan bears interest at a range of 6.17% to 8.92% per annum.

All amounts with subsidiaries are to be settled in cash.

Receivables that are past due but not impaired

The Group and Company have trade receivables amounting to $18,514,000 (2007: $22,288,000) and $1,606,000 (2007: $2,588,000) respectively, that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade receivables past due:				
Less than 30 days	12,865	14,560	1,212	1,865
30 to 60 days	3,673	3,860	284	348
61 to 90 days	287	2,227	106	264
91 to 150 days	401	928	4	111
More than 150 days	1,288	713	–	–
	18,514	22,288	1,606	2,588

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

19. Trade and other receivables (cont'd)

Receivables that are impaired

The Group's and Company's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:-

	Group Individually impaired		Company Individually impaired	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Trade receivables				
– nominal amounts	5,932	7,310	847	782
Allowance for impairment	(3,900)	(4,197)	(847)	(782)
	2,032	3,113	–	–

	Group		Company	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Movements in allowance accounts:				
At 1 January	4,197	6,182	782	1,122
Charge for the year	1,090	1,778	173	12
Written off	(112)	(3,287)	(108)	(317)
Written back	(1,273)	(452)	–	(35)
Currency realignment	(2)	(24)	–	–
At 31 December	3,900	4,197	847	782

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

20. Cash and cash equivalents

	Group		Company	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Cash at bank and in hand	32,568	49,019	4,182	12,234
Short-term deposits	9,322	21,265	1,450	–
	41,890	70,284	5,632	12,234

Short-term deposits

Short-term deposits are made for varying periods of between 1 day and 3 months depending on the immediate cash requirements of the Group, and earning interest at the respective short-term deposit rates, ranging from 0.02% to 3.33% per annum (2007: 1.9% to 4.0% per annum).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

20. Cash and cash equivalents (cont'd)

As at 31 December 2008, the Group and Company had available $69,900,000 (2007: $52,000,000) and $41,300,000 (2007: $35,900,000) of undrawn borrowing facilities respectively in respect of which all conditions precedent had been met.

Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following amounts: -

	Group	
	2008	**2007**
	$'000	**$'000**
Cash at bank and in hand	32,568	49,019
Short-term deposits	9,322	21,265
Bank overdrafts, unsecured	(267)	–
	41,623	70,284
Restricted cash (Note 23)	(2,961)	(4,931)
	38,662	65,353

Bank overdrafts

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management.

Bank overdrafts are unsecured, repayable on demand, interest bearing at a range of 4.25% to 6.00% per annum (2007: 5.00% to 5.25% per annum). Interest rates of bank overdrafts are repriced at monthly interval.

21. Trade and other payables

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	33,578	41,471	3,717	3,186
Amounts due to subsidiaries				
– trade	–	–	11,181	9,159
– non-trade	–	–	43	–
Amount due to a corporate shareholder – trade	–	796	–	796
Sundry creditors	7,402	9,070	1,061	1,199
Total trade and other payables	40,980	51,337	16,002	14,340
Add:				
– Bank overdrafts	267	–	–	–
– Other liabilities (Note 22)	19,232	20,699	3,298	4,654
– Interest-bearing loans and borrowings (Note 23)	87,964	93,710	30,193	36,233
Total financial liabilities carried at amortised cost	148,443	165,746	49,493	55,227

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

21. Trade and other payables (cont'd)

Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 60 days terms.

Amounts due to subsidiaries

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

All amounts with subsidiaries are to be settled in cash.

22. Other liabilities

	Group		Company	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Trade accrual	5,056	2,432	442	863
Accrued other operating expenses	3,552	8,409	787	1,637
Accrued directors' fees payable	254	254	254	254
Accrued staff & related costs	9,900	9,387	1,723	1,851
Accrual for VAT	266	67	–	–
Accrued interest payable	204	150	92	49
	19,232	20,699	3,298	4,654

NOTES TO THE FINANCIAL STATEMENTS
31 December 2008

23. Interest-bearing loans and borrowings

	Interest rates (Per annum)	Maturities	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current						
Unsecured short-term loans	1.81% – 8.92% (2007: 2.57% - 6.28%)	2009	77,569	74,380	30,159	35,600
Secured short-term loans	3.00% (2007: 3.00%)	2009	2,961	4,915	–	–
Unsecured bank loans	6.00% – 7.78% (2007: 3.30% - 8.25%)	2009	2,265	7,458	–	633
Unsecured bankers acceptance	2.30% – 6.00% (2007: 2.35% - 5.88%)	2009	1,006	1,374	34	–
Finance lease liabilities/ Hire purchase creditors	– (2007: 3.40%)	2009	–	50	–	–
			83,801	88,177	30,193	36,233
Non-current						
Unsecured bank loans	6.10% – 7.78% (2007: 5.33% - 8.25%)	2010 – 2013	4,163	5,446	–	–
Finance lease liabilities/ Hire purchase creditors	– (2007: 3.40%)	–	–	87	–	–
			4,163	5,533	–	–
Total interest-bearing loans and borrowings			87,964	93,710	30,193	36,233

The subsidiaries' loans are secured by:-

(a) restricted cash of $2,961,000 (2007: $4,931,000);
(b) corporate guarantee given by the Company.

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31 December 2008

23. Interest-bearing loans and borrowings (cont'd)

Finance lease liabilities/Hire purchase creditors:

The finance lease liabilities have been fully repaid during the year. Future minimum lease payments under finance leases and hire purchase creditors together with the present value of the net minimum lease payments are as follows:-

	Minimum Payments 2008 $'000	Present Value of Payments 2008 $'000	Minimum Payments 2007 $'000	Present Value of Payments 2007 $'000
Within one year	–	–	58	50
After one year but not more than five years	–	–	91	87
Total minimum lease payments	–	–	149	137
Less amounts representing finance charges	–	–	(12)	–
Present value of minimum lease payments	–	–	137	137

All assets acquired under finance leases and hire purchase creditors are secured. The net carrying value of assets acquired under finance leases and hire purchase creditors is disclosed in Note 12.

The finance leases do not contain any escalation clauses and do not provide for contingent rents. Lease terms do not contain restrictions on the Group and the Company activities concerning dividends, additional debts or entering into other leasing agreements.

NOTES TO THE FINANCIAL STATEMENTS

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24. Derivatives

The Group has the following outstanding forward currency contracts as at 31 December :

Group	2008 Notional Amount $'000	2008 Assets $'000	2008 Liabilities $'000	2007 Notional Amount $'000	2007 Assets $'000	2007 Liabilities $'000
Forward currency contracts, representing total financial liabilities held for trading	680	–	29	–	–	–

Forward currency contracts are entered by a subsidiary to hedge the receivables denominated in USD.

25. Deferred taxation

Deferred income tax as at 31 December relates to the following:

	Group				Company	
	Consolidated Balance Sheet		Consolidated Income Statement		Balance Sheet	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Deferred tax assets	802	2,478			–	–
Deferred tax liabilities	(3,194)	(4,554)			(522)	(296)
Net deferred tax	(2,392)	(2,076)			(522)	(296)
Deferred tax assets						
Unabsorbed capital allowances	487	–				
Unutilised tax losses	2,211	2,478			–	–
Others	535	–			–	–
	3,233	2,478	(1,022)	(692)	–	–
Deferred tax liabilities						
Differences in depreciation	(5,300)	(4,181)			(522)	(296)
Others	(325)	(373)			–	–
	(5,625)	(4,554)			(522)	(296)
Net deferred tax	(2,392)	(2,076)	1,722	–	(522)	(296)
Net deferred tax credit/(expenses)			700	(692)		

The Group has estimated tax losses and unabsorbed capital allowance and reinvestment allowance of approximately $2,241,000 (2007: $3,217,000), $9,519,000 (2007: $9,427,000) and $8,315,000 (2007: $7,595,000) respectively that are available for offset against future taxable profits of the Group for which no deferred tax asset is recognised due to uncertainty of its recoverability. The utilisation of these amounts is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. The deferred tax assets are recognised in view of the foreseeable future taxable profit based on management forecast. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

NOTES TO THE FINANCIAL STATEMENTS

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25. Deferred taxation (cont'd)

Unrecognised temporary differences relating to investments in subsidiaries

At the balance sheet date, no deferred tax liability (2007: $nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Company is able to control the dividend policy of the subsidiaries.

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statement in respect of 2007 (Note 11). There is no proposed but not recognised dividend in respect of 2008.

26. Share capital

	Company			
	2008		2007	
	Number of shares '000	$'000	Number of shares '000	$'000
Issued and fully paid:-				
At 1 January	735,643	265,146	735,213	345,417
Issued during the year				
Issued for the STL RSP	–	–	430	283
Capital reduction	–	–	–	(80,554)
At 31 December	735,643	265,146	735,643	265,146

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 restriction.

The Company has employee share option and share award plans (Note 30) under which options and share awards to subscribe for the Company's ordinary shares have been granted to employees.

NOTES TO THE FINANCIAL STATEMENTS

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27. Other reserves

	Group		Company	
	2008 **$'000**	**2007** **$'000**	**2008** **$'000**	**2007** **$'000**
Statutory reserve[(a)]	5,149	4,213	–	–
Foreign currency translation reserve[(b)]	232	(10,317)	–	–
Restricted Share Plan reserve[(c)]	4,341	2,609	4,341	2,609
Reserve on consolidation[(d)]	42	42	–	–
	9,764	(3,453)	4,341	2,609

(a) Statutory reserve

	Group	
	2008 **$'000**	**2007** **$'000**
At 1 January	4,213	2,641
Transfer from revenue reserve	733	1,546
Currency realignment	203	26
At 31 December	5,149	4,213

In accordance with laws and regulations in the People's Republic of China ("PRC"), a portion of the profits of the Group's subsidiary established in China has been transferred to statutory reserve, which is restricted as to the use.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group	
	2008 **$'000**	**2007** **$'000**
At 1 January	(10,317)	(8,048)
Net effect of exchange differences	10,549	(2,670)
Transferred to income statement on disposal of an associate	–	401
At 31 December	232	(10,317)

NOTES TO THE FINANCIAL STATEMENTS

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27. Other reserves (cont'd)

(c) Restricted Share Plan reserve

Restricted Share Plan reserve represents the equity-settled share awards granted to employees (Note 30). The reserve is made up of cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share awards, and is reduced by the expiry or release of such shares.

	Group and Company	
	2008	2007
	$'000	$'000
At 1 January	2,609	1,492
Grant of equity-settled share awards	1,732	1,400
Issue of shares (RSP)	–	(283)
At 31 December	4,341	2,609

(d) Reserve on consolidation

	Group	
	2008	2007
	$'000	$'000
At 1 January	42	–
Premium paid on acquisition of minority interest	–	42
At 31 December	42	42

In 2007, the Company acquired an additional 13% equity interest in Sunningdale Tech (Ind) Pte Ltd ("STIPL") from its minority interests for a cash consideration of $259,000. As a result of this acquisition, STIPL became a wholly-owned subsidiary of the Company in 2007. On the date of acquisition, the book value of the additional interest acquired was $301,000. The difference between the consideration and the book of the interest acquired is reflected in equity as reserve on consolidation.

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28. Commitments

(a) Capital commitments

Capital expenditure contracted for as at balance sheet date but not recognised in the financial statements:-

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Commitments in respect of purchase of				
– plant & machinery	318	3,336	–	2,106
– office equipment	–	10	–	8
– leasehold land & building	4,012	183	–	–
– leasehold improvement	–	530	–	285
	4,330	4,059	–	2,399

(b) Operating lease commitments – As lessee

The Group and the Company have entered into commercial leases principally for land rent, office, production floor and warehouse and equipment with lease terms of between 1 to 50 years. Operating lease expenses recognised for the year are as follows:-

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Operating lease expenses	6,783	6,366	2,100	1,353

No contingent rent (2007: $nil) was paid during the year.

Future minimum rentals under non-cancellable operating leases are as follows:

Within one year	6,688	3,988	1,640	540
After one year but not more than five years	9,735	7,110	1,546	670
More than five years	2,667	3,613	1,961	2,483
	19,090	14,711	5,147	3,693

The above operating leases do not contain any escalation clauses and do not provide for contingent rents. Lease terms do not contain restrictions on the Group's and the Company's activities concerning dividends, additional debt or entering into other leasing agreement.

Certain leases include renewal options for additional lease period of 1 year at rental rates to be based on negotiations and exchange options to exchange for the relevant equipment under lease 2 years after lease commencement.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

28. Commitments (cont'd)

(c) Operating lease commitments – As lessor

In the prior year, the Group leased its plant and machinery under operating lease arrangements, with the leases negotiated for terms of three years.

At the balance sheet date, the Group had total future minimum lease receivables under non-cancellable operating leases falling due as follows:

	Group	
	2008 $'000	2007 $'000
Within one year	–	49
After one year but not more than five years	–	–
	–	49

29. Contingent liabilities

Corporate Guarantees

During the financial year, the Company guaranteed the following for its subsidiaries:

(i) Banking facilities for Podoyo Plastic Industries (M) Sdn Bhd, up to a limit of $10,862,000 (2007: $11,400,000). At 31 December 2008, $5,269,000 (2007: $4,757,000) had been drawn down under the facilities, of which $1,910,000 (2007: $2,295,000) and $3,359,000 (2007: $2,462,000) are reflected in the consolidated balance sheet in current and non-current interest-bearing loans and borrowings respectively.

(ii) Unlimited corporate guarantee for Chi Wo Plastic Moulds Fty Limited's banking facilities. At 31 December 2008, $450,000 (2007: $412,000) had been drawn down under the facilities, of which $450,000 (2007: $412,000) and $nil (2007: $nil) are reflected in the consolidated balance sheet in current and non-current interest-bearing loans and borrowings respectively; and

(iii) Banking facilities for SDP Manufacturing Sdn Bhd, up to a limit of $4,919,000 (2007: $5,100,000). At 31 December 2008, $1,609,000 (2007: $2,165,000) had been drawn down under the facilities, of which $805,000 (2007: $956,000) and $804,000 (2007: $1,209,000) are reflected in the consolidated balance sheet in current and non-current interest-bearing loans and borrowings respectively.

(iv) Banking facilities for Sunningdale Precision Industries Ltd, up to a limit of $48,947,000 (2007: $8,952,000). At 31 December 2008, $17,604,000 (2007: $2,675,000) had been drawn down under the facilities, of which $17,604,000 (2007: $2,110,000) and $nil (2007: $565,000) are reflected in the consolidated balance sheet in current and non current interest-bearing borrowings respectively.

(v) Corporate guarantee given to a supplier of a subsidiary for machine purchased at cost of $294,000 (2007: $620,000).

(vi) Corporate guarantee given to a landlord of a subsidiary for operating lease at an amount of $2,318,000 (2007: $nil).

NOTES TO THE FINANCIAL STATEMENTS

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30. Employee benefits expense

	Group	
	2008 **$'000**	**2007** **$'000**
Salaries	76,387	80,776
CPF/ Pension Contribution	7,153	6,073
Share-based Payments	1,732	1,400
	85,272	88,249

Restricted Share Plan ("RSP")

The following table illustrates the number of, and movements in, RSP during the year.

	Number '000 2008	**Number '000 2007**
Outstanding at beginning of year	12,189	7,508
Granted during the year	6,694	6,266
Cancelled during the year	(1,018)	(1,155)
Released during the year	–	(430)
Outstanding at end of year	17,865	12,189

Terms of outstanding RSP at balance sheet date are as follows:-

	Number '000 2008	**Number '000 2007**
Grant date		
13 January 2006	5,526	5,853
06 October 2006	370	370
21 June 2007	4,520	5,166
24 August 2007	800	800
02 October 2008	6,649	–
	17,865	12,189

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

30. Employee benefits expense (cont'd)

Restricted Share Plan ("RSP") (cont'd)

The share awards of 7,711,000 shares granted in 2006, 6,266,000 shares granted in 2007 and 6,694,000 shares granted in 2008 were subject to the following conditions:-

(i) one third of allotted number of share awards shall be vested on the first anniversary of the date of grant; one third on the second anniversary of the date of grant; and the last third on the third anniversary of the date of grant;

(ii) all the share awards shall be delivered only on the third anniversary of the date of grant; and

(iii) that in order to receive this award, the participants must be in the employment of the Company or its group of companies, subject to the provisions as set out in the Summary of Rules of the RSP in the Circular to Shareholders dated 13 October 2004.

(iv) in the event employee leaves the employment of the Company or its group of companies, the share awards which have vested before the date of resignation shall be delivered on the third anniversary of the date of grant subject to length of service adjustment(*);

(v) in the event employee leaves the employment of the Company or its group of companies and joins competitors, the share awards which have vested before the date of resignation shall be delivered on the fifth anniversary of the date of grant subject to length of service adjustment(*); and

(vi) in the event employee retires from the workforce, the share awards which have been granted shall be vested as active employees and delivered on the third anniversary of the date of grant, provided the sum of his age and length of service is greater than 60 years, he has worked with the Company or its group of companies for at least ten years and he does not go to work for a competitor.

Any waiver to these conditions would need the Remuneration Committee's final decision.

(*) Length of service adjustment does not apply to the share awards granted in 2008.

The weighted average fair value of the RSP granted on 13 Jan 2006 was estimated by an external valuer using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the share awards were granted.

The weighted average fair value of the RSP granted subsequently was estimated in-house by management using the last traded price at grant date less the present value of expected dividend during the vesting period as the valuation basis.

The weighted average fair value of RSP as at the dates of grant was $0.109 (2007: $0.37). The inputs to the model used are shown below.

	2008	2007
Dividend yield ($)	0.004	0.006
Expected volatility (%)	Not applicable	Not applicable
Risk-free interest rate (%)	2.26	2.6
Expected life of option (months)	36	36
Last traded share price ($)	0.12	0.32

The expected life of the awards is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the share award grant were incorporated into the measurement of fair value.

The expenses recognised for the RSP for the Group for the financial year amounted to $1,732,000 (2007: $1,400,000). The carrying amount of the Group's employee share award reserve relating to the above equity-settled RSP is $4,341,000 (2007: $2,609,000).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

31. Related party transactions

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control or common significant influence.

In addition to related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

(a) Sale and purchase of goods and services

	Group	
	2008	**2007**
	$'000	**$'000**
Purchases from a company related to a director	47	172
Sale of motor vehicle to a director	100	–

(b) Compensation of key management personnel

	Group	
	2008	**2007**
	$'000	**$'000**
Short-term employee compensation	3,845	3,320
CPF/Pension contribution	68	59
Share-based payments	974	676
Total compensation paid/payable to key management personnel	4,887	4,055
Comprise amounts paid/payable to:		
● Directors of the Company	2,970	2,062
● Other key management personnel	1,917	1,993
	4,887	4,055

The remuneration of key management personnel are determined by the Remuneration Committee having regard to the performance of individual and market trends.

1,350,000 (2007: 1,250,000) restricted shares were granted to 2 (2007: 2) executive directors of the Company but have yet to be released as at 31 December 2008. Similarly, 1,390,000 (2007: 1,470,000) numbers of restricted shares were also granted to 5 top key personnel in 2008 but were not released as at 31 December 2008. There are no shares (2007: Nil) released to the key personnel in 2008.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

31. Related party transactions (cont'd)

(b) Compensation of key management personnel (cont'd)

Directors' remuneration of the Company pursuant to the Singapore Exchange Securities Trading Limited's Listing rules is as follows: -

	2008	2007
Number of Directors in remuneration bands		
– $500,000 and above	4	3
– $250,000 to $499,999	–	–
– below $250,000	5	5

32. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The financial instruments comprise bank loans and overdrafts, finance leases and hire purchase contracts, and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group's and the Company's short term loans and borrowings are contracted at intervals of less than 6 months.

The Group's policy in managing the interest cost is using floating rate debts. To manage this, the Group enters into short term loans and borrowings for working capital purposes which allow the interest rate to be repriced at interval not more than 6 months.

<u>Sensitivity analysis for interest rate risk</u>

In respect of 2008, if interest rates had been 100 basis points lower/higher with all other variables held constant, the Group's loss net of tax would have been $721,000 lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. In respect of 2007, if interest rates had been 75 basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $503,000 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

32. Financial risk management objectives and policies (cont'd)

(a) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk (cont'd)

The following tables set out the carrying amounts, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk:

2008	**Within 1 year $'000**	**1 - 2 years $'000**	**2 - 3 years $'000**	**3 - 4 years $'000**	**4 - 5 years $'000**	**Total $'000**
Group						
Fixed rate						
Cash assets	1,450	–	–	–	–	1,450
Floating rate						
Cash assets	8,085	–	–	–	–	8,085
Bank overdrafts	(267)	–	–	–	–	(267)
Bankers acceptance	(1,006)	–	–	–	–	(1,006)
Bank loans	(82,795)	(1,820)	(1,317)	(1,014)	(12)	(86,958)
Company						
Fixed rate						
Cash assets	1,450	–	–	–	–	1,450
Floating rate						
Cash assets	16	–	–	–	–	16
Bankers acceptance	(34)	–	–	–	–	(34)
Bank loans	(30,159)	–	–	–	–	(30,159)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

32. Financial risk management objectives and policies (cont'd)

(a) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk (cont'd)

2007	**Within 1 year $'000**	**1 - 2 years $'000**	**2 - 3 years $'000**	**3 - 4 years $'000**	**4 - 5 years $'000**	**Total $'000**
Group						
Fixed rate						
Cash assets	4,931	–	–	–	–	4,931
Finance lease/hire purchase creditor	(50)	(54)	(33)	–	–	(137)
Bank loans	(9,360)	(1,578)	(842)	–	–	(11,780)
Floating rate						
Cash assets	21,894	–	–	–	–	21,894
Bankers acceptance	(1,374)	–	–	–	–	(1,374)
Bank loans	(77,393)	(1,955)	(814)	(219)	(38)	(80,419)
Company						
Fixed rate						
Bank loans	(633)	–	–	–	–	(633)
Floating rate						
Cash assets	404	–	–	–	–	404
Bank loans	(35,600)	–	–	–	–	(35,600)

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risk. The interest rates are disclosed in the relevant notes for the financial instruments.

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31 December 2008

32. Financial risk management objectives and policies (cont'd)

(b) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in currency other than the respective functional currencies of Group entities, primarily, Singapore Dollar (SGD), Malaysian Ringgit (MYR), Renminbi (RMB), Hong Kong Dollar (HKD) and Mexican Pesos (MXP). The foreign currencies in which these transactions are denominated are mainly US Dollar (USD). Approximately 89% (2007: 90%) of the Group's sales are denominated in foreign currencies. The Group's trade receivable and trade payable balances at the balance sheet date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances (mainly in USD) amount to $13,344,000 (2007: $17,887,000) and $3,712,000 (2007: $3,613,000) for the Group and the Company respectively.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, People's Republic of China ("PRC") and Mexico.

The Group has certain practices for the management of financial risks. However these are not documented in formal written documents. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following the good market practices. In addition to management's efforts to mitigate risk by way of natural hedging through the Group's foreign currency borrowings, the Group had also entered into forward currency contracts during the year.

<u>Sensitively analysis of foreign currency risk</u>

The following table demonstrates the sensitivity to a the Group's (loss)/profit net of tax to a reasonably possible change in the USD, HKD and RMB exchange rates the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		Loss net of tax 2008 $'000	**Profit net of tax 2007 $'000**
		(Decrease)/Increase	
USD/SGD	- strengthened 6% (2007: 5%)	(1,048)	1,534
	- weakened 6% (2007: 5%)	1,048	(1,534)
USD/RMB	- strengthened 9% (2007: 5%)	(735)	366
	- weakened 9% (2007: 5%)	735	(366)
HKD/SGD	- strengthened 6% (2007: 6%)	(907)	1,163
	- weakened 6% (2007: 6%)	907	(1,163)
RMB/SGD	- strengthened 3% (2007: 1%)	(212)	95
	- weakened 3% (2007: 1%)	212	(95)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

32. Financial risk management objectives and policies (cont'd)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and Company's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables (including related parties balances) and investments, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Credit risk on cash balances is limited because the counter-parties are banks with acceptable credit ratings.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade at the balance sheet date is as follow:

	Group			
	2008		2007	
	$'000	%	$'000	%
Asia Pacific	22,130	27	31,345	35
People's Republic of China	34,981	43	31,959	39
Europe	9,974	12	9,537	12
USA	9,400	11	10,879	13
Other countries	5,292	7	1,238	1
	81,777	100	84,958	100
Automotive	31,083	38	32,851	40
Consumer/IT and Healthcare	49,201	60	46,643	53
Telecommunications	1,493	2	5,464	7
	81,777	100	84,958	100

There is concentration of credit risk with respect to trade receivables as the Group has approximately 56% (2007: 53%) due from 5 major customers group who are established multi-national companies. Except where specifically identified as impaired, these debtors are creditworthy and have reasonable payment record with the Group.

Trade and other receivables that are neither past due nor impaired are creditworthy debtors and the management has closely monitor the collection. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default. Information regarding financial assets that are either past due or impaired is disclosed in "Trade and other receivables" (Note 19).

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31 December 2008

32. Financial risk management objectives and policies (cont'd)

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and Company's objective is to maintain a balance of continuity of funding and flexibility.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liability requirements in the short and longer term. Undrawn facilities are disclosed in Note 20.

The table below summaries the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments:-

	2008			2007		
	1 year or less $'000	**1 to 5 years $'000**	**Total $'000**	**1 year or less $'000**	**1 to 5 years $'000**	**Total $'000**
Group						
Trade and other payables	40,980	–	40,980	51,337	–	51,337
Other liabilities	19,232	–	19,232	20,699	–	20,699
Bank overdrafts	267	–	267	–	–	–
Interest-bearing loans and borrowings	83,801	4,163	87,964	88,177	5,533	93,710
	144,280	4,163	148,443	160,213	5,533	165,746
Company						
Trade and other payables	16,002	–	16,002	14,340	–	14,340
Other liabilities	3,298	–	3,298	4,654	–	4,654
Interest-bearing loans and borrowings	30,193	–	30,193	36,233	–	36,233
	49,493	–	49,493	55,227	–	55,227

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33. Financial instruments

Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Bank balances, short-term receivables, payables and borrowings

Management has determined that the carrying amounts of cash and short-term deposits, trade and other receivables, bank overdrafts, trade and other payables and current bank loans, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Long-term borrowings

The fair values of long-term borrowings are estimated using discounted cash flow analysis, based on current incremental lending rates for similar type of lending and borrowing arrangement. The carrying amounts of long-term borrowings approximate their fair values at balance sheet date.

34. Capital Management

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

The only externally imposed capital requirement is that for the Group to maintain its listing on the Singapore Stock Exchange it has to have share capital of at least a free float of at least 10% of the shares.

The management manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the management may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2008 and 31 December 2007.

As disclosed in Note 27(a), a subsidiary of the Group is required by the laws and regulations of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the financial years ended 31 December 2008 and 2007.

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34. Capital Management (cont'd)

The management monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio less than 40% (2007: 40%). The Group includes within net debts, bank overdrafts, interest-bearing loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the equity holders less intangible assets.

	Group	
	2008 **$'000**	**2007** **$'000**
Interest-bearing loans and borrowings	87,964	93,710
Bank overdrafts	267	–
Trade and other payables	40,980	51,337
Less: Cash and short term deposits	(41,890)	(70,284)
Net debt	87,321	74,763
Equity attributable to the equity holders	237,732	327,202
Less: Intangible assets	(29,967)	(124,967)
Total capital	207,765	202,235
Capital and net debt	295,086	276,998
Gearing ratio	29.6%	27.0%

35. Financial information by segment on Group's operations

Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business Segment

The Group has classified the business activities into the following segments:-

- The Automotive segment produces mainly car radios, lighting systems and electronic air temperature controllers
- The Telecommunication segment produces mainly mobile phones, cordless phones, battery housing and pagers
- The Consumer/IT and healthcare segment produces mainly IT, consumer and healthcare products
- The Mould Fabrication segment designs and manufactures the moulds used in the manufacturing of plastic injection parts

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31 December 2008

35. Financial information by segment on Group's operations (cont'd)

Reporting format (cont'd)

Geographical Segment

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investment property, income tax liabilities, deferred tax assets and liabilities and interest-bearing loans and borrowings.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

By business segment:

2008	Automotive $'000	Telecommunication $'000	Consumer/IT and Healthcare $'000	Mould Fabrication $'000	Consolidated $'000
Revenue	99,930	10,947	157,201	96,937	365,015
Result					
Segment results	(16,803)	(1,982)	8,349	12,243	1,807
Impairment loss on goodwill					(95,000)
Finance costs					(2,971)
Loss before taxation					(96,164)
Taxation					(1,376)
Loss for the year					(97,540)
As at 31.12.2008					
Segment assets and liabilities					
Segment assets	101,861	11,158	160,239	98,810	372,068
Intangible assets					29,967
Unallocated assets					1,513
Total assets					403,548
Segment liabilities	17,564	1,924	27,630	17,039	64,157
Interest-bearing loans and borrowings					87,964
Unallocated liabilities					13,695
Total liabilities					165,816

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

35. Financial information by segment on Group's operations (cont'd)

By business segment: (cont'd)

2008	Automotive $'000	Telecommunication $'000	Consumer/IT and Healthcare $'000	Mould Fabrication $'000	Consolidated $'000
Other segment information:					
Capital expenditure - Property, plant and equipment	7,680	841	12,081	7,449	28,051
Depreciation and amortisation	7,164	785	11,269	6,949	26,167
Property, plant and equipment written off	51	6	81	50	188
Write-back for inventories obsolescence/foreseeable losses	(95)	(11)	(149)	(92)	(347)

By business segment:

2007	Automotive $'000	Telecommunication $'000	Consumer/IT and Healthcare $'000	Mould Fabrication $'000	Consolidated $'000
Revenue	104,201	17,123	174,470	89,314	385,108
Result					
Segment results	(7,022)	(2,230)	18,163	9,002	17,913
Finance costs					(3,610)
Share of losses of associates					(224)
Profit before taxation					14,079
Taxation					(1,948)
Profit for the year					12,131
As at 31.12.2007					
Segment assets and liabilities					
Segment assets	104,949	17,246	175,723	89,955	387,873
Intangible assets					124,967
Unallocated assets					3,187
Total assets					516,027

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

35. Financial information by segment on Group's operations (cont'd)

By business segment: (cont'd)

	Automotive $'000	Telecommunication $'000	Consumer/IT and Healthcare $'000	Mould Fabrication $'000	Consolidated $'000
2007					
Segment liabilities	20,880	3,431	34,960	17,897	77,168
Interest-bearing loans and borrowings					93,710
Unallocated liabilities					17,626
Total liabilities					188,504
Other segment information:					
Capital expenditure - Property, plant and equipment	6,238	1,035	10,548	5,400	23,221
Depreciation and amortisation	7,083	1,164	11,861	6,074	26,182
Property, plant and equipment written off	291	–	26	–	317
Allowance for inventories obsolescence/foreseeable losses	153	25	257	–	435

By geographical locations:

	Singapore & Malaysia $'000	China & Hong Kong $'000	America $'000	Europe $'000	Others $'000	Consolidated $'000
2008						
Revenue						
External sales	111,943	127,305	37,153	40,277	48,337	365,015
Other geographical information:						
Segment assets	251,614	106,727	–	–	13,727	372,068
Intangible assets						29,967
Unallocated assets						1,513
Total assets						403,548
Capital expenditure – Property, plant and equipment	7,607	18,174	–	–	2,270	28,051

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

35. Financial information by segment on Group's operations (cont'd)

By business segment: (cont'd)

	Singapore & Malaysia $'000	China & Hong Kong $'000	America $'000	Europe $'000	Others $'000	Consolidated $'000
2007						
Revenue						
External sales	116,156	156,281	48,198	30,748	33,725	385,108
Other geographical information:						
Segment assets	250,952	125,238	–	–	11,683	387,873
Intangible assets						124,967
Unallocated assets						3,187
Total assets						516,027
Capital expenditure – Property, plant and equipment	13,643	8,714	–	–	864	23,221

36. Events after balance sheet date

On 22 January 2009, the Singapore Finance Minister announced the 2009 Budget with a "Resilience Package", which provides a number of measures to cushion the impact of the slowing Singapore economy and to preserve jobs in the downturn. The Group will benefit from two key Budget measures, namely the reduction in corporate tax rate from 18% to 17% and the job credit scheme.

(a) Reduction in corporate tax rate

In accordance with FRS 12, Income Taxes and FRS 10, Events After the Balance Sheet Date, this is a non-adjusting event and the financial effect of the reduced tax rate will be reflected in the 31 December 2009 financial year.

The Group's and Company's deferred tax has been computed on the year end prevailing tax rate of 18%. Applying the reduced tax rate of 17% would result in an approximately $61,000 and $29,000 reduction in net deferred tax liability respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

36. Events after balance sheet date (cont'd)

(b) Jobs Credit Scheme

Details of the scheme are as follows:

- Employers will receive a 12% cash grant on the first $2,500 of each month's wages for each employee on their CPF payroll;

- The Jobs Credit is for one year, and employers will receive the Jobs Credit in 4 payments: March, June, September and December 2009;

- For each payment, employers will receive Jobs Credits on the employees that are on their CPF payrolls at the start of the quarter in which payment is made. The wages paid to these employees in the previous quarter will be the qualifying wages used to calculate the 12% cash credit that employers will receive.

In accordance to FRS 20, Accounting for Government Grants and Disclosure of Government Assistance and FRS 10, Events After the Balance Sheet Date, this is a non-adjusting subsequent event and the financial effect of the job credit scheme will be reflected in the 31 December 2009 financial year.

The Group's staff costs have been computed in the year end without adjusting for the effect of the grant under the job credit scheme. Adjusting for the grant to be received under the job credit scheme will result in an approximately $309,000 reduction in staff costs.

37. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2008 were authorised for issue in accordance with a resolution of the directors on 3 April 2009.

STATISTICS OF SHAREHOLDINGS

As At 18th March 2009

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	175	3.29	77,751	0.01
1,000 - 10,000	2,524	47.40	13,807,600	1.87
10,001 - 1,000,000	2,579	48.43	183,290,929	24.74
1,000,001 AND ABOVE	47	0.88	543,608,363	73.38
TOTAL	5,325	100.00	740,784,643	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	TGI HOLDINGS INC	150,993,500	20.38
2	MAYBAN NOMINEES (S) PTE LTD	88,558,000	11.95
3	CENTURY PRIVATE EQUITY HOLDINGS (S) PTE LTD	54,332,413	7.33
4	CITIBANK NOMINEES SINGAPORE PTE LTD	38,843,753	5.24
5	KIM ENG SECURITIES PTE. LTD.	35,015,670	4.73
6	OVERSEA-CHINESE BANK NOMINEES PTE LTD	18,000,000	2.43
7	LIU KIN KEUNG	16,878,389	2.28
8	DBS NOMINEES PTE LTD	13,183,475	1.78
9	CITIBANK CONSUMER NOMINEES PTE LTD	11,990,610	1.62
10	LIM & TAN SECURITIES PTE LTD	10,071,946	1.36
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	9,669,681	1.31
12	PHILLIP SECURITIES PTE LTD	9,088,455	1.23
13	ASSET CONCEPT INVESTMENTS LIMITED	9,080,883	1.23
14	NEO AGE SENG	7,522,300	1.02
15	OCBC SECURITIES PRIVATE LTD	6,392,229	0.86
16	UOB KAY HIAN PTE LTD	6,096,322	0.82
17	TM ASIA LIFE SINGAPORE LTD-PAR FUND	4,685,831	0.63
18	OCBC NOMINEES SINGAPORE PTE LTD	4,018,458	0.54
19	PANG LIM	4,017,000	0.54
20	TAN BOON HUA	3,037,000	0.41
TOTAL		501,475,915	67.69

The percentage of shareholdings in the hands of the public is 50.81%. Therefore, Rule 723 of the Listing Manual has been complied with.

SUBSTANTIAL SHAREHOLDERS

AS AT 18 MARCH 2009

	No. of Ordinary Shares				
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**	**Total interest**
TGI Holdings Inc.	150,993,500	20.38	-	-	20.38
Steven Uhlmann	800,000	0.11	150,993,500	20.38	20.49
Haldun Tashman	-	-	150,993,500	20.38	20.38
Ng Boon Hoo	799,860	0.11	119,597,464	16.14	16.25
Sunningdale Holdings Pte Ltd	119,597,464	16.14	-	-	16.14
Temasek Holdings (Private) Limited	-	-	54,558,853	7.37	7.37
Temasek Capital (Private) Limited	-	-	54,332,413	7.33	7.33
Seletar Investments Pte Ltd	-	-	54,332,413	7.33	7.33

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of the Company will be held at the NTUC Centre, Room 701, Level 7, No. 1 Marina Boulevard, Singapore 018989 on Thursday, 30 April 2009 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended 31 December 2008 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the Directors' fees of S$254,000/- for the year ended 31 December 2008 (2007: S$254,000/). **(Resolution 2)**

3. To re-elect the following Directors who retire by rotation under Article 91 of the Company's Articles of Association: -

   (i) Mr Wong Chi Hung **(Resolution 3)**
   (ii) Dr Ng Boon Hoo **(Resolution 4)**

4. To re-elect Mr Khoo Boo Hor who retires under Article 97 of the Company's Articles of Association. **(Resolution 5)**

5. To re-appoint Mr Steven Tan Chee Chuan as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50. **(Resolution 6)**

   [Note: Mr Steven Tan Chee Chuan, upon re-appointment, shall remain as the Chairman of the Remuneration Committee and a member of the Audit Committee. He is considered as an Independent Director for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Ltd ("SGX-ST")]

6. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without modifications, the following resolutions as Ordinary Resolutions:

7. **Authority to issue Shares**

   "THAT pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares and convertible securities in the capital of the Company ("shares") whether by way of rights, bonus or otherwie; 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) 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 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 while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

Provided that:

(1) the aggregate number of shares and convertible securities to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall, (a) in the case of a renounceable rights issue, not exceed 100% of the total number of issued shares (excluding treasury shares), and (b) in all other cases, shall not exceed 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 to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (2) below);

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

   (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

   (ii) any subsequent consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply 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 the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 8)**

8. **Authority to allot and issue new shares other than on a pro-rata basis to shareholders at a discount exceeding 10% but not more than 20%**

"That, conditional upon the passing of Resolution 8 above, but without limiting the effect of the authority in Resolution 8 above, authority be and is hereby given to the Directors to issue new shares and convertible securities in the capital of the Company (whether in pursuance of any offer, agreement or option made or granted by the Directors or otherwise) other than on a pro-rata basis to shareholders at an issue price per new share which shall be determined by the Directors in their absolute discretion provided that such price may represent a discount exceeding 10% but not more than 20% (or such other discount as may be permitted by the SGX-ST from time to time) to the price per share determined in accordance with the requirements of the SGX-ST." **(Resolution 9)**

NOTICE OF ANNUAL GENERAL MEETING

9. **Authority to allot and issue shares pursuant to Sunningdale Tech Share Option Scheme ("STL ESOS"), Sunningdale Tech Restricted Share Plan ("STL RSP") and Sunningdale Tech Performance Share Plan ("STL PSP")**

Resolved That:-

(a) approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the STL ESOS and/or to grant share awards in accordance with the provisions of the STL RSP and/or the STL PSP; and

(b) approval be and is hereby given to the Directors to exercise full powers of the Company to issue, allot or otherwise dispose of shares in the Company as may be required to be issued, allotted or disposed, in connection with or pursuant to the exercise of the options granted under the STL ESOS and/or such number of shares as may be required to be issued or allotted pursuant to the vesting of awards under the STL RSP and/or the STL PSP. **(Resolution 10)**

Provided that the aggregate number of shares to be issued and allotted pursuant to the STL ESOS, the STL RSP and the STL PSP shall not exceed 15 percent of the total number of issued shares of the Company from time to time.

10. **Renewal of Mandate for Share Purchase**

That the Directors of the Company be and are hereby authorised to make purchases from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to 10% of the total number of issued ordinary shares of the Company (excluding treasury shares) as at the date of passing of this Resolution at any price up to but not exceeding the Maximum Price (as defined and set out in the Addendum to the Shareholders, being an addendum to the Annual Report of the Company for the year ended 31 December 2008) in accordance with the guidelines as set out in the Addendum and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier. **(Resolution 11)**

11. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

DOROTHY HO
Company Secretary

Dated: 15 April 2009

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is, entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be lodged at the registered office of the Company at 51 Joo Koon Circle, Singapore 629069.

EXPLANATORY NOTES

(1) Resolution 8 proposed in item 7 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting to issue shares and convertible securities in the Company, without seeking any further approval from the shareholders at a general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors may consider in the interests of the Company. This proposed Resolution, if passed, will authorise and empower the Directors of the Company to issue up to 100% of the Company's issued shares in the case of a pro-rata renounceable rights issue. This is pursuant to one of the new measures introduced by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 20 February 2009 and which will be in effect until 31 December 2010.

(2) Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company to issue shares in the capital of the Company other than on a pro-rata basis to shareholders of the Company at a price which shall represent not more than a 20% discount (or such other discount as may be permitted by the SGX-ST from time to time) to the price per share determined in accordance with the requirements of the SGX-ST, without seeking any further approval from shareholders in general meeting but within the limitation imposed by the Resolution. This is also pursuant to one of the new measures introduced by SGX-ST on 20 February 2009 and which will be in effect until 31 December 2010.

(3) Resolution 10 proposed in item 9 above, is to empower the Directors to grant options, allot and issue shares pursuant to the exercise of options under the STL ESOS and the vesting of the awards under STL RSP and STL PSP, provided that the aggregate number of shares to be issued under the STL ESOS, STL RSP and STL PSP does not exceed fifteen per cent. (15%) of the total number of issued shares of the Company from time to time.

(4) Resolution 11 proposed in item 10 above, is to renew the mandate to empower Directors of the Company to make purchases or otherwise acquire the Company's issued ordinary shares from time to time subject to and in accordance with the guidelines set out in the Addendum accompanying this Notice. This authority will expire at the conclusion of the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

ADDENDUM TO SHAREHOLDERS

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made or opinions expressed or reports contained in this Addendum.

1. INTRODUCTION

On 18 October 2005, the Company obtained shareholders' approval at the Extraordinary General Meeting of the Company (**"2005 EGM"**) to authorise the Directors to exercise all powers of the Company to purchase or acquire its issued ordinary shares in the capital of the Company (the **"Shares"**) (**"Share Purchase Mandate"**) on the terms of the Share Purchase Mandate which has taken effect from the date of the 2005 AGM until the date on which the next annual general meeting ("AGM") of the Company is held or is required by applicable law to be held, whereupon it will lapse unless renewed at such meeting. Shareholders' approval was last obtained at the Thirteenth AGM ("2008 AGM") of the Company held on 29 April 2008 for the renewal of the Share Purchase Mandate and accordingly, approval for the renewal of the Share Purchase Mandate will be sought again at the Fourteenth AGM ("2009 AGM") to be held on 30 April 2009.

Since the approval of the renewal of the Share Purchase Mandate at the 2008 AGM, the Company has not purchased or acquired any Shares under the Share Purchase Mandate.

2. DEFINITIONS

In this Addendum, the following definitions apply throughout unless otherwise stated:

"Articles"	:	The Articles of Association of Sunningdale Tech Ltd.
"Award"	:	A contingent award of Shares granted under the RSP and/or the PSP.
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore or as amended from time to time.
"Council"	:	The Securities Industry Council of Singapore.
"Directors"	:	The Directors of the Company for the time being.
"EPS"	:	Earnings per Share.
"FY 2008"	:	Financial year ended 31 December 2008.
"Latest Practicable Date"	:	10 March 2009 being the latest practicable date prior to the printing of this Annexure.
"Listing Manual"	:	The Listing Manual of the SGX-ST.
"Market Day"	:	A day on which the SGX-ST is open for trading in securities.
"New Shares"	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards granted under the STL RSP and/or the STL PSP.
"NTA"	:	Net tangible assets of the Company.
"NTA per Share"	:	Net tangible assets of the Company divided by the number of issued Shares.
"SGX-ST" or "Singapore Exchange"	:	Singapore Exchange Securities Trading Limited.

ADDENDUM TO SHAREHOLDERS

2. DEFINITIONS (CONT'D)

"Shareholders"	:	Registered holders of the Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the Depositors whose Securities Account are credited with the Shares.
"Share Plans"	:	The Sunningdale Tech Ltd Restricted Share Plan or STL RSP and Sunningdale Tech Ltd Performance Share Plan or STL PSP.
"Share Purchases"	:	The purchases or acquisitions of Shares pursuant to the Share Purchase Mandate.
"Shares"	:	Ordinary shares in the share capital of the Company.
"STL PSP"	:	Sunningdale Tech Ltd Performance Share Plan, as modified or altered from time to time.
"STL RSP"	:	Sunningdale Tech Ltd Restricted Share Plan, as modified or altered from time to time.
"STL" or the "Company"	:	Sunningdale Tech Ltd.
"STL Group" or the "Group"	:	The Company and its subsidiaries.
"S$", "$" or the "cents"	:	Singapore dollars and cents respectively.
"Takeover Code"	:	The Singapore Code on Take-overs and Mergers.
"%" or the "per cent."	:	Per centum or percentage.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Addendum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Addendum shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Addendum is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Addendum between the listed amounts and the totals therefore are due to rounding.

ADDENDUM TO SHAREHOLDERS

3. RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 Rationale for Share Purchase Mandate

The renewal of the Share Purchase Mandate will provide the Company the flexibility to undertake share purchases or acquisitions up to the 10% limit (described in paragraph 3.2 below) when and if the circumstances permit, subject to market conditions, during the period when the Share Purchase Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its issued Shares as previously stated in the Company's Circular to Shareholders dated 13 October 2004 is as follows: -

(a) In managing the business of the Group, management strives to increase Shareholders' value by improving, inter alia, the return on equity of the Group. Share Purchases at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

(b) The Share Purchase Mandate is an expedient, effective and cost-efficient way for the Company to return surplus cash, which is in excess of the financial and possible investment needs of the Group to its Shareholders. In addition, the Share Purchase Mandate will allow the Company to have greater flexibility over, inter alia, the Company's share capital structure and its dividend policy.

(c) Share repurchase programmes help buffer short-term share price volatility and off-set the effects of short-term speculators and investors and, in turn, bolster shareholder confidence and employee morale.

(d) To the extent allowed by law, the Share Purchase Mandate may be used to purchase existing Shares to satisfy Awards granted under the Sunningdale Tech Restricted Share Plan and/or the Sunningdale Tech Performance Share Plan.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the said 10% limit, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised and no purchase or acquisition of Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company or the Group.

The Share Purchase Mandate will also enable the Company to undertake purchases of Shares and to hold such purchased Shares in Treasury. Treasury shares may be used in the manner prescribed by the Companies Act. Details on the use of treasury shares are provided in paragraphs 3.4 below.

3.2 Authority and Limits on the Share Purchase Mandate

The authority and limitations placed on the Share Purchase Mandate, if renewed at the 2009 AGM, are substantially the same as previously approved by the Shareholders at the previous AGMs. The authority and limits on the Share Purchase Mandate are as follows: -

ADDENDUM TO SHAREHOLDERS

3. RENEWAL OF THE SHARE PURCHASE MANDATE (CONT'D)

3.2 Authority and Limits on the Share Purchase Mandate (Cont'd)

3.2.1 Maximum Number of Shares

As at the Latest Practicable Date, the share capital of the Company comprised 740,266,643 issued Shares. The Company will only purchase or acquire Shares which are issued and fully paid-up. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of total issued Shares as at the date on which the Share Purchase Mandate is approved at the 2009 AGM.

Purely for illustrative purposes, on the basis of 740,266,643 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the 2009 AGM, not more than 74,026,664 Shares (representing 10% of the total issued Shares as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate.

3.2.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the forthcoming AGM at which the renewal of the Share Purchase Mandate is approved up to:

(a) the date on which the next AGM is held or required by law to be held;

(b) the Share Purchases have been carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in general meeting.

whichever is the earlier.

3.2.3 Manner of Purchases or Acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the SGX-ST's trading system or any other securities exchange on which the Shares may for the time being be listed and quoted (**"Other Exchange"**) through one or more duly licensed dealers appointed by the Company for the purpose; and/or

(b) off-market purchases (**"Off-Market Purchases"**), otherwise than on a securities exchange, effected pursuant to an equal access scheme or schemes for the purchase of Shares from the Shareholders.

ADDENDUM TO SHAREHOLDERS

3. RENEWAL OF THE SHARE PURCHASE MANDATE (CONT'D)

3.2.3 Manner of Purchases or Acquisitions of Shares (Cont'd)

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. Under the Companies Act, an equal access scheme must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded: (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, (2) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid, and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Additionally, the Listing Manual provides that, in making an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances; and

(iii) the information required under Rule 883(2), (3), (4) and (5) of the Listing Manual.

3.2.4 Purchase Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses ("Related Expenses")) to be paid for a Share will be determined by the Directors. The purchase price to be paid for the Shares must not exceed:

(a) in the case of a Market Purchase, 105 per cent of the Average Closing Price of the Shares; and

(b) in the case of an Off-Market Purchase, 110 per cent of the Average Closing Price of the Shares,

in either case, excluding Related Expenses of the purchase or acquisition (the **"Maximum Price"**).

For the above purposes:

"Average Closing Price" means the average of the last dealt prices of a Share for the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, Other Exchange immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant five-day period; and **"Date of the making of the offer"** means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than 110 cent of the Average Closing Price of the Shares (excluding Related Expenses of the purchase or acquisition) for each Share) and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

ADDENDUM TO SHAREHOLDERS

3. RENEWAL OF THE SHARE PURCHASE MANDATE (CONT'D)

3.3 Status of Purchased Shares

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to the Share will expire on cancellation unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are not held as treasury shares.

3.4 Treasury Shares Held by the Company

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarized below:-

(a) <u>Maximum Holdings</u>

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares and the Company shall be entered in the Register of Members as the member holding those Shares.

(b) <u>Voting and Other Rights</u>

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) <u>Disposal and Cancellation</u>

Where Shares are held as treasury shares, the Company may at any time:-

(i) sell the treasury shares for cash;
(ii) transfer the treasury shares for the purposes of or pursuant to any employees' share option or award scheme;
(iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
(iv) cancel the treasury shares; or
(v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

ADDENDUM TO SHAREHOLDERS

3. RENEWAL OF THE SHARE PURCHASE MANDATE (CONT'D)

3.5 Source of Funds

The Company will use its internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance the Company's purchase or acquisition of the Shares. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially and adversely affected.

3.6 No Shares Purchased In the Previous 12 Months

The Company did not purchase any Shares in the twelve (12) months preceding the Latest Practicable Date.

3.7 Financial Effects

3.7.1 General

If the purchased Shares are cancelled, the issued share capital of the Company will be reduced by the corresponding total purchase price of the Shares purchased or acquired by the Company. If, on the other hand, the purchased Shares are not cancelled but held in treasury, then there will be no change in the Company's issued share capital. Where the consideration paid by the Company for the Share Purchase is out of profits, such consideration (excluding Related Expenses) will correspondingly reduce the amount available for the distribution of cash dividend by the Company. Where the consideration paid by the Company for the Share Purchase is out of capital, the amount available for the distribution of cash dividends will not be reduced.

The financial effects on the Company and the Group arising from Share Purchases will depend, inter alia, on the number of Shares purchased or acquired, the price paid for such Shares, the manner in which the purchase or acquisition is funded and whether the Shares are cancelled or held in treasury. It is, therefore, not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Purchase Mandate on the NTA and EPS.

The Directors do not propose to exercise the Share Purchase Mandate to the extent that the liquidity and capital adequacy position of the Group would be materially and adversely affected. The Directors will be prudent in exercising the Share Purchase Mandate only to such extent which the Directors believe will enhance shareholders' value giving consideration to the prevailing market conditions, the financial position of the Group and other relevant factors.

3.7.2 Number of Shares that may be Acquired or Purchased

Based on 740,266,643 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the 2009 AGM, not more than 74,026,664 Shares (representing 10% of the total issued Shares as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate.

ADDENDUM TO SHAREHOLDERS

3. RENEWAL OF THE SHARE PURCHASE MANDATE (CONT'D)

3.7 Financial Effects (cont'd)

3.7.3 Maximum Price that may be paid for Shares Acquired or Purchased

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 74,026,664 Shares at the Maximum Price of $0.042 for each Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 74,026,664 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately $3,109,120.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 74,026,664 Shares at the Maximum Price of $0.044 for each Share (being the price equivalent to 10% above the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 74,026,664 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately $3,257,173.

3.7.4 Illustrative Financial Effects

For illustrative purposes only, on the basis of the assumptions set out in paragraphs 3.7.1 and 3.7.2 above, and assuming that the Share Purchases are financed entirely out of the Company's distributable profit, the financial effects of:-

(a) the purchase of 74,026,664 Shares by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Purchase Mandate and held as treasury shares; and

(b) the purchase of 74,026,664 Shares by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Purchase Mandate and cancelled;

ADDENDUM TO SHAREHOLDERS

3. RENEWAL OF THE SHARE PURCHASE MANDATE (CONT'D)

3.7.4 Illustrative Financial Effects (cont'd)

on the audited consolidated financial statements of the Company and the Group for FY2008 are set out below :-

(a) Share Purchases made entirely out of capital and held as treasury shares

	Group			Company		
(S$'000)	**Before Share Buyback**	**After Share Buyback assuming Market Purchase**	**After Share Buyback assuming Off-Market Purchase**	**Before Share Buyback**	**After Share Buyback assuming Market Purchase**	**After Share Buyback assuming Off-Market Purchase**
Shareholders' fund	237,732	234,623	234,475	219,093	215,984	215,836
NTA[(1)]	207,765	204,656	204,508	219,093	215,984	215,836
Current assets	195,339	192,230	192,082	29,268	26,159	26,011
Current liabilities	158,459	158,459	158,459	50,581	50,581	50,581
Working capital	36,880	33,771	33,623	(21,313)	(24,422)	(24,570)
Total borrowings	88,231	88,231	88,231	30,193	30,193	30,193
Cash and short term deposits	41,890	38,781	38,633	5,632	2,523	2,375
Number of Shares [(4)]	740,266,643	740,266,643	740,266,643	740,266,643	740,266,643	740,266,643
Financial Ratios						
NTA per Share (cents)	28.07	27.65	27.63	29.60	29.18	29.16
EPS (cents)	(13.18)	(13.18)	(13.18)	(8.62)	(8.62)	(8.62)
Gearing ratio (times) [(2)]	0.37	0.38	0.38	0.14	0.14	0.14
Current ratio (times) [(3)]	1.23	1.21	1.21	0.58	0.52	0.51

Notes :

(1) NTA equals Shareholders' funds less intangible assets.

(2) Gearing ratio equals total borrowings divided by Shareholders' funds.

(3) Current ratio equals current assets divided by current liabilities.

(4) Based on 740,266,643 Shares in issue as at the Latest Practicable Date.

ADDENDUM TO SHAREHOLDERS

3. RENEWAL OF THE SHARE PURCHASE MANDATE (CONT'D)

3.7.4 Illustrative Financial Effects (cont'd)

(b) Purchases made entirely out of capital and cancelled

	Group			Company		
(S$'000)	**Before Share Buyback**	**After Share Buyback assuming Market Purchase**	**After Share Buyback assuming Off-Market Purchase**	**Before Share Buyback**	**After Share Buyback assuming Market Purchase**	**After Share Buyback assuming Off-Market Purchase**
Shareholders' fund	237,732	234,623	234,475	219,093	215,984	215,836
NTA[1]	207,765	204,656	204,508	219,093	215,984	215,836
Current assets	195,339	192,230	192,082	29,268	26,159	26,011
Current liabilities	158,459	158,459	158,459	50,581	50,581	50,581
Working capital	36,880	33,771	33,623	(21,313)	(24,422)	(24,570)
Total borrowings	88,231	88,231	88,231	30,193	30,193	30,193
Cash and short term deposits	41,890	38,781	38,633	5,632	2,523	2,375
Number of Shares[4]	740,266,643	666,239,979	666,239,979	740,266,643	666,239,979	666,239,979
Financial Ratios						
NTA per Share (cents)	28.07	30.72	30.70	29.60	32.42	32.40
EPS (cents)	(13.18)	(14.64)	(14.64)	(8.62)	(9.58)	(9.58)
Gearing ratio (times)[2]	0.37	0.38	0.38	0.14	0.14	0.14
Current ratio (times)[3]	1.23	1.21	1.21	0.58	0.52	0.51

Notes :

(1) NTA equals Shareholders' funds less intangible assets.

(2) Gearing ratio equals total borrowings divided by Shareholders' funds.

(3) Current ratio equals current assets divided by current liabilities.

(4) Based on 740,266,643 Shares in issue as at the Latest Practicable Date.

Shareholders should be aware that the financial effects set out above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the respective aforementioned assumptions, and historical FY2008 numbers, and are not necessarily representative of future financial performance. In addition, the actual impact will depend on the actual number and price of Shares to be acquired or purchased by the Company, the purchase prices paid at the relevant time, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares to be acquired or purchased are cancelled or held in treasury.

ADDENDUM TO SHAREHOLDERS

3. RENEWAL OF THE SHARE PURCHASE MANDATE (CONT'D)

3.7.4 Illustrative Financial Effects (cont'd)

(b) Purchases made entirely out of capital and cancelled (cont'd)

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the total issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or holds all or part of the Shares repurchased in treasury.

The Company may take into account both financial and non-financial factors (for example, stock market condition and the performance of the Shares) in assessing the relative impact of a Share Purchase before execution.

3.8 Requirements in the Listing Manual

(a) The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.: (i) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was effected, and (ii) in the case of an Off-Market Purchase on an equal access scheme, on the second Market Day after the close of acceptances of the offer. The notification of such purchases or acquisitions to the SGX-ST shall be in such form, and shall include such details, as may be prescribed by the SGX-ST in the Listing Manual.

(b) The Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time(s). However, as the Company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate in the following circumstances:

(i) at any time any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Board until the price-sensitive information has been publicly announced; and

(ii) in the case of Market Purchases, during the period commencing one month immediately before the announcement of the Company's half-year or full-year results, as the case may be, and (if applicable) the period of two weeks before the announcement of the Company's other interim results, as the case may be.

ADDENDUM TO SHAREHOLDERS

3. RENEWAL OF THE SHARE PURCHASE MANDATE (CONT'D)

3.8 Requirements in the Listing Manual (cont'd)

(c) The Listing Manual requires a company to ensure that at least 10% of equity securities (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed are held by public Shareholders. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company and its subsidiaries, as well as the associates of such persons.

As at the Latest Practicable Date, there are approximately 371,419,153 Shares in the hands of the public, representing approximately 50.14% of the issued Shares. Accordingly, the Company is of the view that there is, at present, a sufficient number of Shares held by public Shareholders which would permit the Company to undertake purchases and acquisitions of its Shares up to the full 10% limit pursuant to the proposed Share Purchase Mandate, without adversely affecting the listing status of the Shares on the SGX-ST.

3.9 Certain Take-over Code Implications

3.9.1 Obligations to Make a Take-over Offer

Any resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following any purchase or acquisition of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("Rule 14'). Consequently, depending on the number of Shares purchased or acquired by the Company and the Company's total issued Shares at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make a take-over offer under Rule 14.

3.9.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or undertaking (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the persons, *inter alia,* who will be presumed to be acting in concert, include (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts), and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, a company is an associated company of another company if the second company owns or controls at least twenty per cent (20%) but not more than fifty per cent. (50%) of the voting rights of the first-mentioned company.

ADDENDUM TO SHAREHOLDERS

3. RENEWAL OF THE SHARE PURCHASE MANDATE (CONT'D)

3.9 Certain Take-over Code Implications (cont'd)

3.9.3 Effect of Rule 14 and Appendix 2

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code. In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to thirty per cent (30%) or more, or, if the voting rights of such Directors and their concert parties fall between thirty per cent (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to thirty per cent. (30%) or more, or, if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorizing the proposed Share Purchase Mandate.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant of proposed Share Purchase Mandate are advised to consult their professional advisers before they acquire any Shares in the Company during the period when the proposed Share Purchase Mandate is in force.

The statements herein do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their professional adviser and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any purchase or acquisition of Shares by the Company.

3.9.4 Exemptions to make a General Offer granted by The Securities Industry Council of Singapore (the "Council")

The Council has on 7 October 2004 granted its approval to exempt TGI Holdings, Inc and its concert parties, including Mr Steven Uhlmann, from the requirement to make a general offer under Rule 14 of the Take-Over Code arising from any Share Purchase, subject to the following conditions:-

(i) the Circular on the resolution to authorize the Share Purchase Mandate contains advice to the effect that by voting for the Share Purchase Mandate, shareholders of the Company are waiving their rights to a general offer at the required price from TGI Holdings, Inc and its concert parties and their names and voting rights at the time of the shareholders' meeting and after the proposed Share Purchase is disclosed in the Circular;

ADDENDUM TO SHAREHOLDERS

3. RENEWAL OF THE SHARE PURCHASE MANDATE (CONT'D)

3.9 Certain Take-over Code Implications (cont'd)

3.9.4 Exemptions to make a General Offer granted by The Securities Industry Council of Singapore (the "Council") (cont'd)

(ii) the resolution to authorize the Share Purchase Mandate is approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the Share Purchase;

(iii) TGI Holdings, Inc and its concert parties abstain from voting for and recommending Shareholders to vote in favour of the resolution to authorize the Share Purchase Mandate; and

(iv) TGI Holdings, Inc and its concert parties have not acquired and will not acquire any Shares between the date on which they know that the announcement of the Share Purchase Mandate is imminent and the earlier of (i) the date of the authority of the Share Purchase Mandate expires; and (ii) the date the Company announces it has bought back such number of Shares as are authorized by the Share Purchase Mandate or it has been decided to cease buying back its Shares, as the case may be, if such acquisitions, taken together with the share buyback, would cause their aggregate voting rights in the Company to increase by more than 1% in the preceding 6 months.

If the Company ceases to purchase or acquires the Shares and the increase of the voting rights held by TGI Holdings, Inc and its concert parties as a result of Share Purchases at such time is less than 1%, TGI Holdings, Inc and its concert parties will be allowed to acquire further voting rights in the Company. However, any increase in their percentage voting rights in the Company as a result of the Share Purchases will be taken into account together with any voting rights acquired after cessation in determining whether TGI Holding, Inc and its concert parties having increased their voting rights by more than 1% in any 6-month period.

It should be noted that approving the renewal of the Share Purchase Mandate it will constitute a waiver by the Shareholders in respect of their right to a general offer by TGI Holdings, Inc and its concert parties at the Required Price.

"Required Price" means in relation to the offer required to be made under the provisions of Rule 14.1 of the Take-over Code, the highest of the highest price paid by the offerors and/or person(s) acting in concert with them for the Company's Shares (i) during the offer period and within the preceding 6 months, (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within 6 months of the offer or during the offer period; or at such price as determined by Council under 14.3 of the Takeover Code.

Save as disclosed, the Directors confirm that they are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensure as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

ADDENDUM TO SHAREHOLDERS

3. RENEWAL OF THE SHARE PURCHASE MANDATE (CONT'D)

3.10 Directors' and Substantial Shareholders' Interest

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders of the Company, as at the Latest Practicable Date, the shareholdings of the Directors and of the Substantial Shareholders in the Company before and after the purchase of Shares pursuant to the proposed Share Purchase Mandate, assuming (i) the Company purchases the maximum amount of 10% of the issued ordinary share capital of the Company, and (ii) there is no change in the number of Shares held by the Directors and Substantial Shareholders or which they are deemed to be interested in, will be as follows:-

	Before Share Purchase (Number of Shares)			Before Share Purchase	After Share Purchase
Name of Director	**Direct Interest**	**Deemed Interest**	**Total Interest**	**%(1)**	**%(2)**
Koh Boon Hwee	26,238,960	110,040	26,349,000	3.56	3.96
Ng Boon Hoo	1,799,860	123,597,464	125,397,324	16.94	18.82
Wong Chi Hung	-	9,080,883	9,080,883	1.23	1.36
Steven Uhlmann	800,000	150,993,500	151,793,500	20.51	22.78
Steven Tan Chee Chuan	1,000,000	-	1,000,000	0.14	0.15
Kaka Singh	396,270	-	396,270	0.05	0.06
Gabriel Teo Chen Thye	339,660	-	339,660	0.05	0.05
Ong Sim Ho	-	-	-	-	-
Khoo Boo Hor	450,000	-	450,000	0.06	0.07
<u>Name of Substantial Shareholder</u>					
TGI Holdings Inc	150,993,500	-	150,993,500	20.40	22.66
Steven Uhlmann	800,000	150,993,500	151,793,500	20.51	22.78
Haldun Tashman	-	150,993,500	150,993,500	20.40	22.66
Temasek Holdings (Pte) Ltd	-	54,558,853	54,558,853	7.37	8.19
Temasek Capital (Pte) Ltd	-	54,332,413	54,332,413	7.34	8.16
Seletar Investments Pte Ltd	-	54,332,413	54,332,413	7.34	8.16
Ng Boon Hoo	1,799,860	123,597,464	125,397,324	16.94	18.82
Sunningdale Holdings Pte Ltd	123,597,464	-	123,597,464	16.70	18.55

Notes :-

(1) As a percentage of the total number of issued ordinary shares of the Company as at the Latest Practicable Date comprising 740,266,643 shares.

(2) As a percentage of the total number of issued ordinary shares of the Company comprising 666,239,979 shares (assuming that the Company purchases the maximum number of shares under the Share Purchase Mandate and not held in treasury).

4. DIRECTORS' RECOMMENDATIONS

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they, other than Mr Steven Uhlmann who will abstain from voting, recommend that Shareholders vote in favour of Resolution 11, being the Ordinary Resolution relating to the Share Purchase Mandate.

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SUNNINGDALE TECH LTD
(Company Registration No. 199508621R)
(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is sent to them at the request of their CPF Approved Nominees and is strictly FOR INFORMATION ONLY.

2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

I/We, ____ (Name) of

(Address) ____

being a member/members of Sunningdale Tech Ltd 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 vote for me/us on my/our behalf, at the 14th Annual General Meeting of the Company, to be held on 30 April 2009 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions relating to	For	Against
1.	Adoption of Reports and Accounts		
2.	Approval of Directors' Fees		
3.	Re-election of Mr Wong Chi Hung		
4.	Re-election of Dr Ng Boon Hoo		
5.	Re-election of Mr Khoo Boo Hor		
6.	Re-appointment of Mr Steven Tan Chee Chuan		
7.	Re-appointment of Auditors		
8.	Authority to Issue Shares		
9.	Authority to allot and issue new shares other than on a pro-rata basis to shareholders at a discount exceeding 10% but not more than 20%		
10.	Authority to allot and issue shares pursuant to Sunningdale Tech Share Option Scheme, Sunningdale Tech Restricted Share Plan and Sunningdale Tech Performance Share Plan		
11.	Renewal of Mandate for Share Purchase		

Signed this ____________________ day of ____________________ 2009.

	Total Number of Shares Held
In CDP Register	
In Register of Members	

____
Signature(s) of Member(s)/Common Seal

IMPORTANT : PLEASE READ NOTES OVERLEAF

PROXY FORM

NOTES :

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.

2. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A proxy need not be a member of the Company.

4. Please insert the total number of ordinary shares held by you. If you have ordinary shares entered against your name in the Depository Register (and defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number. If you have ordinary shares registered in your name in the Register of Members of the Company, you should insert that number. If you have ordinary shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the ordinary shares held by you.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 51 Joo Koon Circle, Singapore 629069 not less than 48 hours before the time set for the Meeting.

6. The instrument appointing a proxy or proxies must be given under the hand of the appointor or of 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 a duly authorised officer.

7. A body corporate which is a member may also appoint by resolution of its directors or other governing body an authorised representative or representatives, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote for and on behalf of such body corporate.

8. Where an instrument appointing a proxy is signed on behalf of the appointor or by an attorney the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

9. The Company shall be entitled to reject the instrument appointing a proxy and proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instruments of appointor specified in the instrument appointing a proxy or proxies.

10. In the case of members 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 the shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

SUNNINGDALE TECH LTD
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