



Eng Kong Holdings Limited

Full Year Financial Statements And Dividend Announcement

The Directors are pleased to announce the full year financial statements on consolidated results for the year ended 31 December 2007.

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

The company has changed the financial year-end from 30 June to 31 December and its first new financial period, six months ended 31 December 2006. Accordingly, the financial year ended 31 December 2007 were compared with the 12 months results till 31 December 2006 for comparative purpose.

| | Group | | |
|--|------------------------------------|------------------------------------|---------------|
| | Year ended 31 Dec 07 S\$'000 | Year ended 31 Dec 06 S\$'000 | Variance % |
| Turnover | 71,084 | 65,296 | 8.9 |
| Cost of sales | (52,204) | (49,042) | 6.4 |
| Gross profit | 18,880 | 16,254 | 16.2 |
| Other income | 2,225 | 1,304 | 70.6 |
| Selling & distribution expenses | (2,863) | (2,204) | 29.9 |
| Administration expenses | (10,290) | (9,282) | 10.9 |
| Other operating expenses | (722) | (240) | 200.8 |
| Finance costs | (247) | (194) | 27.3 |
| Share of results of associated companies | 123 | 3 | NM |
| Share of results of joint venture business | 5 | (2) | NM |
| Profit before income tax | 7,111 | 5,639 | 26.1 |
| Income tax | (1,187) | (2,121) | (44.0) |
| Profit after income tax | 5,924 | 3,518 | 68.4 |
| Attributable to: | | | |
| Equity shareholders of the company | 6,150 | 3,579 | 71.8 |
| Minority interests | (226) | (61) | 270.5 |
| | 5,924 | 3,518 | 68.4 |

| | Year ended 31 Dec 07 S\$'000 | Year ended 31 Dec 06 S\$'000 | Variance % |
|--|------------------------------------|------------------------------------|---------------|
| Operation profit is arrived at after charging / (crediting) the following: | | | |
| (A) Investment income | - | (1) | NM |
| (B) Other income including interest income | (1,613) | (955) | 68.9 |
| (C) Interest on borrowings | 247 | 194 | 27.3 |
| (D) Depreciation and amortisation | 3,623 | 4,073 | (11.0) |
| (E) Writeback of doubtful debts | 49 | 22 | 122.7 |
| (F) Allowance for stock obsolescence | 52 | 36 | 44.4 |
| (G) Allowance for impairment in value of assets | 215 | 19 | NM |
| (H) Foreign exchange gain | (612) | (345) | 77.4 |
| (I) Adjustment for underprovision of tax in respect of prior year | 155 | 276 | (43.8) |
| (J) Loss on disposal of quoted investments, property, plant and equipment | 2 | 19 | (89.5) |

NM – Not meaningful

1(b)(i) A balance sheet together with a comparative statement as at the end of the immediately preceding financial year.

| | Group | | Company | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31 Dec 07 S\$'000 | 31 Dec 06 S\$'000 | 31 Dec 07 S\$'000 | 31 Dec 06 S\$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 27,703 | 26,551 | - | - |
| Prepaid lease payment | 1,562 | 1,583 | - | - |
| Investment in subsidiary companies | - | - | 15,433 | 15,853 |
| Investment in associated and joint venture companies | 2,268 | 130 | 2,215 | 200 |
| Intangible assets | 4,841 | 6,141 | - | - |
| Convertible loan receivables | 4,587 | - | 4,587 | - |
| Available-for-sale investments | 651 | 901 | 651 | 901 |
| Deferred tax assets | 54 | 209 | - | - |
| | <u>41,666</u> | <u>35,515</u> | <u>22,886</u> | <u>16,954</u> |
| Current assets | | | | |
| Stocks | 2,729 | 2,758 | - | - |
| Trade and other receivables | 19,747 | 19,233 | 17,801 | 16,306 |
| Prepaid operating expenses | 1,055 | 1,046 | 24 | 25 |
| Fixed deposits | 6,650 | 7,644 | 5,564 | 6,493 |
| Cash and bank balances | 7,168 | 9,986 | 1,172 | 3,941 |
| | <u>37,349</u> | <u>40,667</u> | <u>24,561</u> | <u>26,765</u> |
| Current liabilities | | | | |
| Trade and other payables | 13,152 | 13,951 | 15,328 | 15,433 |
| Deferred payment | 802 | - | 802 | - |
| Finance lease creditors | 258 | 141 | - | - |
| Provision for income tax | 2,092 | 1,045 | 594 | 225 |
| Current portion of long term loans | 798 | 689 | - | - |
| | <u>17,102</u> | <u>15,826</u> | <u>16,724</u> | <u>15,658</u> |
| Net current assets | 20,247 | 24,841 | 7,837 | 11,107 |
| Non-current liabilities | | | | |
| Finance lease creditors | (601) | (375) | - | - |
| Long term loans | (2,917) | (3,458) | - | - |
| Deferred payment | - | (1,683) | - | (1,683) |
| Dividend payable to minority shareholders | (1,070) | (2,135) | - | - |
| Deferred tax liabilities | (3,759) | (4,570) | (83) | (83) |
| | <u>(8,347)</u> | <u>(12,221)</u> | <u>(83)</u> | <u>(1,766)</u> |
| | <u>53,566</u> | <u>48,135</u> | <u>30,640</u> | <u>26,295</u> |
| Equity | | | | |
| Share capital | 27,011 | 25,108 | 27,011 | 25,108 |
| Treasury shares | (136) | - | (136) | - |
| Reserves | 24,427 | 20,499 | 3,765 | 1,187 |
| | <u>51,302</u> | <u>45,607</u> | <u>30,640</u> | <u>26,295</u> |
| Minority interests | 2,264 | 2,528 | - | - |
| | <u>53,566</u> | <u>48,135</u> | <u>30,640</u> | <u>26,295</u> |

Notes: Figures for prior period have been reclassified for comparative purpose

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 Dec 2007 | | As at 31 Dec 2006 | |
|-------------------|------------|-------------------|------------|
| Secured | Unsecured | Secured | Unsecured |
| S\$670,000 | S\$386,000 | S\$546,000 | S\$284,000 |

Amount payable after one year

| As at 31 Dec 2007 | | As at 31 Dec 2006 | |
|-------------------|--------------|-------------------|--------------|
| Secured | Unsecured | Secured | Unsecured |
| S\$2,175,000 | S\$1,343,000 | S\$2,383,000 | S\$1,450,000 |

Details of any collateral

- Loans of S\$1,987,000 are secured on a leasehold land and building and a leasehold container yard and office.
- Hire purchase financing of S\$858,000 are secured on nine motor vehicles, eight prime movers and one forklift.

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

| | Group | |
|---|------------------------------------|------------------------------------|
| | Year ended 31 Dec 07 S\$'000 | Year ended 31 Dec 06 S\$'000 |
| Cash flows from operating activities: | | |
| Profit before income tax | 7,111 | 5,639 |
| Adjustments for: | | |
| Cost of share based payment | - | 29 |
| Depreciation of property, plant and equipment | 3,147 | 3,824 |
| Amortisation of prepaid lease payment | 62 | 84 |
| Dividend income | - | (1) |
| Foreign currency translation adjustments | (1,026) | (1,406) |
| Loss on disposal of quoted investments, property, plant and equipment | 2 | 19 |
| Interest expense | 247 | 194 |
| Interest income | (391) | (398) |
| Property, plant and equipment written off | 180 | 37 |
| Share of results of associated and joint venture companies | (123) | (3) |
| Share of results of joint venture business | (5) | 2 |
| Impairment loss in fixed assets | 89 | 19 |
| Impairment loss in intangible assets | 126 | - |
| Amortisation of intangible assets | 414 | 165 |
| Operating income before reinvestment in working capital | 9,833 | 8,204 |
| Decrease in stocks | 89 | 298 |
| Increase in trade and other receivables | (469) | (1,110) |
| Decrease in trade and other payables | (970) | (267) |
| Cash generated from operations | 8,483 | 7,125 |
| Interest paid | (247) | (194) |
| Interest received | 391 | 398 |
| Income taxes paid | (797) | (1,521) |
| Net cash provided by operating activities | 7,830 | 5,808 |
| Cash flows from investing activities: | | |
| Dividends received | - | 1 |
| Acquisition of subsidiary companies, net of cash acquired | (2) | (2,657) |
| Additional prepaid lease payment | (20) | - |
| Purchase additional shares from minority shareholder | (175) | - |
| Investment in associated and joint venture companies | (2,015) | (22) |
| Release of convertible loans | (4,587) | - |
| Purchase of property, plant and equipment | (3,917) | (3,615) |
| Proceeds from the disposal of property, plant and equipment | 104 | 118 |
| Proceeds from disposal of quoted investments | - | 705 |
| Proceeds from disposal of unquoted investments | 250 | 150 |
| Decrease in fixed deposits pledged | 32 | 2 |
| Net cash used in investing activities | (10,330) | (5,318) |
| Cash flows from financing activities: | | |
| Repayment of finance lease | (219) | (230) |
| Dividends paid | (1,161) | (1,004) |
| Dividends paid to minority shareholders | (1,065) | (236) |
| Investment by minority shareholders | 133 | 174 |
| Payment for purchase of treasury shares | (136) | - |
| Proceeds from the issue of shares | 1,600 | 67 |
| Proceeds from issue of warrants | - | 523 |
| Proceeds from bank loans | 316 | - |
| Repayment of bank loans | (748) | (456) |
| Net cash used in financing activities: | (1,280) | (1,162) |
| Net decrease in cash and cash equivalents | (3,780) | (672) |
| Cash and cash equivalents at 1 January | 17,596 | 18,268 |
| Cash and cash equivalents at 31 December | 13,816 | 17,596 |

Cash and cash equivalents included in the consolidated statement of cash flows comprise of cash and bank balances and fixed deposits. It excludes fixed deposits pledged to banks as a security of S\$2,000 (31 December 2006: S\$34,000).

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

| <u>GROUP</u> | Attributable to shareholders | | | | | | | | Minority interest | Total equity |
|---|------------------------------|---------------|--------------------------|-----------------|-------------------------------|-----------------|---------------------|----------------|-------------------|--------------|
| | Share capital | Share premium | Share application monies | Revenue reserve | Employee share option reserve | Capital reserve | Translation reserve | Total reserves | | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | | |
| As at 1 January 2006 | 20,879 | 4,156 | - | 18,506 | 28 | 267 | 77 | 23,034 | 2,327 | 46,240 |
| Net effect of exchange differences | - | - | - | - | - | - | (1,500) | (1,500) | (108) | (1,608) |
| Reclassification of revenue reserve to capital reserve | - | - | - | (2) | - | 2 | - | - | - | - |
| Net income and expenses recognised directly in equity | - | - | - | (2) | - | 2 | (1,500) | (1,500) | (108) | (1,608) |
| Profit for the financial year | - | - | - | 3,579 | - | - | - | 3,579 | (61) | 3,518 |
| Total recognized income and expenses for the financial period | - | - | - | 3,577 | - | 2 | (1,500) | 2,079 | (169) | 1,910 |
| Transfer of share premium reserve to share capital account | 4,156 | (4,156) | - | - | - | - | - | (4,156) | - | - |
| Issue of 623,500 ordinary shares | 67 | - | - | - | - | - | - | - | - | 67 |
| Issue of 52,274,250 warrants | - | - | 523 | - | - | - | - | 523 | - | 523 |
| Exercise of 368,500 warrants | 3 | - | (3) | - | - | - | - | (3) | - | - |
| Exercise of 255,000 employee share options | 3 | - | - | - | (3) | - | - | (3) | - | - |
| Acquisition of subsidiary companies | - | - | - | - | - | - | - | - | 432 | 432 |
| Additional investment | - | - | - | - | - | - | - | - | 174 | 174 |
| Cost of share-based payment | - | - | - | - | 29 | - | - | 29 | - | 29 |
| Dividends | - | - | - | (1,004) | - | - | - | (1,004) | (236) | (1,240) |
| As at 31 December 2006 | 25,108 | - | 520 | 21,079 | 54 | 269 | (1,423) | 20,499 | 2,528 | 48,135 |

| GROUP | Attributable to shareholders | | | | | | | | Minority interest | Total equity |
|---|------------------------------|-----------------|--------------------------|-----------------|-------------------------------|-----------------|---------------------|----------------|-------------------|--------------|
| | Share capital | Treasury shares | Share application monies | Revenue reserve | Employee share option reserve | Capital reserve | Translation reserve | Total reserves | | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | | |
| As at 1 January 2007 | 25,108 | - | 520 | 21,079 | 54 | 269 | (1,423) | 20,499 | 2,528 | 48,135 |
| Net effect of exchange differences | - | - | - | - | - | - | (758) | (758) | (24) | (782) |
| Reclassification of translation reserve to revenue reserve | - | - | - | (1,176) | - | - | 1,176 | - | - | - |
| Net income and expenses recognised directly in equity | - | - | - | (1,176) | - | - | 418 | (758) | (24) | (782) |
| Profit for the financial year | - | - | - | 6,150 | - | - | - | 6,150 | (226) | 5,924 |
| Total recognized income and expenses for the financial year | - | - | - | 4,974 | - | - | 418 | 5,392 | (250) | 5,142 |
| Issue of 29,353,700 ordinary shares | 1,600 | - | - | - | - | - | - | - | - | 1,600 |
| Exercise of 28,374,700 warrants | 284 | - | (284) | - | - | - | - | (284) | - | - |
| Exercise of 979,000 employee share options | 19 | - | - | - | (19) | - | - | (19) | - | - |
| Shares buy-back | - | (136) | - | - | - | - | - | - | - | (136) |
| Acquisition of subsidiary company | - | - | - | - | - | - | - | - | 26 | 26 |
| Additional investments | - | - | - | - | - | - | - | - | 133 | 133 |
| Acquisition from a minority shareholder | - | - | - | - | - | - | - | - | (149) | (149) |
| Dividends | - | - | - | (1,161) | - | - | - | (1,161) | (24) | (1,185) |
| As at 31 December 2007 | 27,011 | (136) | 236 | 24,892 | 35 | 269 | (1,005) | 24,427 | 2,264 | 53,566 |

| COMPANY | Attributable to shareholders | | | | | | Total equity |
|---|------------------------------|---------------|--------------------------|-----------------|-------------------------------|---------------|--------------|
| | Share capital | Share premium | Share application monies | Revenue reserve | Employee share option reserve | Total reserve | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | |
| As at 1 January 2006 | 20,879 | 4,156 | - | 512 | - | 4,668 | 25,547 |
| Profit for the financial year | - | - | - | 1,105 | - | 1,105 | 1,105 |
| Total recognized income and expenses for the financial year | - | - | - | 1,105 | - | 1,105 | 1,105 |
| Transfer of share premium reserve to share capital account | 4,156 | (4,156) | - | - | - | (4,156) | - |
| Issue of 623,500 ordinary shares | 67 | - | - | - | - | - | 67 |
| Issue of 52,274,250 warrants | - | - | 523 | - | - | 523 | 523 |
| Exercise of 368,500 warrants | 3 | - | (3) | - | - | (3) | - |
| Exercise of 255,000 employee share options | 3 | - | - | - | (3) | (3) | - |
| Cost of share-based payment | - | - | - | - | 57 | 57 | 57 |
| Dividends | - | - | - | (1,004) | - | (1,004) | (1,004) |
| As at 31 December 2006 | 25,108 | - | 520 | 613 | 54 | 1,187 | 26,295 |

| COMPANY | Attributable to shareholders | | | | | | Total equity S\$'000 |
|---|------------------------------|-----------------|--------------------------|-----------------|-------------------------------|---------------|-------------------------|
| | Share capital | Treasury shares | Share application monies | Revenue reserve | Employee share option reserve | Total reserve | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | |
| As at 1 January 2007 | 25,108 | - | 520 | 613 | 54 | 1,187 | 26,295 |
| Profit for the financial year | - | - | - | 4,042 | - | 4,042 | 4,042 |
| Total recognized income and expenses for the financial year | - | - | - | 4,042 | - | 4,042 | 4,042 |
| Issue of 29,353,700 ordinary shares | 1,600 | - | - | - | - | - | 1,600 |
| Exercise of 28,374,700 warrants | 284 | - | (284) | - | - | (284) | - |
| Exercise of 979,000 employee share options | 19 | - | - | - | (19) | (19) | - |
| Shares buy-back | - | (136) | - | - | - | - | (136) |
| Dividends | - | - | - | (1,161) | - | (1,161) | (1,161) |
| As at 31 December 2007 | 27,011 | (136) | 236 | 3,494 | 35 | 3,765 | 30,640 |

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

| | Share capital | | Treasury shares | | Share capital excluding treasury shares | |
|---------------------------|---------------|------------|-----------------|---------|---|------------|
| | No of shares | S\$ | No of shares | S\$ | No of shares | S\$ |
| As at 1 January 2007 | 209,415,500 | 25,108,000 | 0 | 0 | 209,415,500 | 25,108,000 |
| Exercise of share options | 979,000 | 201,000 | | | 979,000 | 201,000 |
| Exercise of warrants | 28,374,700 | 1,702,000 | | | 28,374,700 | 1,702,000 |
| Purchased during the year | | | 600,000 | 136,000 | -600,000 | -136,000 |
| As at 31 December 2007 | 238,769,200 | 27,011,000 | 600,000 | 136,000 | 238,169,200 | 26,875,000 |

| | Share options | Warrants |
|-------------------------------|---------------|----------------|
| | No of options | No of warrants |
| As at 1 January 2007 | 3,015,000 | 51,955,750 |
| Exercise of share options | -979,000 | |
| Exercise of warrants | | -28,374,700 |
| Cancellation of share options | -104,000 | |
| As at 31 December 2007 | 1,932,000 | 23,581,050 |

During the financial year, 29,353,700 ordinary shares were issued pursuant to the exercise of share options granted under the Eng Kong Holdings Limited Share Option scheme and exercise of warrants. This gave rise to an increase in the Company's share capital from S\$25,108,000 as at 31 December 2006 to S\$27,011,000 as at 31 December 2007.

During the financial year, the Company repurchased 600,000 ordinary shares in accordance with the authority and limitations placed under a share purchase mandate approved by the shareholders. The share purchases were carried out by way of on-market acquisitions at a weighted average market price of S\$0.227 per share. Including incidental costs, the total consideration was S\$136,000. The shares purchased were retained in the Company as treasury shares.

As at 31 December 2007, there were 1,932,000 shares (at 31 December 2006: 3,015,000) that could be issued upon the exercise of share options.

As at 31 December 2007, there were 23,581,050 warrants (at 31 December 2006: 51,955,750) that could be exercised into ordinary shares.

1d(iii) 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.

The total number of issued shares excluding treasury shares as at 31 December 2007 was 238,169,200 shares (31 December 2006: 209,415,500).

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

There is no sale, transfer, disposal, cancellation and/or use of treasury shares for the year ended 31 December 2007.

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 on equivalent standard).

The figures have not been audited or reviewed.

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

Except as disclosed in Section 5, the unaudited financial statements have been prepared applying accounting policies and methods of computation consistent with those used in the preparation of the audited financial statements for the financial period 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.

The Group has revised the estimated useful life of its forklifts and stackers from 5 years to revised period as such:

(a) Newly purchased forklifts and stackers – based on 10 years

(b) Second hand purchased forklifts and stackers:

(i) aged 5 years or lesser – based on 10 years less its age when purchased; or

(ii) aged above 5 years – based on 5 years

This will better reflect the useful life and economic value of all forklifts and stackers in the Group. The revision was made based on technical advice obtained by the Group. The revised depreciation rate resulted in a decrease in depreciation charge to the current year's group profit by approximately S\$1.1 million. The revised depreciation rate is applied prospectively.

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

| Group | |
|-------------------------|-------------------------|
| Year ended 31 Dec 07 | Year ended 31 Dec 06 |
| 2.69 cents | 1.71 cents |
| 2.40 cents | 1.46 cents |

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:

- (i) Based on weighted average number of ordinary shares on issued; and
- (ii) On a fully diluted basis

Earnings per ordinary share is calculated on the Group profit attributable to shareholders of the Company divided by the weighted average number of ordinary shares of 228,400,298 for year ended 31 December 2007 (31 December 2006: 208,915,604).

Diluted earnings per ordinary share is computed based on the same basis as earnings per share by applying the weighted average number of ordinary shares in issuance during the periods under review and adjusted to include all potential dilutive ordinary shares up to 31 December 2007. The adjusted weighted average number of ordinary shares applicable to diluted earnings per shares was 256,048,407 for year ended 31 December 2007 (year ended 31 December 2006: 245,826,016).

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

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 31 Dec 07 | 31 Dec 06 | 31 Dec 07 | 31 Dec 06 |
| Net asset value per ordinary share based on existing issued share capital as at the end of the year | 21.5 cents | 21.8 cents | 12.9 cents | 12.6 cents |

NAV for the Group and Company is based on 238,169,200 shares as at 31 December 2007 (31 December 2006: 209,415,500). The number of shares used in the computation of net assets value per share for the Group and Company excludes those shares held as treasury shares.

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

Note: In view of the change of financial year from 30 June to 31 December, the Group has presented its full financial year result from 1 January 2007 to 31 December 2007 and compare with its corresponding period from 1 January 2006 to 31 December 2006.

Turnover

During the full year under review, the Group registered a growth in turnover by 8.9% to S\$71.1 million as compared to S\$65.3 million in the last corresponding year. The increase in turnover by S\$5.8 million arose mainly due to:

- i) Higher turnover from Container Depot Operation segment by S\$3.4 million mainly due to the acquisition of Ming Fung companies completed on 1 September 2006 of S\$3.9 million and is partially offset by the lower utilisation of other depots in Hong Kong, China and Taiwan;
- ii) Higher turnover from the Container Sales, Agencies and Survey segment by S\$2.1 million mainly due to increased turnover from higher level of used container sales activities; and
- iii) Higher turnover from the Warehousing and Container Freight Station segment by S\$0.3 million.

Costs

Cost of sales have increased by S\$3.2 million or 6.4% from S\$49.0 million to S\$52.2 million was in line with the increase in turnover by 8.9% and the increased cost of sales arose mainly due to:

- i) Including the costs of sales of S\$3.1 million of Ming Fung companies which were acquired on 1 September 2006;
- ii) Increased costs from Container Sales, Agencies and Survey activities; and
- iii) Partially offset by S\$0.9 million (net) mainly arising from the lower depreciation costs in view of the change in useful lives of forklifts and stackers (please refer to para 5 above for details).

Other income has increased by S\$0.9 million or 70.6% from S\$1.3 million to S\$2.2 million mainly due to recovery of accident claim of S\$0.5 million and exchange gain by S\$0.3 million.

Selling and distribution expenses have increased by S\$0.7 million or 29.9% from S\$2.2 million to S\$2.9 million mainly accounted by Ming Fung companies and higher agency commission costs in line with higher Container Sales, Agencies and Survey activities.

Administrative expenses have increased by S\$1.0 million or 10.9% from S\$9.3 million to S\$10.3 million mainly accounted by Ming Fung companies.

Other operating expenses have increased by S\$0.5 million or 200.8 % from S\$0.2 million to S\$0.7 million mainly due to the increased in amortisation on intangible assets by S\$0.2 million and fixed asset written off by S\$0.2 million.

Income tax has reduced by S\$0.9 million primarily due to the release from deferred tax provision and lower income tax rate applied in certain countries.

Balance sheet and cashflow

The increase in investment in associated and joint venture companies by S\$2.1 million was mainly due to the Group's 50% share of investment in Shanghai Kongyun Warehousing Co Ltd and NEK Infinity Logistics Services Sdn Bhd.

The decrease in intangible assets by S\$1.3 million was mainly due to amortisation of intangible assets by S\$0.4 million as well as a reduction in goodwill by S\$0.8 million in view of lower than estimated final purchase consideration for Ming Fung companies. Previously the final purchase consideration was estimated and taken up based on year 2006 & 2007 projected financial results. Following the finalisation of 2006 and 2007 financial results of Ming Fung companies, the purchase consideration was adjusted accordingly to reflect the actual payment due to the seller.

The convertible loan receivables of RMB23 million were intended to be partial payment for the RMB28.5 million of part of the purchase consideration in preference shares in the proposed acquisition of Gold Prime Holdings Limited ("GPHL"). The loan is for a term of 2 years at the interest rate of 6% per annum and convertible at the option of the Company into new preference shares to be issued by GPHL in favour of the Company upon completion of the acquisition of GPHL. The acquisition is conditional upon approval by shareholders of the Company to be convened in due course. However if approval is not obtained, the convertible loan (plus all accrued interest thereon) shall become immediately payable by GPHL to the Company within 7 calendar days from the date of shareholders' meeting.

Following various acquisitions, expansions and convertible loans, the Group's cash and cash equivalents was S\$13.8 million as at 31 December 2007, decreased by S\$3.8 million from S\$17.6 million as at 31 December 2006.

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

Not applicable.

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

The Directors believe that the Group's container depot utilisation rates will continue to remain healthy in the region. The Group is looking at new sites in Malaysia and Thailand to further expand on its current capacity.

The Group had announced in October 2006 on its proposed 30% acquisition of Keyun, a Tianjin based logistics service provider; via its Hong Kong holding company, Gold Prime Holdings Limited. The Group expects the completion of the acquisition by 2H2008.

The Group is also exploring and pursuing every opportunity and alliances to capitalise on its core competencies.

Barring unforeseen circumstances, the Directors expect the Group to remain profitable in this financial year.

11. Dividend

(a) Current Financial Period Reported On

The Directors are pleased to propose a final dividend of 0.3 cents per share:

Proposed Final Dividend

| | |
|---------------------------|---|
| Name of Dividend | Final |
| Dividend Type | Cash |
| Dividend Amount Per Share | 0.3 cents (less tax) per ordinary share |
| Tax Rate | 18% |

Dividend Paid

| | |
|---------------------------|---|
| Name of Dividend | Interim |
| Dividend Type | Cash |
| Dividend Amount Per Share | 0.3 cents (less tax) per ordinary share |
| Tax Rate | 18% |

(b) Corresponding Period of the Immediately Preceding Financial Year

Dividend declared for the corresponding period of the immediately preceding financial year were as follow:

| | |
|---------------------------|---|
| Name of Dividend | Final |
| Dividend Type | Cash |
| Dividend Amount Per Share | 0.3 cents (less tax) per ordinary share |
| Tax Rate | 18% |

(c) Date payable

30 May 2008

(d) Books closure date

Registrable Transfers received by the company up to 5.00pm on 8 May 2008 will be registered before entitlements to the dividend are determined. Books closure date is 9 May 2008.

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

Not applicable.

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

| Business segment | Container depot operation | Warehousing & CFS | Container sales, agencies & survey | Others | Elimination | Consolidated |
|---|---------------------------|-------------------|------------------------------------|-----------|----------------|---------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Year ended 31 Dec 07 | | | | | | |
| <u>Revenue</u> | | | | | | |
| External sales | 56,334 | 6,893 | 7,811 | 46 | - | 71,084 |
| Inter-segment sales | 109 | - | - | - | (109) | - |
| Total revenue | <u>56,443</u> | <u>6,893</u> | <u>7,811</u> | <u>46</u> | <u>(109)</u> | <u>71,084</u> |
| Segment results | 5,702 | 1,517 | 1,243 | 447 | - | 8,909 |
| Unallocated corporate expenses | | | | | | (2,070) |
| Investment and interest income | | | | | | 391 |
| Interest expenses | | | | | | (247) |
| Share of results of associated companies | | | | | | 123 |
| Share of results of joint venture business | | | | | | 5 |
| Profit before taxation and minority interest | | | | | | <u>7,111</u> |
| Taxation | | | | | | (1,187) |
| Minority interests | | | | | | 226 |
| Net profit attributable to members of the company | | | | | | <u>6,150</u> |
| Year ended 31 Dec 06 | | | | | | |
| <u>Revenue</u> | | | | | | |
| External sales | 52,950 | 6,579 | 5,721 | 46 | - | 65,296 |
| Inter-segment sales | 135 | 920 | (33) | - | (1,022) | - |
| Total revenue | <u>53,085</u> | <u>7,499</u> | <u>5,688</u> | <u>46</u> | <u>(1,022)</u> | <u>65,296</u> |
| Segment results | 5,148 | 1,475 | 713 | 184 | - | 7,520 |
| Unallocated corporate expenses | | | | | | (2,088) |
| Investment and interest income | | | | | | 400 |
| Interest expenses | | | | | | (194) |
| Share of results of associated companies | | | | | | 3 |
| Share of results of joint venture business | | | | | | (2) |
| Profit before taxation and minority interest | | | | | | <u>5,639</u> |
| Taxation | | | | | | (2,121) |
| Minority interests | | | | | | 61 |
| Net profit attributable to members of the company | | | | | | <u>3,579</u> |

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

Please refer to Section 8 for the analysis on the changes in turnover and profit by business segments.

The profit under "Others" has improved mainly due to higher exchange gain.

15. A breakdown of sales as follows:

| | | Group | | |
|-----|---|------------------------------------|------------------------------------|-------------|
| | | Year ended 31 Dec 07 S\$'000 | Year ended 31 Dec 06 S\$'000 | Change % |
| (a) | Sales reported for first half year | 34,593 | 31,484 | 9.9 |
| (b) | Operating profit after tax before deducting minority interest reported for first half year | 1,911 | 1,109 | 72.3 |
| (c) | Sales reported for second half year | 36,491 | 33,812 | 7.9 |
| (d) | Operating profit after tax before deducting minority interest reported for second half year | 4,013 | 2,409 | 66.6 |

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

| | | Year ended 31 Dec 2007 S\$'000 | Year ended 31 Dec 2006 S\$'000 |
|-----|------------|--------------------------------------|--------------------------------------|
| (a) | Ordinary | 1,161 | 1,004 |
| (b) | Preference | - | - |
| | Total | 1,161 | 1,004 |

BY ORDER OF THE BOARD

Li Hung
Executive Chairman
28 February 2008