

Financial Statements For The Year Ended 31 December 2007

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

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

	The Group		Change %
	Year ended 31-Dec-07 \$'000	Year ended 31-Dec-06 \$'000	
Sale of goods	74,618	54,826	36.1%
Cost of sales	(61,809)	(43,876)	40.9%
Gross profit	12,809	10,950	17.0%
Other operating income	4,118	503	718.7%
Distribution and selling expenses	(4,296)	(3,410)	26.0%
General and administrative expenses	(5,621)	(4,751)	18.3%
Other operating expenses	(915)	(117)	682.1%
Finance costs	(517)	(187)	176.5%
Profit before tax	5,578	2,988	86.7%
Taxation	99	(635)	-115.6%
Profit for the year	5,677	2,353	141.3%
Attributable to:			
Equity holders of the Company	5,780	2,322	148.9%
Minority interests	(103)	31	N.M.
	5,677	2,353	

Note on profit before tax

Profit before tax is determined after charging/(crediting) the following:

Interest income from fixed deposit and others	(227)	(221)
Interest expense on loans and borrowings	476	150
Depreciation of fixed assets	3,354	3,275
Bad trade debts written off	92	-
Fixed assets written off	13	8
Write back of allowance for doubtful trade debts	(11)	(61)
Write back of allowance for stock obsolescence	(8)	(103)
Loss on foreign exchange (net)	22	58
Write back of impairment loss of club membership	(15)	-
(Gain)/loss on disposal of fixed assets (net)	(3,678)	10
Impairment loss of fixed assets	(749)	-

Taxation

Current year income tax	2,118	702
Underprovision of income tax in respect of prior years	12	11
Current year deferred tax	(869)	(78)
Overprovision of deferred tax in respect of prior years	(222)	-
Reversal of deferred tax liabilities on revaluation upon disposal of leasehold building	(957)	-
Changes in tax rate	(181)	-
	(99)	635

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

	The Group		The Company	
	As at 31-Dec-07 \$'000	As at 31-Dec-06 \$'000	As at 31-Dec-07 \$'000	As at 31-Dec-06 \$'000
Non-current assets				
Fixed assets	34,416	42,021	2,177	11,121
Investment in subsidiaries	-	-	12,122	11,012
Intangible assets	654	638	45	30
Investment securities	1,113	1,112	1,113	1,112
Loan to subsidiaries	-	-	7,572	4,867
	36,183	43,771	23,029	28,142
Current assets				
Inventories	10,915	7,149	3,124	2,395
Trade debtors	18,119	12,355	2,905	2,664
Other debtors & deposits	1,215	659	62	73
Prepaid operating expenses	232	140	152	19
Loan to a subsidiary	-	-	720	-
Amounts due from subsidiaries (non-trade)	-	-	527	451
Cash and bank balances	8,889	8,321	1,715	1,340
Fixed deposits	10,000	4,250	10,000	4,250
	49,370	32,874	19,205	11,192
Current liabilities				
Trade & other creditors	8,827	6,552	1,094	876
Bills payable to banks	15,479	11,125	66	76
Interest-bearing bank loans and borrowings	6,523	4,907	-	-
Other liabilities	2,602	1,958	1,723	1,311
Deferred capital grants	3	-	-	-
Provision for taxation	2,032	1,345	1,733	1,246
	35,466	25,887	4,616	3,509
Net current assets	13,904	6,987	14,589	7,683
Non-current liabilities				
Deferred tax liabilities	1,630	3,900	334	2,220
Deferred capital grants	72	-	-	-
Interest-bearing bank loans and borrowings	-	1,791	-	-
	1,702	5,691	334	2,220
Net assets	48,385	45,067	37,284	33,605
Equity attributable to equity holders of the Company				
Share capital	31,440	31,440	31,440	31,440
Accumulated profits	7,146	3,677	6,034	1,535
Capital reserve	3,745	3,745	-	-
Reserve fund	1,322	1,089	-	-
Asset revaluation reserve	3,785	4,599	-	822
Fair value adjustment reserve	(190)	(192)	(190)	(192)
Foreign currency translation reserve	211	(59)	-	-
	47,459	44,299	37,284	33,605
Minority interests	926	768	-	-
Total equity	48,385	45,067	37,284	33,605

**1(b)(ii) Aggregate amount of group's borrowings and debt securities
Amount repayable in one year or less, or on demand**

As at 31/12/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
21,936	66	13,994	2,038

Amount repayable after one year

As at 31/12/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
-	-	810	981

Details of any collateral

The Group's bank loans are secured by the leasehold land, certain leasehold building and certain plant and machinery of the subsidiaries with net book value of approximately \$26.8 million and cash and bank balances of \$4.6 million.

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

	The Group	
	Year ended 31-Dec-07	Year ended 31-Dec-06
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	5,578	2,988
Adjustments for:		
Amortisation of deferred capital grant	(2)	-
Depreciation of fixed assets	3,354	3,275
Fixed assets written off	13	8
Impairment loss of fixed assets	749	-
Bad trade debts written off	92	-
(Gain)/loss on disposal of fixed assets	(3,678)	10
Write back of impairment loss of club membership	(15)	-
Write back of allowance for doubtful trade debts	(11)	(61)
Write back of allowance for stock obsolescence	(8)	(103)
Interest expense	476	150
Interest income	(227)	(221)
Net effect of exchange differences	4	(199)
Operating profit before working capital changes	6,325	5,847
Increase in inventories	(3,758)	(898)
Increase in trade and other debtors, prepayments and deposits	(6,492)	(853)
Increase in trade and other creditors and accruals	7,350	1,354
Net cash generated from operations	3,425	5,450
Interest paid	(476)	(150)
Income taxes paid	(1,444)	(429)
Net cash generated from operating activities	1,505	4,871
Cash flows from investing activities		
Interest received	227	221
Acquisition of subsidiary, net of cash acquired	-	(1,636)
Purchase of investment securities	-	(1,296)
Purchase of fixed assets	(4,646)	(1,281)
Proceeds from sale of fixed assets	12,033	14
Net cash generated from/(used in) investing activities	7,614	(3,978)
Cash flows from financing activities		
(Repayment of)/proceeds from short-term loan	(175)	1,497
(Increase)/decrease in cash & bank balances pledged	(946)	749
Capital contribution from a minority shareholder of a subsidiary company	275	-
Payment of dividends to shareholders	(2,900)	-
Net cash (used in)/generated from financing activities	(3,746)	2,246
Net increase in cash and cash equivalents	5,373	3,139
Cash and cash equivalents at beginning of year	8,869	5,730
Cash and cash equivalents at end of year	14,242	8,869
Cash and cash equivalents at end of year comprise of:-		
Fixed deposits	10,000	4,250
Cash and bank balances	8,889	8,321
	18,889	12,571
Cash and bank balances pledged as security for bills payables	(4,647)	(3,702)
	14,242	8,869

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

	Share capital	Accumulated profits	Capital reserve	Reserve fund	Assets revaluation reserve	Fair value adjustment reserve	Foreign currency translation reserve	Total reserves	Minority interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group										
Balance as at 1/1/2006	31,440	1,506	3,745	938	4,599	-	1,156	11,944	-	43,384
Appropriation to reserve fund	-	(151)	-	151	-	-	-	-	-	-
Net change in fair value adjustment reserve	-	-	-	-	-	(192)	-	(192)	-	(192)
Net effect of exchange differences	-	-	-	-	-	-	(1,215)	(1,215)	-	(1,215)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	737	737
Net profit for the year	-	2,322	-	-	-	-	-	2,322	31	2,353
Balance as at 31/12/2006	31,440	3,677	3,745	1,089	4,599	(192)	(59)	12,859	768	45,067
Balance as at 1/1/2007	31,440	3,677	3,745	1,089	4,599	(192)	(59)	12,859	768	45,067
Appropriation to reserve fund	-	(233)	-	233	-	-	-	-	-	-
Reversal of assets revaluation reserve upon disposal of leasehold building	-	822	-	-	(822)	-	-	-	-	-
Capital contribution arising from additional investment in a subsidiary company	-	-	-	-	-	-	-	-	274	274
Net change in fair value adjustment reserve	-	-	-	-	-	2	-	2	-	2
Deferred tax changes on revaluation surplus	-	-	-	-	8	-	-	8	(21)	(13)
Net effect of exchange differences	-	-	-	-	-	-	270	270	8	278
Dividends on ordinary shares	-	(2,900)	-	-	-	-	-	(2,900)	-	(2,900)
Net profit for the year	-	5,780	-	-	-	-	-	5,780	(103)	5,677
Balance as at 31/12/2007	31,440	7,146	3,745	1,322	3,785	(190)	211	16,019	926	48,385
Company										
Balance as at 1/1/2006	31,440	1,203	-	-	822	-	-	2,025	-	33,465
Net change in fair value adjustment reserve	-	-	-	-	-	(192)	-	(192)	-	(192)
Net profit for the year	-	332	-	-	-	-	-	332	-	332
Balance as at 31/12/2006	31,440	1,535	-	-	822	(192)	-	2,165	-	33,605
Balance as at 1/1/2007	31,440	1,535	-	-	822	(192)	-	2,165	-	33,605
Reversal of assets revaluation reserve upon disposal of leasehold building	-	822	-	-	(822)	-	-	-	-	-
Net change in fair value adjustment reserve	-	-	-	-	-	2	-	2	-	2
Dividends on ordinary shares	-	(2,900)	-	-	-	-	-	(2,900)	-	(2,900)
Net profit for the year	-	6,577	-	-	-	-	-	6,577	-	6,577
Balance as at 31/12/2007	31,440	6,034	-	-	-	(190)	-	5,844	-	37,284

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

There are no changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

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

	As at 31/12/2007	As at 31/12/2006
Total number of issued shares	157,200,000	157,200,000

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

Nil

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or and equivalent standard)

The figures have not been audited or reviewed by auditors.

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current accounting year as compared to the audited financial statements for the year ended 31 December 2006.

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

Not applicable.

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

	<u>31-Dec-07</u>	<u>31-Dec-06</u>
Basic earnings per ordinary share (in cents)	3.68	1.48
Diluted earnings per ordinary share (in cents)	3.68	1.48

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

	The Group		The Company	
	<u>31-Dec-07</u>	<u>31-Dec-06</u>	<u>31-Dec-07</u>	<u>31-Dec-06</u>
Net asset value per ordinary share based on no. of ordinary share of the Company (in cents)	30.19	28.18	23.72	21.38

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

Group turnover for the financial year ended 31 December 2007 increased by \$19.8 million or 36% from \$54.8 million to \$74.6 million as compared to the previous corresponding year. This was mainly due to the inclusion of full year results of Hefei Dansun Packaging Co, Ltd (Hefei)'s in current year (Note: Hefei became a subsidiary of the Group on 26 September 2006). Hefei contributed \$13.1 million to the Group's turnover for the financial year ended 31 December 2007. Excluding the sales contributed by Hefei for current and corresponding year, the Group still achieved a 18.2% growth in sales revenue.

Costs of sales for the Group increased by \$17.9 million or 40.9%. This increase in cost of sales outpaced the increase in revenue mainly attributed to the higher materials costs as the material prices have increased during the year under review. The rising labour costs also contributed to the general increase in the Group's cost of sales. However the factory overhead relative to sales slightly decreased as compared to previous year due to economies of scale. As a result of the above, the Group had a lower gross profit margin compared to previous year.

Other operating income increased by \$3.6 million mainly due to gain on disposal of leasehold property arising from the sale and lease back of leasehold property of the Company.

Total distribution & selling expenses and general & administrative expenses increased by \$1.8 million. The increase was in line with the higher turnover registered by the Group.

Other operating expenses increased by \$0.8 million mainly due to impairment loss of fixed assets amounting to \$0.7 million in Suzhou plant.

The turnaround from the tax expense to tax income is mainly due to reversal of deferred tax liabilities which was previously provided on the revaluation of the property. The deferred tax liability is being reversed upon disposal of the leasehold building.

As a result of the above, net profit attributable to equity holders of the Company increased from \$2.3 million to \$5.8 million.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

The Group's fixed assets declined by approximately \$7.6 million compared to previous financial year. The decrease was mainly due to disposal of a leasehold property upon completion of the sale and lease back transaction on 25 June 2007 and the impairment loss provided for the fixed assets during the current financial year. However, the decrease was partially offset by addition of fixed assets in China plants.

The Group's inventories level increased by \$3.8 million. This is mainly due to the Group stocking up of raw materials in anticipation of increase in the material prices in 2008.

The increase in trade debtors by \$5.8 million was in line with the increase in sales. In particular, the sales for current year 4th quarter has increased by 30% compared to the same quarter of the previous year.

A net increase in short term fixed deposit of \$5.8 million was mainly from the proceeds received from the disposal of a leasehold property.

The higher trade & other payables and bills payables was mainly due to increase in sales volume during the year and increase in inventories in anticipation of increase in material prices.

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

The results are in line with our results announcement dated 3 August 2007.

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

Singapore economic growth is expected to slow down in 2008 and the shortage of paper and increased in paper cost will create an impact in corrugated packaging industry. In financial year 2007, the Company recorded a one off gain on disposal of property of \$3.6 million. Notwithstanding the aforesaid situation, we are cautiously optimistic that revenue of Singapore operation will continue at a moderate growth.

The management expects the growth momentum of the Group will be from China operations as the countrywide paper and paper board output is expected to increase. For environmental protection, the Chinese Government had commenced actions to close small, inefficient paper mills which largely use straw and crop fiber to produce paper, and subsequently cause industrial water pollution. This would likely result in many small scale packaging factories to be less competitive, since they would not be able to obtain cheaper sources of paper. Our two China operations would therefore be expected to reap new business opportunities.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial year reported on Nil

Name of Dividend	Not applicable
Dividend Type	Not applicable
Dividend Amount Per Share	Not applicable
Tax Rate	Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	First & Final
Dividend Type	Cash
Dividend Amount Per Share	0.75 cents per ordinary share (less tax)
Tax Rate	18%

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared and recommended for the current financial year under review.

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

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

2007	Singapore \$'000	PRC \$'000	Group \$'000
Turnover	17,877	56,741	74,618
Segment results	4,008	2,087	6,095
Finance cost			(517)
Taxation			99
Net profit for the year			5,677
Segment assets	21,180	64,373	85,553
Segment liabilities	2,882	30,624	33,506
Unallocated liabilities			3,662
Total liabilities			37,168
Other segment information:			
Capital expenditure	77	4,569	4,646
Depreciation	671	2,683	3,354
Impairment loss of fixed assets	-	749	749
2006			
Turnover	16,502	38,324	54,826
Segment results	948	2,227	3,175
Finance cost			(187)
Taxation			(635)
Net profit for the year			2,353
Segment assets	23,003	53,642	76,645
Segment liabilities	2,263	24,070	26,333
Unallocated liabilities			5,245
Total liabilities			31,578
Other segment information:			
Capital expenditure	48	1,233	1,281
Depreciation	1,094	2,181	3,275

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

The changes in PRC segment was mainly due to acquisition of Hefei Dansun on 26 September 2006.

15. A breakdown of sales

	2007 \$'000	2006 \$'000
Sales reported for first half year	33,939	24,421
Profit after tax reported for first half year	4,755	872
Sales reported for second half year	40,679	30,405
Profit after tax reported for second half year	922	1,481

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

	2007 \$'000	2006 \$'000
Ordinary	1,933	967

BY ORDER OF THE BOARD

Loh See Moon
Managing Director
21 February 2008