SP Corporation Limited

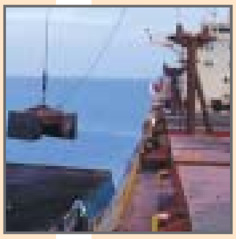
annual report 2006

Mission Statement

To be a profitable, growth-oriented and value driven industrial and engineering services group in the Asia Pacific region.

Contents






Chairman's Statement

> "The Group will continue to pursue growth opportunities in the coming year."

In 2006, the Group recorded revenue of $280 million and earnings of $2.9 million.

Revenue in our Tyre and Auto Products unit grew by 31% to $68 million with increased sales to both existing and new markets. Our Commodities and Specialty Products Trading unit increased revenue by 22% to $165 million, with higher sales for coal and other industrial commodities. Engineering Services unit recorded 29% revenue growth to $47 million due mainly to higher volume of coal extraction and higher work orders for its specialty engineering works.

Group's earnings in 2006 fell mainly because in 2005 the Engineering Services unit enjoyed gains on disposal of construction equipment. Sale of construction materials was also lower in 2006 after the divestment of Bored Piling (Pte) Ltd. In addition, the Engineering Services unit also recorded lower margins from coal mining related activities.

During the year, the Group divested Bored Piling (Pte) Ltd together with most of its related businesses and Global Noble International Corporation, our distribution business in Philippines, in order to focus on the Group's core activities.

The Group will continue to pursue growth opportunities in the coming year. Apart from consolidating our position in the Asia Pacific region, we also aim to achieve our long term goal to grow our shareholders' value.

On 10 August 2006, Mr Fong Seok Phoy joined our Board as an executive director and Mr Lei Huai Chin resigned from the Board and the audit committee. Mr Ong Teck Ghee, who will be retiring by rotation from the Board at the Company's forthcoming Annual General Meeting, had informed the Board that he will not be seeking re-election. On behalf of the Board, I would like to welcome Mr Fong and express our sincere thanks to Mr Lei and Mr Ong for their valuable contributions to the Group over the years.

To our Board of Directors, management team and staff, I would also like to express my heartfelt appreciation for your loyalty, dedication and commitment.

To our shareholders, valued customers, business associates and suppliers, I wish to thank you for your confidence and continued support to the Group.

Peter Sung
Chairman
16 March 2007

Managing Director And CEO's Statement

The Group achieved another year of revenue growth in 2006 recording higher revenue of $280 million.

The **Tyre and Auto Products Unit** expects demand for tyre and auto products to remain strong despite intense competition posed by both established and new tyre manufacturers. It will continue to bolster its efforts to become a significant distributor of tyres and auto products in Singapore and ASEAN. This will be achieved by expanding our reach to the markets with broader product ranges. Its retreading activity will also continue to partner with the distribution business to provide total tyre management services.

The outlook for oil and commodity prices remains volatile with many challenges ahead. In order to maintain its growth, the **Commodities and Specialty Products Trading Unit** will continue to focus on its coal trading. It will also tap on the Group's existing network particularly in China and Indonesia to further expand its trading activities.

The Group has successfully exit from the loss making consumer product business in the Philippines in 2006. The consumer product distribution unit in Singapore will focus on its trading and bulk distribution business for improved performance.

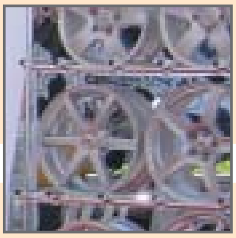
With the recovery of the construction industry, the specialty engineering services arm in the **Engineering Services Unit** will continue to invest in new technology and innovations while pursuing in-house R&D works to strengthen its core competencies. In the absence of new mining contract, the coal mining operations is expected to slow down and remain inactive in 2007. The Group has also further reduced its domestic construction activities by divesting Bored Piling (Pte) Ltd and most of its related businesses in 2006.

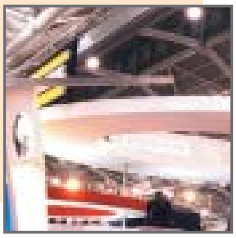
Looking forward, the Group will further expand its market in the tyre and auto products industry, strategically focus on its trading activities for coal and selected industrial commodities and maintain its specialty engineering capability.

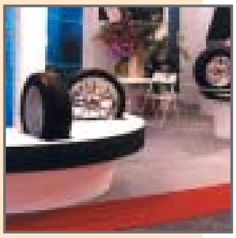
The management would like to express its sincere appreciation for the invaluable support provided by its esteemed customers, principals, suppliers, bankers, business partners and parent company. It is thankful to its Board of Directors for their valuable guidance and our committed staff for their dedication and efforts.

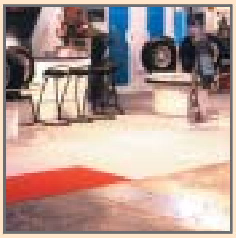
David Lee
Managing Director and CEO
16 March 2007

"Looking forward, the Group will further expand its market in the tyre and auto products industry, strategically focus on its trading activities for coal and selected industrial commodities and maintain its specialty engineering capability."









Corporate Profile






TYRE AND AUTO PRODUCTS

Marketing and Distribution

focuses on the distribution of tyres and auto products. It holds exclusive distributorships in selected countries in ASEAN, India and Africa for PT Gajah Tunggal's tyres, GiTi Tire Group's GT Radial, Primewell, Yinlun and Runway tyres, Finland's Nokian tyres and Slovakia's Matador tyres. Its automotive products include alloy wheels from AEZ, MAK, SEYEN, MESHINDO and other established makers, batteries and lubricants of renowned manufacturers.

Manufacturing

carries out retreading of truck and bus tyres, which complements the tyre distribution business to offer total tyre management services for both new and retread tyres to the bus companies and a port operator in Singapore.

COMMODITIES AND SPECIALTY PRODUCTS TRADING

Trading

carries out the trading and marketing of products including coal, rubber, metals, chemicals and other commodities used by manufacturers in the energy, rubber, automotive and petrochemical industries in Asia.

Distribution

handles the marketing and distribution of consumer products including feminine napkins, baby diapers and food products produced by established manufacturers in China and Indonesia. It also provides in-house packaging for supermarkets and airlines.

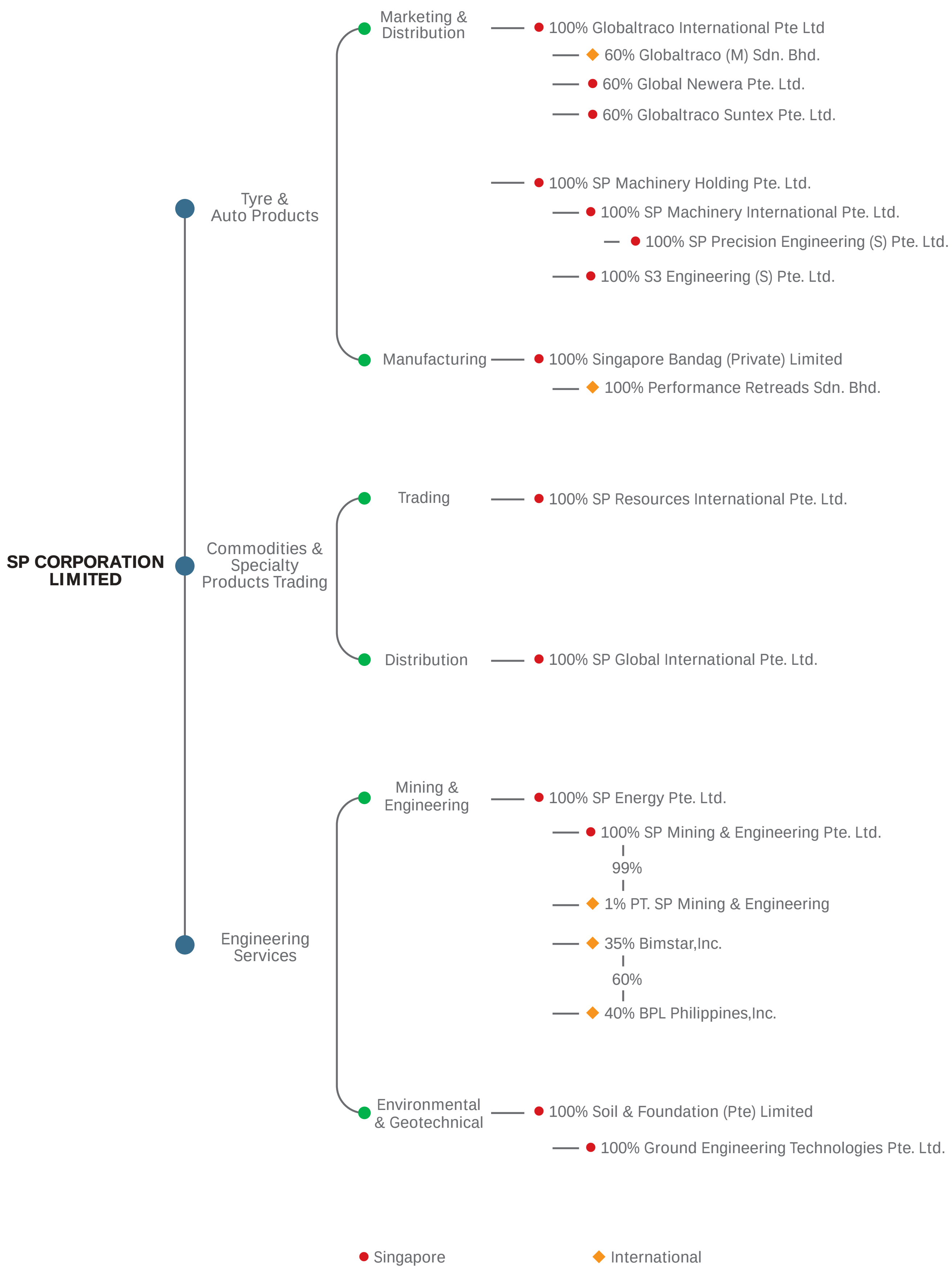
ENGINEERING SERVICES

Mining and Engineering

does coal mining related activities in Indonesia which include the services in removal of overburden, extraction and transportation of coal.

Environmental and Geotechnical

carries out geotechnical instrumentation and investigation works in Singapore. It offers quality and reliable services in advanced monitoring systems, remote or wireless data acquisition, laboratory testing and analysis services. The unit also provides offshore site investigation and advanced environmental technical analysis work.


SP CORPORATION LIMITED
Tyre & Auto Products
Marketing & Distribution
100% Globaltraco International Pte Ltd
60% Globaltraco (M) Sdn. Bhd.
60% Global Newera Pte. Ltd.
60% Globaltraco Suntex Pte. Ltd.
100% SP Machinery Holding Pte. Ltd.
100% SP Machinery International Pte. Ltd.
100% SP Precision Engineering (S) Pte. Ltd.
100% S3 Engineering (S) Pte. Ltd.
Manufacturing
100% Singapore Bandag (Private) Limited
100% Performance Retreads Sdn. Bhd.
Commodities & Specialty Products Trading
Trading
100% SP Resources International Pte. Ltd.
Distribution
100% SP Global International Pte. Ltd.
Engineering Services
Mining & Engineering
100% SP Energy Pte. Ltd.
100% SP Mining & Engineering Pte. Ltd.
99%
1% PT. SP Mining & Engineering
35% Bimstar,Inc.
60%
40% BPL Philippines,Inc.
Environmental & Geotechnical
100% Soil & Foundation (Pte) Limited
100% Ground Engineering Technologies Pte. Ltd.
Singapore
International

TYRE AND AUTO PRODUCTS

Marketing and Distribution

Globaltraco International Group (Globaltraco), which consists of Globaltraco International Pte Ltd in Singapore and its 60% owned subsidiary, Globaltraco (M) Sdn. Bhd. in Malaysia, has achieved significant revenue growth of 33% to $68 million. The increase of revenue was contributed by higher sales of tyres and auto products to both existing and new markets.

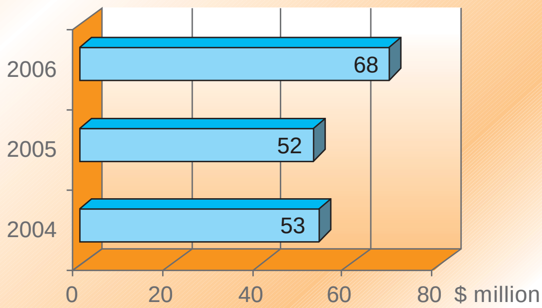
Globaltraco is the exclusive distributor of tyres from renowned manufacturers namely GT Radial and Bias Tyres from Indonesia; GT Radial, Primewell and Runway Tyres from GiTi Tire Group (佳通) in China; Nokian Tyres from Nokian Tyres PLC in Finland and Matador Tyres from Matador in Slovakia. Its two main principals, PT Gajah Tunggal and GiTi Tire Group are the largest tyre manufacturers in Asean and China respectively.

As the exclusive distributor for these established brands of tyre for selected countries in Asean, Africa and Indian sub-continent, Globaltraco distributes a wide range of tyres including passenger car radial tyres, truck and bus bias and radial tyres, as well as off-the road and industrial tyres.

To complement its core business, Globaltraco also markets auto products such as alloy steel wheels, batteries and lubricants through its own distribution channels as well as that of its principals for a more extensive reach. It is the distributor for MAK wheels from Italy, AEZ, ENZO and Dotz wheels of Germany, Millennium wheels of Meshindo in Indonesia and GT wheels of Seyen in China. It also markets lubricant produced by FUCHS of Germany and

Revenue
- Tyre and Auto Products Unit

The Unit's revenue increased 31% to $68 million in 2006. Its revenue consists of sales of tyres, auto products and tyre retreading.



battery produced by YOKOHAMA of Malaysia in Vietnam and holds in-house brand for battery and lubricant, which are GT BATT and GT LUBE respectively.

The unit expects the tyre and auto products industry to be challenging in view of the intense competition posed by both new and established players. In 2007, Globaltraco will continue to penetrate both new and existing markets with more new patterns, brands range and other tyre related products such as alloy wheels, automotive batteries and lubricants to achieve a more diversified customer base. This will also further strengthen its market position in the region. It has also formed a new off-the road (OTR) and mining department to develop the mining tyres industry in this region.

In this regard, Globaltraco will continue to monitor the rapidly changing market environment in pursuing its goal to be a significant player of tyre and auto products in the Asean region. With the availability of more new tyre product ranges and patterns being produced from its Principals, it will continue to enhance its market share in both its existing and new markets.

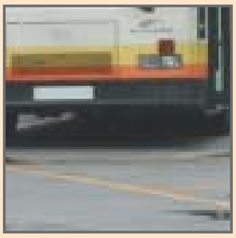
Manufacturing

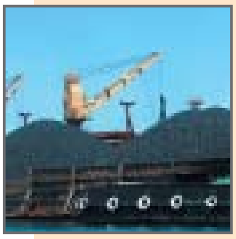
Singapore Bandag Group, which consists of Singapore Bandag (Private) Limited and its 100% owned subsidiary Performance Retreads Sdn. Bhd. in Johor, Malaysia, has continued to record revenue growth of 22% to $2 million.

Singapore Bandag Group's main activity is retreading of truck and bus tyres. It operates as a franchisee of the US based Bandag tyre retreading system, currently one of the most established retreading systems in the world. The tyre retreading activity of Singapore Bandag Group complements the tyre distribution business of the Globaltraco International Group, which enables the Group to offer one-stop complete solution for the management of both the new tyre and retread tyre requirements of customers.

Together with Globaltraco Group, it successfully renewed the contract to manage the total tyre requirements of entire SMRT / TIBS' bus fleet and to supply retreads to selected depot of SBS Transit in 2006. These two key customers are the biggest public transport companies in Singapore. It has also supported Globaltraco Group in the supply of retreads to PSA for the newly awarded total tyre management contract.

Going forward, the unit will continue to improve its performance of the total tyre management system with better service level to further expand its customer base in Singapore.






COMMODITIES AND SPECIALTY PRODUCTS TRADING

Trading

SP Resources International Pte. Ltd. (SPRi) continued to register revenue growth in 2006 to $164 million, which was 23% higher than 2005. The growth was attributable to increase in trading of coal, aluminium and other industrial commodities including raw materials for the tyre and rubber industry.

With the continuous high demand for energy related products, SPRi has benefited as it was the appointed exclusive marketing agent under a Sales Agency Agreement with an Indonesia coal mining company, PT Bukit Baiduri Energi (BBE). Its trading of coal has grown steadily and constituted 65% of SPRi total revenue in 2006. SPRi is currently negotiating with BBE on renewal of the agreement, which expired on 31 January 2007, but activities in the coal sales still continue as before.

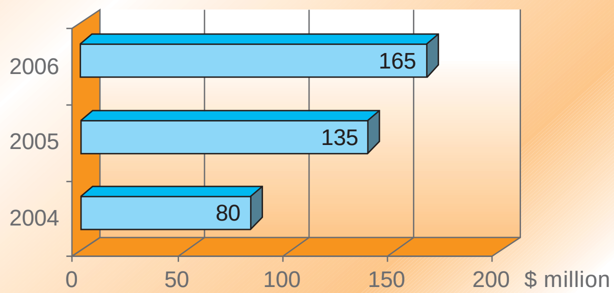
For trading of aluminium, SPRi has grown since 2005 to supply aluminium to a cable manufacturer in addition to being a purchasing agent of an automotive alloy wheel manufacturer in Indonesia.

In line with its plans to expand its trading activities in Asia for selected commodities that offer good long term prospects, SPRi secured sizeable sales contracts to supply natural rubber to an established tyre manufacturer in China. To further expand its rubber trading activity by capitalising on its valuable network, it also commenced value-added processing deals with a processing plant in China to convert natural rubber to rubber compounds.

Revenue

- Commodities and Specialty Products Trading Unit

The Unit's revenue increased 22% to $165 million in 2006 mainly due to higher sale of coal, aluminium and commodities related to the tyre and rubber industries by its trading unit. Revenue from its distribution sub-unit consist of consumer products.



The outlook for oil and commodity prices remains volatile and it offers many challenges ahead. In order to maintain its growth, SPRi is looking to expand its range and quantity of products traded, focusing mainly on tyre related raw materials and equipment whenever possible that synergise and complement its existing trading activities. It would continue to focus on its core trading activities of raw materials for the energy related, aluminium, tyre and rubber, and petrochemical industries.

Distribution

SP Global International Group's (SP Global) main activities are marketing and distribution of selected consumer products in the Asean region. In 2006, the Group divested its loss making 51% owned subsidiary in the Philippines as part of the Group's strategic decision to divest non-core business unit.

Following the divestment, the sub-unit's revenue decreased by 32% to $2 million but turnaround to record marginal earnings in 2006.

In Singapore, SP Global continues to focus on bulk distribution of personal hygiene products, namely "Softex" feminine napkins and "Softlove" baby diapers in the region. Besides, it is also distributing some add-on products from its current principal, PT Softtex Tbk like "Sweety" pants diapers, baby powder, hair and body liquid soap. Going forward, SP Global would undertake distribution of selected products that are complementary to its current business model in order to further improve its profitability. It will also further extend its span to overseas markets such as Latin America, Africa and China, by tapping on the business network of the Group.

ENGINEERING SERVICES

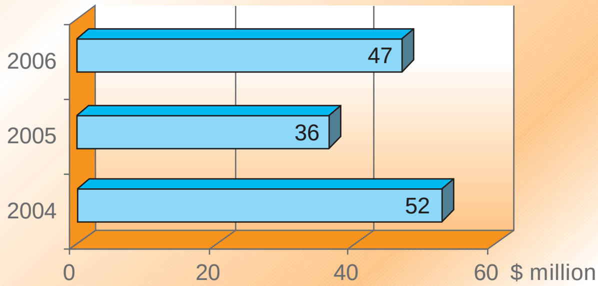
Mining and Engineering

SP Mining & Engineering Group (SPME Group) comprises SP Mining & Engineering Pte. Ltd. in Singapore and its 100% owned subsidiary namely PT. SP Mining & Engineering in Indonesia. In line with the Group's strategy to scale down the domestic construction activities, the Group has divested Bored Piling (Pte) Ltd and most of its related businesses in 2006. Nevertheless, it still achieved revenue growth to $29 million mainly due to higher coal volume extracted.

With the termination of management service agreement in 2005, it provides only coal mining contract works in East Kalimantan of Indonesia. As announced on 21 March 2006, the coal mining volume and the worth of the mining contract was reduced to approximately $46 million. With $20 million and $29 million worth of works completed in 2005 and 2006 respectively, and without new mining contract, the coal mining operation is expected to slow down and the unit is expected to be inactive in 2007.

Revenue
- Engineering Services Unit

The Unit's revenue increased 29% to $47 million in 2006 mainly due to higher contributions from both its coal mining operations in Indonesia and its Environmental & Geotechnical sub-unit. Its revenue consists of mining works, soil instrumentation and investigation works and foundation piling.



Environmental and Geotechnical

Soil & Foundation (Pte) Limited (S&F), which specialises in environmental and geotechnical services as well as micro-piling works, record commendable revenue growth of 37% to $17 million in 2006. The increase was largely contributed by several major instrumentation and monitoring projects for MRT circle lines, geotechnical instrumentation and micro piling works.

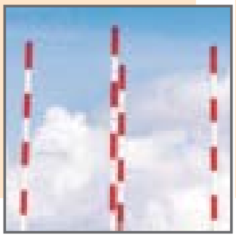
S&F is a reputable market leader offering the latest methodology in soil investigation works, advance automation and Wireless Remote Automated Systems (WRAS) for soil instrumentation packages tailor made for applications in civil engineering and environmental related works. It embarks upon innovative WRAS which incorporates technology of GSM, and in time to come, GPRS, Radio Frequency and Satellite Technology will be deployed to automatically acquire and analyze data, as well as sending alarm/warning via SMS and email automatically.

During the year, the company further enhanced its market leadership by securing new projects. Key projects secured include micropiling work in Marine Terrace and Teck Whye HDB Lift upgrading works; LTA ER215 term contract of soil investigation work and continued term contract for Mindef controlled property.

The company expects the operating environment to remain highly competitive despite recovery of the construction industry. The IR projects in Singapore will also provide further positive impetus to the industry.

In addition, the industry faces increasing manpower shortage and costs due to more stringent requirements set by authorities arising out of the Nicoll Highway incident. Despite the highly challenging time ahead, the company will capitalise on its established market leadership position to deliver timely quality works and advance technical know-how to better serve its customers.

Looking forward, S&F will continuously up-grade and invest in new technology and innovations while pursuing in-house R&D works to strengthen its core competencies.

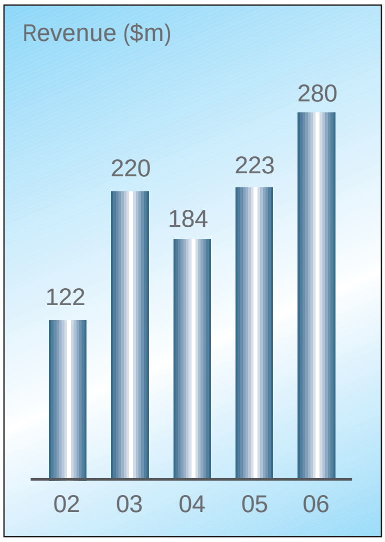


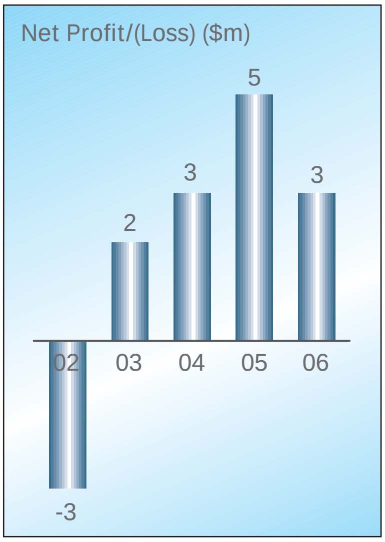
Five Year Financial Summary

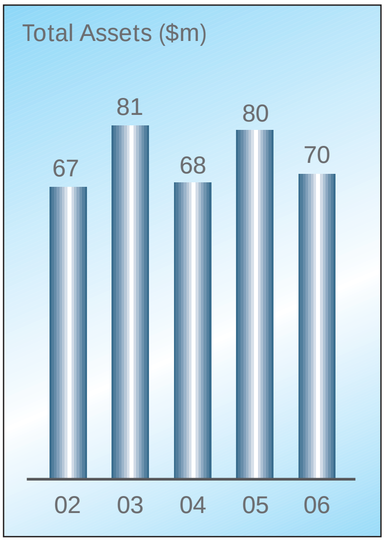
	2006	2005	2004	2003	2002
Group Profit & Loss Account ($'000)					
Revenue	280,013	223,261	184,254	219,824	122,411
Profit/(loss) before income tax	4,387	6,225	2,856	2,094	(2,963)
Income tax	(1,446)	(1,210)	(313)	51	152
Profit/(loss) after income tax	2,941	5,015	2,543	2,145	(2,811)
Minority interests	43	348	437	323	9
Net profit/(loss) for the financial year	2,984	5,363	2,980	2,468	(2,802)
Group Balance Sheet ($'000)					
Property, plant and equipment	2,033	2,384	4,402	10,587	12,644
Other assets	67,771	77,552	63,551	70,820	53,867
Total assets	69,804	79,936	67,953	81,407	66,511
Shareholders' funds	30,165	27,249	21,926	19,077	16,785
Minority interests	698	870	533	780	885
Total borrowings	255	1,737	4,497	9,759	11,208
Other liabilities	38,686	50,080	40,997	51,791	37,633
Total liabilities and equity	69,804	79,936	67,953	81,407	66,511

FINANCIAL RATIOS

	2006	2005	2004	2003	2002
Earnings/(loss) per share (cents)	0.85	1.53	0.85	0.70	(0.80)
Net assets per share (cents)	8.59	7.76	6.25	5.44	4.78
Return on average shareholders' funds (%)	10	22	15	14	(15)
Return on average assets (%)	7	9	4	3	(5)
Debt-equity ratio (%)	1	6	21	51	67







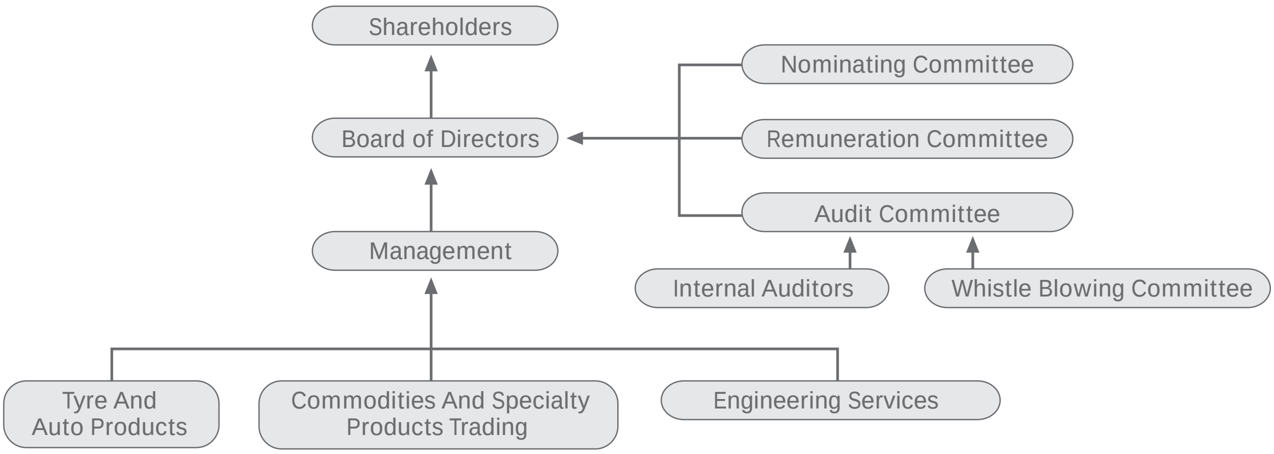
The Board continues to be committed to achieving high standards of corporate governance to safeguard shareholders' interests and maximise long-term shareholder value.

To discharge its governance function in the most effective manner, the Board and its Committees have laid down rules for its own activities in a governance process policy.

The Board and its Committees are guided by their respective Terms of Reference as provided for in the Company's Corporate Governance Policies Manual. In line with the new requirements of the Code of Corporate Governance 2005 (the "Code"), the Company's Corporate Governance Policies Manual was duly updated and adopted by the Board during the year.

This Corporate Governance Report describes the Company's corporate governance processes and activities with reference to the Principles and Guidelines of the Code.

Corporate Structure



I. BOARD MATTERS

THE BOARD'S CONDUCT OF ITS AFFAIRS
Principle 1: Effective Board to lead and control the company

Role and Authority

The Board oversees the business affairs of the Group and works with Management to achieve the objectives set for the Group. To ensure smooth operations, facilitate decision-making, and at the same time ensure proper controls, the Board has delegated some of its powers to its Committees and the Management. The Board Committees and the Management remain accountable to the Board.

The principal functions of the Board include, *inter alia*, providing entrepreneurial leadership, setting strategic aims, monitoring Management's performance, approving the Group's annual business plan, establishing a framework for prudent and effective control as well as setting values and standards for the Company.

The Board is assisted by three Board Committees, namely, the Nominating Committee ("**NC**"), the Remuneration Committee ("**RC**") and the Audit Committee ("**AC**"). Each Committee has its own specific terms of reference setting out the scope of its duties and responsibilities, rules and regulations and procedures governing the manner in which it is to operate and how decisions are to be taken.

Processes and Activities

The Board approves the Company's annual budget before the beginning of each year and material transactions that arise in the course of the year as well as those that exceed the limits of authority delegated to the Management or Board Committees. Material transactions requiring the Board's approval include material acquisitions and disposal of assets, corporate and financial restructuring and share issuance. The Board approves transactions exceeding certain threshold limits while delegating authority for transactions below those limits to its Committees and the Management so as to facilitate operational efficiency.

The Company encourages Directors to undergo continuous training to equip themselves effectively for the discharge of their duties as Directors. Directors are welcome to request further briefings or information on any aspect of the Company's operations and business issues from the Management.

Schedule and Composition

The Board meets regularly and as warranted by particular circumstances, as deemed appropriate by the Board members. The Company's Articles of Association allow telephonic and video-conferencing meetings of the Board to be conducted.

The Company Secretary attends all Board and Board Committee meetings and the minutes of such meetings are circulated to all Board members.

A record of the Directors' attendance at meetings of the Board and Board Committees during the financial year ended 31 December 2006 is set out below:-

<table>
<tr><th rowspan="2">Name of Director</th><th colspan="2">Board</th><th colspan="2">Audit Committee</th><th colspan="4">Remuneration Committee</th><th colspan="2">Nominating Committee</th></tr>
<tr><th>No. of scheduled meeting</th><th>Attendance</th><th>No. of scheduled meeting</th><th>Attendance</th><th>No. of scheduled meeting</th><th>Attendance</th><th>No. of ad-hoc meeting</th><th>Attendance</th><th>No. of ad-hoc meeting</th><th>Attendance</th></tr>
<tr><td>Peter Sung [1]</td><td rowspan="11">3</td><td>3</td><td rowspan="11">3</td><td>-</td><td rowspan="11">1</td><td>1</td><td rowspan="11">1</td><td>1</td><td rowspan="11">2</td><td>1</td></tr>
<tr><td>David Lee Kay Tuan</td><td>3</td><td>-</td><td>-</td><td>-</td><td>2</td></tr>
<tr><td>Cheng Hong Kok [2]</td><td>3</td><td>3</td><td>1</td><td>0</td><td>2</td></tr>
<tr><td>Chong Chou Yuen</td><td>3</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Fong Seok Phoy [3]</td><td>1</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Liem Chin Chiang</td><td>2</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Susanto Nursalim alias William Liem</td><td>3</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Ong Teck Ghee</td><td>2</td><td>3</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Tan Lye Huat [4]</td><td>3</td><td>3</td><td>1</td><td>1</td><td>1</td></tr>
<tr><td>Lei Huai Chin [5]</td><td>1</td><td>1</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Low Kian Beng [6]</td><td>1</td><td>-</td><td>0</td><td>1</td><td>-</td></tr>
</table>

[1] : Chairman of the Board of Directors
Resigned as Chairman of the Remuneration Committee on 28 February 2006
Resigned as Chairman and Member of the Nominating Committee on 28 February 2006

[2] : Chairman of the Audit Committee
Appointed as Chairman of the Nominating Committee on 28 February 2006
Appointed as Member of the Remuneration Committee on 28 February 2006

[3] : Appointed as Executive Director on 10 August 2006

[4] : Appointed as Chairman of the Remuneration Committee on 28 February 2006
Appointed as Member of the Nominating Committee on 28 February 2006

[5] : Resigned on 10 August 2006

[6] : Resigned on 10 April 2006

BOARD COMPOSITION AND BALANCE
Principle 2: Strong and independent element on the Board

The Board comprises nine members from different backgrounds whose core competencies, qualifications, skills and experiences are extensive. Of the nine Directors, seven are non-executive Directors and three are independent.

The NC conducts an annual review of Directors' independence. The Company has also complied with the guidelines of the Code recommending that at least one-third of the Board is made up of independent Directors. Having reviewed the composition of the Board, the NC considers the present Board size appropriate for the current needs and demands of the Group's operations.

During the year, the non-Executive Directors constructively challenged and helped the Management develop proposals on business strategies for the Group. The Board also monitors the performance of the Management in achieving agreed goals and objectives for the Group.

In addition, the Company has benefited from the Management's ready access to its Directors for guidance and exchange of views both within and outside of the formal environment of Board and Board Committees meetings.

ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)
Principle 3: Clear division of responsibilities and balance of power and authority

Role and Authority

Different individuals assume the Chairman and CEO functions. The division of responsibilities between the Chairman and CEO is clearly established.

Processes and Activities

The Chairman, who is non-Executive, leads the Board and ensures Board members engage the Management in constructive debate on various matters including strategic issues, whilst the CEO has executive responsibilities for the Group's businesses and is accountable to the Board.

The Chairman manages the business of the Board and the Board Committees whilst the CEO monitors the translation of the Board's decisions into executive action. The Chairman also exercises control over the quality and timeliness of information flow between the Board and the Management.

BOARD MEMBERSHIP
Principle 4: Formal and transparent process for the appointment of directors to the Board

The NC consists of the following three members with a majority, including the Chairman, being independent Directors:

- Mr Cheng Hong Kok - Chairman (non-Executive/Independent)
- Mr Tan Lye Huat - Member (non-Executive/Independent)
- Mr David Lee Kay Tuan - Member (Executive/non-Independent)

During the year, the NC held two ad-hoc meetings.

Role and Authority

The NC reviews and recommends to the Board the appointment of new Directors as well as the re-nomination and re-election of Directors.

The other responsibilities of the NC include, *inter alia*, determining the independence of Directors, assessing the effectiveness of the Board as a whole and ensuring that the Company has a succession plan for senior positions.

Processes and Activities

The Company has in place a structured process of selection and appointment of new Director(s), which includes, *inter alia*, the evaluation of nominated candidate(s) by the NC taking into consideration the capabilities of such candidate(s) and how the candidate(s) will fit into the overall competency matrix of the Board. Key information such as academic and professional qualifications, shareholdings in the Company and its subsidiaries and other relevant information would accompany such nomination.

During the year, the NC reviewed and evaluated the appointment of an Executive Director before presenting him to the Board for consideration. Upon the appointment of the new Director by the Board, a formal letter was issued to him on behalf of the Board by the Chairman. In addition, the new Director was presented with information on corporate legislations, Directors' duties and responsibilities and the Company's internal rules and regulations. The Company Secretary also conducted a briefing on corporate governance and statutory compliance under the Companies Act, Cap. 50 and SGX-ST Listing Manual to the new Director.

At each annual general meeting ("**AGM**"), one-third of the Board is required, under the Company's Articles of Association, to retire and stand for re-election. Any newly appointed Director must submit himself for election at the AGM immediately following his appointment. The following Directors will retire at the forthcoming AGM:

(a) Mr David Lee Kay Tuan
(b) Mr Tan Lye Huat
(c) Mr Ong Teck Ghee

Messrs Lee and Tan will offer themselves for re-election whilst Mr Ong has indicated that he will not seek re-election.

Mr Fong Seok Phoy, who was appointed as an Executive Director during the year, will submit himself for re-election under Article 100 of the Company's Articles of Association.

BOARD PERFORMANCE

Principle 5: Formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board

Review of the Board's performance is conducted by the NC annually.

The NC is guided by its Terms of Reference which set out its responsibilities for assessing the Board's effectiveness as a whole and ability to discharge its responsibilities in providing stewardship, corporate governance and monitoring Management's performance with the objective of enhancing long term value for shareholders.

The Board, through the delegation of its functions to the NC, has used its best efforts to ensure that Directors appointed to the Board have the background and knowledge in areas critical to the Group's business and requirements. In reviewing the Directors' mix of skill and experience that the Board requires to function competently and efficiently in achieving the Group's strategic objectives, every Director is required to complete a form providing information in relation to his areas of specialization and expertise.

The evaluation of the Board is carried out on an annual basis. Each Director assesses the Board's performance as a whole by providing written feedback to the NC through the Board Self-Assessment Checklist designed in accordance with the guidelines of the Code.

A procedure to evaluate the contribution of each individual Director to the effectiveness of the Board has been established. The assessment parameters include, *inter alia*, attendance at meetings of the Board, Board Committees and General Meetings; participation in discussion on boardroom matters; knowledge of and contacts in the regions where the Group operates; the individual Director's functional expertise; and his commitment of time to the Company. In addition, internal guidelines have been adopted to address the competing time commitments faced by Directors serving on multiple boards.

The evaluation returns submitted by each Director are collated independently by the Company Secretary who would then circulate the consolidated responses to the NC for discussion. The NC provides the relevant feedback to the Board, Board Committees and individual Director where appropriate.

ACCESS TO INFORMATION

Principle 6: Board members should be provided with complete, adequate and timely information

The Board and its Committees are given information and full access to the Management and the Company Secretary. The role of the Company Secretary is clearly defined in the Company's Corporate Governance Policies Manual which includes, *inter alia*, advising the Board on all governance matters and ensuring that all Board procedures are followed. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and its Committees and between the Management and non-Executive Directors, as well as facilitates and assists with professional development as required. The Company Secretary attends all meetings of the Board and its Committees.

The Directors are also kept up-to-date by the Company Secretary on pertinent developments in corporate laws and governance. In addition to the annual budget and business plans which are submitted to the Board for approval, the Board is provided on a monthly basis with management accounts which contain key performance indicators that inform the Directors of the Company's on-going performance, position and prospects. The Board also reviews and approves for release the Company's half-year and full-year financial results. When updating the Board of the Company's performance, the Management ensures that the Board is kept apprised (with the necessary explanations) of material variances between the budget and the actual results.

In the furtherance of their duties, the Directors, individually or as a group, may seek independent professional advice on matters relating to the businesses of the Group, at the Company's expense.

II. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
Principle 7: Formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors

The RC comprises the following three Directors, all of whom are non-Executive and the majority, including the Chairman, being independent:

- Mr Tan Lye Huat - Chairman (non-Executive/Independent)
- Mr Cheng Hong Kok - Member (non-Executive/Independent)
- Mr Peter Sung - Member (non-Executive/non-Independent)

The RC is guided by its written Terms of Reference as stipulated in the Company's Corporate Governance Policies Manual. The principal responsibilities of the RC include, *inter alia*, reviewing the remuneration framework for recommendation to the Board for approval, determining remuneration packages for Executive Directors and senior officers, reviewing the appropriateness and transparency of remuneration matters disclosed to shareholders.

No member of the RC is involved in deciding his own remuneration. The Executive Director has employment contract with the Company which can be terminated by either party giving three months' notice. None of the non-Executive Directors is on service contract with the Company.

During the year, the RC held one scheduled and one ad-hoc meeting.

LEVEL AND MIX OF REMUNERATION
Principle 8: Level of remuneration of directors to be appropriate and not excessive

The Company's remuneration packages for Executive Directors comprised both fixed and variable components. The variable component is linked to the Company's performance as well as each individual Director's performance. This is designed to align Directors' interests with those of shareholders' and link rewards to corporate and individual performance. The remuneration framework has been endorsed by the entire Board. Executive Directors do not receive Directors' fees from the Company or from its subsidiaries/associated companies if they are appointed to these boards, since their salaries compensate for services rendered as members of these boards. Any Director fees for services rendered by the Executive Directors to these entities are paid to the Company.

The non-Executive Directors are paid pursuant to the Company's Remuneration Framework for Directors of the Board. Payment of Directors' fees is subject to shareholders' approval at the AGM. The RC is of the view that the remuneration of non-Executive Directors is appropriate taking into account factors such as effort and time spent and responsibilities of the Directors. The RC and the Board are of the view that the remuneration of the Directors is adequate and not excessive.

Matters which are required to be disclosed in the annual remuneration report have been sufficiently disclosed in this report and in the Financial Statements of the Company.

DISCLOSURE ON REMUNERATION

Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration

The RC proposes appropriate remuneration frameworks for adoption by the Board and ensures that the Management carries out the approved policy accordingly. The aim of the RC is to motivate and retain Directors and executives and ensure that the Company is able to attract appropriate talent from the market in order to maximize value for shareholders.

A summary of each non-Executive and Executive Director's remuneration paid or payable for FY2006 is shown below:

Name of Directors	Status (1)	Breakdown of Remuneration in Percentage (%)					Total Remuneration in Compensation Bands of $250,000
		Fees (2)	Salary (3)	Benefits	Variable Bonus (4)	Total	
Peter Sung	NE, NI	100%	0%	0%	0%	100%	< $250,000
David Lee Kay Tuan	Exec, NI	100%	0%	0%	0%	100%	< $250,000
Cheng Hong Kok	NE, Ind	100%	0%	0%	0%	100%	< $250,000
Chong Chou Yuen	NE, NI	100%	0%	0%	0%	100%	< $250,000
Fong Seok Phoy *	Exec, NI	0%	87%	0%	13%	100%	$250,000 - $499,999
Lei Huai Chin #	NE, NI	100%	0%	0%	0%	100%	< $250,000
Liem Chin Chiang	NE, NI	100%	0%	0%	0%	100%	< $250,000
Susanto Nursalim alias William Liem	NE, NI	100%	0%	0%	0%	100%	< $250,000
Low Kian Beng #	Exec, NI	0%	96%	2%	3%	100%	< $250,000
Ong Teck Ghee	NE, Ind	100%	0%	0%	0%	100%	< $250,000
Tan Lye Huat	NE, Ind	100%	0%	0%	0%	100%	< $250,000
Total Directors' Remuneration (%)		**39%**	**55%**	**0%**	**6%**	**100%**	

Notes:

1) Ind – Independent / NI – non-Independent / Exec – Executive / NE – non-Executive.
2) Directors' fees as a lump sum are subject to approval by shareholders at the AGM on 12 April 2007.
3) The salary amount shown is inclusive of allowances and CPF.
4) The variable bonus amount shown is inclusive of CPF.

* *Mr Fong Seok Phoy has been a senior executive of the Group and was appointed as Executive Director with effect from 10 August 2006. His fall year remuneration has been included therein.*

\# *Mr Lei Huai Chin and Mr Low Kian Beng resigned as Directors on 10 August 2006 and 10 April 2006 respectively.*

Remuneration of top executives (Other than the Company's Executive Directors)

The Company advocates a performance-based remuneration system taking into account the performance of individuals, Company's performance and industry benchmarks gathered from companies in comparable industries.

The table below shows the ranges of gross remuneration received by the Group's top five executives (excluding Executive Directors) in the Company and in the Group's Singapore and overseas subsidiaries, but does not include any associated companies:

		Breakdown of Remuneration in Percentage (%)				
Name of Top 5 Executives	**Position**	**Salary (1)**	**Benefits -in-kind**	**Variable Bonus (2)**	**Total**	**Total Remuneration in Compensation Bands of $250,000**
Hui Chee Teck, Simon	Director of subsidiaries	100%	0%	0%	100%	< $250,000
Ng Keok Heng, Allen	Director of subsidiaries	100%	0%	0%	100%	< $250,000
Lim Eng Khoon, Frank	Director of subsidiaries	79%	0%	21%	100%	< $250,000
Lee Hong Keow	Director of subsidiaries	80%	0%	20%	100%	< $250,000
Gan Pin Pin *	Group Financial Controller	74%	0%	26%	100%	< $250,000
Total Executives' Remuneration (%)		**87%**	**0%**	**13%**	**100%**	

Notes:
1) The salary amount shown is inclusive of allowances such as fixed transport allowance and CPF.
2) The variable bonus amount shown is inclusive of CPF.

* Ms Gan Pin Pin joined the Group on 21 June 2006.

There is no Group employee related to a Director or the CEO, whose remuneration exceeded $150,000 for the financial year ended 31 December 2006.

III. ACCOUNTABILITY AND AUDIT

Accountability
Principle 10: Presentation of a balanced and understandable assessment of the company’s performance, position and prospects

The Board recognises the importance of the timeliness and relevance of information on the performance of the Group to shareholders. In discharging this responsibility, the Board ensures the timely release of the Group’s financial results and that the results provide a balanced and understandable assessment of the Group’s performance, position and prospects.

In addition, the Management keeps the Board regularly updated on the Group’s business activities and financial performance by providing operations reports on a monthly basis. Such a report compares the Group’s actual performance against the approved budget and highlights key business indicators and major issues that are relevant to the Group’s performance.

Audit Committee
Principle 11: Establishment of Audit Committee with written terms of reference

The AC consists of the following three Directors, all of whom are independent and non-Executive:

- Mr Cheng Hong Kok - Chairman (non-Executive/Independent)
- Mr Ong Teck Ghee - Member (non-Executive/Independent)
- Mr Tan Lye Huat - Member (non-Executive/Independent)

The Board is of the view that the AC members are appropriately qualified to discharge their responsibilities and its members have accounting and/or related financial management expertise.

The AC is guided by its Terms of Reference which stipulate that its principal functions include, *inter alia*, reviewing the annual audit plan, the systems of internal control and management of financial risks, the effectiveness and adequacy of the internal audit function which is outsourced to a professional firm, the regulatory compliance matters, the risk management framework and interested persons transactions. The AC also reviews the half-year and full-year financial results announcements before their submission to the Board for approval.

The AC conducts an annual review of the non-audit services provided by the External Auditors as part of the AC's assessment of the External Auditors' independence. The AC is of the view that the non-audit services (namely as tax consultant) provided by the External Auditors in 2006 did not prejudice their objectivity and independence.

The AC has explicit authority to investigate any matter within its Terms of Reference. It has full access to and has had the full co-operation of the Management. It also has full discretion to invite any Director or any member of the Management to attend its meetings. The Internal and External Auditors are also invited to make presentations to the AC as appropriate.

Once a year, the Company's External Auditors and Internal Auditors meet separately with the AC without the presence of the Management.

Whistle-Blowing Policy

To encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the AC reviewed and approved for implementation, a Whistle Blowing Policy stipulating the mechanism by which employees of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or others. A Whistle-Blowing Committee ("**WBC**") has also been established to provide an avenue for employees to raise or report in confidence any concerns they may have on the aforementioned issues.

Assisted by the WBC, the AC addresses issues/concerns raised by employees and arranges for investigation and/or follow-up of appropriate action. The AC reports to the Board any issues/concerns received by it and the WBC at the ensuing Board meeting. Should the AC or WBC receives reports relating to serious offences and/or criminal activities in the Group, the AC or the Board have access to the appropriate external advice where necessary and, where appropriate or required, report to the relevant government authorities for further investigation/action.

Whistle-Blowing Committee

The WBC consists of:-

- CEO
- Group Financial Controller
- Company Secretary

The WBC is empowered to:-

- look into all issues/concerns relating to the Group (except for issues/concerns that are directed specifically or affecting any member of the WBC which are dealt with by the AC);
- make the necessary reports and recommendations to the AC or the Board of Directors for their review and further action, if deemed required by them; and
- have access to the appropriate external advice where necessary and, where appropriate or required, report to the relevant government authorities for further investigation/action.

During the year, the AC held three scheduled meetings.

INTERNAL CONTROLS

Principle 12: Sound system of internal controls

The AC reviews reports submitted by the Internal and External Auditors relating to the effectiveness of the Group's internal controls, including the adequacy of the Group's internal financial controls, operational and compliance controls.

A Minimum Acceptance Control system had been implemented to enhance the Group's internal control function for areas such as finance, operations and compliance. The internal control measures aim to ensure that the Group's assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

The Board believes that, in the absence of any evidence to the contrary, the system of internal controls maintained by the Management provides adequate assurance against material financial misstatements or losses.

The AC's responsibilities over the Group's internal controls and risk management are complemented by the work of the Internal Auditors.

Risk Management

An Enterprise Risk Management ("ERM") framework was put in place to assist the Board, the Management and staff in identifying, reviewing and monitoring potential risks. Comprehensive guidelines and rules are set to identify and manage significant risks that might affect the Group's achievement of its business objectives, outputs, projects or operating processes at the Group.

The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately the Management and the Board, working as a team to ensure that the Group's risk management control is conducted through a self-assessment process on a regular basis.

Key risks, control measures and actions are continually identified, updated and monitored with the aim to bring them to within acceptable cost and tolerance parameters. On an annual basis, the AC reviews and reports to the Board the Group's risk profile, evaluates results and counter-measures to mitigate or transfer identified potential risks so as to assure itself and the Board of the adequacy of the ERM framework and that the process is operating effectively as planned.

INTERNAL AUDIT

Principle 13: Independent internal audit function

The Internal Auditors' ("IA") primary line of reporting is to the Chairman of the AC.

The Company's internal audit function is outsourced to PricewaterhouseCoopers. The IA is guided by the PricewaterhouseCoopers Global Internal Audit Services Outsourcing Engagement Framework ("Framework"). The standards developed in the Framework are consistent with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

Annually, an audit plan is being developed and the IA reviews the effectiveness of the Company's material internal controls.

The AC annually reviews the adequacy of the internal audit function, the activities and organisational structure of the Company's internal audit function to ensure that no unjustified restrictions or limitations are imposed. The AC reviews and approves the annual IA plan to ensure that the internal audit function is adequate. It also oversees the implementation of the internal audit plan and ensures that the Management provides the necessary co-operation to enable the IA to perform its function.

The Board is of the view that the Company has in place an adequate system of internal controls.

IV. COMMUNICATION WITH SHAREHOLDERS

COMMUNICATION WITH SHAREHOLDERS
Principle 14: Regular, effective and fair communication with shareholders

In line with the continuous disclosure obligations of the Company, pursuant to the Listing Rules of the Singapore Exchange Securities Trading Limited (SGX-ST) and the Singapore Companies Act, Cap. 50, the Board's policy is to ensure that shareholders are informed promptly of all major developments that may impact materially on the Company.

The Company communicates with shareholders and the investing community through the release of timely announcements to the SGX-ST via SGXNET, circulation of its Annual Reports and Circulars to Shareholders, at general meetings and through its website at www.tuansing.com where the public can access information on the Group. The announcements include half-year and full-year financial results, material transactions, and other developments relating to the Group requiring disclosure under the corporate disclosure policy of the SGX-ST.

COMMUNICATION WITH SHAREHOLDERS
Principle 15: Shareholders' participation at general meetings

The AGM is the principal forum for dialogue with shareholders. At the meeting, shareholders are given an opportunity to participate effectively through open discussions and to vote on resolutions tabled.

Separate resolutions are proposed for approval on each distinct issue at general meetings. Shareholders can vote either in person or through proxies. The Company views these meetings as excellent opportunities to build shareholders' understanding of the Group's businesses and to build alignment with shareholders' views on value creation.

The Chairman of the Board, as well as Chairmen of the AC, NC and RC, attend general meetings to address issues raised by shareholders. The External Auditors and the legal advisers are also present to address any relevant queries from shareholders.

V. DEALINGS IN SECURITIES

The Company has adopted a policy whereby its Directors and officers are prohibited from dealing in the securities of the Company and its listed related corporations (collectively the listed entities) while in possession of price-sensitive information, as well as during the period commencing one month before the announcement of the listed entities' annual and half-year results and ending on the day of such announcements. The Company's Directors and officers are also to refrain from dealing in the listed entities' securities for short-term considerations.

Board Of Directors

(1) Peter Sung
Chairman
Non-Executive Director (Non-Independent)
Member, Remuneration Committee
Last re-election: 21 April 2006

Mr Sung is the Chairman of the Board since 28 January 2002 and the Chairman of the Nominating Committee and Remuneration Committee since December 2002. He stepped down as Chairman of both Committees on 28 February 2006 but remained as a member of the Remuneration Committee.

Mr Sung is currently the Chairman of Calbert Pte. Ltd. Between 1966 and 1986, he worked in Shell, Sime Darby and Pilecon in the Corporate Planning, Marketing, Sales and Personnel functions. Mr Sung was Singapore's ambassador to the Philippines between 1986 and 1988 and a Member of the Singapore Parliament from 1988 to 1996. Between 1988 and 1991, he was Minister of State with attachments in the Ministries of Foreign Affairs, Home Affairs and National Development. Mr Sung was an Advisor to the Gajah Tunggal Group in Indonesia until 1998. He was the Chairman of Tuan Sing Holdings Limited (listed on the Singapore Exchange) until 1994. He ceased to be a Director of Tuan Sing Holdings Limited on 1 November 2005.

Mr Sung holds a Bachelor of Arts degree with a First Class Honours in Economics from the University of Singapore.

(2) David Lee Kay Tuan
Managing Director and CEO
Executive Director (Non-Independent)
Member, Nominating Committee
Last re-election: 23 April 2004
Proposed for re-election at AGM in April 2007

Mr Lee was appointed Managing Director and CEO on 28 February 2006. On the same day, he stepped down as Chairman of the Executive Committee of the Company. He was the Executive Director, Legal and Administration since January 2002 but relinquished his Executive Director appointment in December 2003 and continued on the Board as a non-Executive Director and as a member of the Nominating Committee. Mr Lee is currently an Executive Director and CEO of Tuan Sing Holdings Limited as well as a Director of Gul Technologies Singapore Ltd (both listed on the Singapore Exchange). Mr Lee had held directorship in an Australian Stock Exchange listed company, Grand Hotel Group, of which he stepped down in November 2006.

Mr Lee established Messrs Ang & Lee, a law firm and was its managing partner between 1994 and 2001. He holds a Bachelor of Laws (Hons) degree from the National University of Singapore.

(3) Cheng Hong Kok
Non-Executive Director (Independent)
Chairman, Audit Committee & Nominating Committee
Member, Remuneration Committee
Last re-election: 21 April 2006

Mr Cheng is a Non-Executive Independent Director since 24 May 2001, Chairman of the Audit Committee since 16 October 2001 and Member of the Nominating Committee since December 2002. He assumed the position of Chairman of the Nominating Committee and was also appointed a member of the Remuneration Committee on 28 February 2006.

Mr Cheng holds directorships in other Singapore listed companies namely, Gul Technologies Singapore Ltd, Orchard Parade Holdings Ltd and Singapore Petroleum Company Limited. He concurrently sits on the boards of Singapore Refining Company Pte Ltd and Keppel Oil & Gas Services Pte Ltd.

Mr Cheng held various senior positions in Singapore Petroleum Company Limited in corporate planning, finance and administration, supply and trading, and marketing and distribution from 1970 to 1980 and became its President and Chief Executive Officer from 1981 to 1996. Through Singapore Petroleum Company Limited, he was involved in the Asean Council on Petroleum (ASCOPE) for many years. He was a board member of the Singapore Economic Development Board from 1987 to 1990 and a member of the Government Economic Planning Committee from 1989 to 1991.

Mr Cheng holds a Bachelor of Science (Chemical Engineering) degree with First Class Honours from the University of London and received an Advanced Executive Management Certificate from the J. L. Kellogg Graduate School of Management, Northwestern University in the USA. He was a Singapore State Scholar as well as an Eisenhower Fellow.

(4) Chong Chou Yuen
Non-Executive Director (Non-Independent)
Last re-election: 21 April 2006

Mr Chong was appointed a Non-Executive Director on 8 December 2005. He holds directorships in subsidiaries of the Company and the Pan-West Group. He is concurrently the Chief Financial Officer of Tuan Sing Holdings Limited.

His career spans more than 25 years in finance & accounting management in various industries covering countries in the Asia Pacific, Middle East and the Caribbean.

Prior to joining the Tuan Sing Group in 2004, Mr Chong was the Regional Finance Director, Asia-Pacific for Equant Pte. Ltd. between 1997 and 2004. From September 2003 to March 2004, Mr Chong was a Director for Equant Group of companies in Singapore and overseas. He was the Group Finance Director of Berger International Ltd from 1994 to 1997.

Mr Chong holds a Bachelor of Accountancy and an MBA degree from the National University of Singapore. He is also a Fellow of the Institute of Certified Public Accountants of Singapore.

(5) Fong Seok Phoy
Executive Director (Non-Independent)
Appointed: 10 August 2006
Proposed for re-election at AGM in April 2007

Mr Fong was appointed an Executive Director on 10 August 2006. Since April 2001, Mr Fong has been the Managing Director of SP Resources International Pte. Ltd., a wholly-owned subsidiary of the Company, whose principal activities included the trading of commodities and specialty products.

Prior to joining the Group, Mr Fong held various senior positions in multinational companies in the petrochemical industry. In the 1970s, Mr Fong was involved in the development of petrochemical project while working in the Prime Minister's Office of the Singapore Government.

Mr Fong graduated with a Bachelor of Engineering (Chemical and Materials) (Hons) from the University of Auckland, New Zealand in 1974, under the Singapore Colombo Plan Scholarship.

(6) Liem Chin Chiang
Non-Executive Director (Non-Independent)
Last re-election: 22 April 2005

Mr Liem is a Non-Executive Director since 17 September 2004.

He was formerly an advisor to Zhongshan E-Fashion Dress & Ornaments Co., Ltd and Shanghai GT Nissin Food Co., Ltd. and a Commissioner of PT. Bukit Baiduri Energi. Mr Liem was also the Co-founder and CEO of Habitat Properties Pte Ltd. He currently holds directorships in other private companies; Calbert Pte. Ltd., Acset Construction Pte Ltd, Shangland Pte Ltd and Sing Alliance Holding Pte Ltd. Mr Liem holds a Bachelor of Arts degree in Economics from the University of California Los Angeles.

(7) Susanto Nursalim alias William Liem
Non-Executive Director (Non-Independent)
Last re-election: 21 April 2006

Mr Liem is a Non-Executive Director since 7 March 2003. He is concurrently a Director of Tuan Sing Holdings Limited and Gul Technologies Singapore Ltd (both listed on the Singapore Exchange). Mr Liem also acts as an Alternate Director to Dr Tan Enk Ee in Grand Hotel Group (listed on the Australian Stock Exchange) and holds directorship in Nuri Holdings (S) Pte Ltd and GT Asia Pacific Holdings Pte Ltd. Mr Liem worked in Lehman Brothers and the GITI Group prior to his current position.

He obtained his Bachelor of Science in Business from the University of California at Berkeley, and holds an MBA from Massachusetts Institute of Technology Sloan School of Management.

(8) Ong Teck Ghee
Non-Executive Director (Independent)
Member, Audit Committee
Last re-election: 22 April 2005
Retiring by rotation at AGM in April 2007 and will not be seeking re-election

Mr Ong is an Independent Non-Executive Director of the Company since 1 January 1999 and a Member of the Audit Committee since 1999. He is concurrently the Managing Partner of Messrs Ong & Lau, a firm of advocates and solicitors.

Mr Ong is also an Independent Director in Ecowise Holdings Limited (listed on the Singapore Exchange). Between 1986 and 1998, he was Managing Partner of the law firm, Ong Teck Ghee & Partners.

Mr Ong has been in private practice for more than 20 years and engaged in all areas of corporate work. He is an Advocate & Solicitor of the Supreme Court of Singapore, a Commissioner for Oaths and a Notary Public.

Mr Ong holds a Bachelor of Laws (Hons) degree from the National University of Singapore.

(9) Tan Lye Huat
Non-Executive Director (Independent)
Chairman, Remuneration Committee
Member, Audit Committee & Nominating Committee
Last re-election: 22 April 2005
Proposed for re-election at AGM in April 2007

Mr Tan is a Non-Executive Director since 1 January 1999, a Member of the Audit Committee since 1999 and a Member of the Remuneration Committee since December 2002. He assumed the position of Chairman of the Remuneration Committee and was appointed a member of the Nominating Committee with effect from 28 February 2006.

Mr Tan also holds directorship in Kian Ho Bearings Limited and Yaan Security Technology Limited (both listed on the Singapore Exchange). He is a member of the Institute of Certified Public Accountants of Singapore (ICPAS), a Fellow of the Association of Chartered Certified Accountants (FCCA) and the Chartered Institute of Management Accountants (FCMA) as well as a Chartered Director (C. Dir.) of the Institute of Directors, UK. Mr Tan is the Founder and CEO of HIM Governance Private Limited, a governance solution and services organization. He has been actively engaged in corporate governance work as well as volunteering at a number of other governance-related associations.

5
6
7 8 9

The Directors present their report to the members together with the audited consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2006.

1 Directors

The Directors of the Company in office at the date of this report are:

Mr Peter Sung
Mr David Lee Kay Tuan
Mr Cheng Hong Kok
Mr Chong Chou Yuen
Mr Fong Seok Phoy (Appointed on 10 August 2006)
Mr Liem Chin Chiang
Mr Susanto Nursalim alias William Liem
Mr Ong Teck Ghee
Mr Tan Lye Huat

Pursuant to Article 99(2) of the Company's Articles of Association, the following Directors shall retire at the Company's forthcoming Annual General Meeting:

Mr David Lee Kay Tuan
Mr Tan Lye Huat
Mr Ong Teck Ghee

2 Arrangements to Enable Directors to Acquire Benefits by means of the Acquisition of Shares or Debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 Directors' Interests In Shares And Debentures

The Directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Direct Interest			Deemed Interest		
	As at 1 January 2006 or date of appointment	As at 31 December 2006	As at 21 January 2007	As at 1 January 2006 or date of appointment	As at 31 December 2006	As at 21 January 2007
Number of the Company's ordinary shares						
Mr David Lee Kay Tuan	-	-	-	281,463,197*	281,463,197*	281,463,197*
Mr Fong Seok Phoy	-	50,000	50,000	-	-	-
Number of Tuan Sing Holdings Limited ordinary shares						
Mr David Lee Kay Tuan	250,000	250,000	250,000	518,267,849**	518,267,849**	518,267,849**
Mr Liem Chin Chiang	-	10,000	10,000	-	-	-
Number of Gul Technologies Singapore Ltd ordinary shares						
Mr David Lee Kay Tuan	-	-	-	237,431,996***	#	#
Mr Liem Chin Chiang	-	#	#	-	-	-
Number of Gul Technologies Singapore Ltd non-cumulative convertible preference shares						
Mr David Lee Kay Tuan	-	-	-	11,000,000***	- ##	- ##

* By virtue of interest of his spouse, Ms Michelle Liem Mei Fung, in SP Corporation Limited.

** By virtue of interest of his spouse, Ms Michelle Liem Mei Fung, in Tuan Sing Holdings Limited.

*** By virtue of interest of his spouse, Ms Michelle Liem Mei Fung, in Gul Technologies Singapore Ltd.

[#] On 10 July 2006, Gul Technologies Singapore Ltd ("Gul Tech") ceased to be a subsidiary and became an associated company of the Company's holding company, Tuan Sing Holdings Limited ("TSH") following TSH's reduction of its shareholdings in Gul Tech from 68.80% to 34.79%. As such, Gul Tech ceased to be a related corporation of the Company with effect from 10 July 2006.

[##] Pursuant to the conversion of 11 million non-cumulative convertible preference shares into 44 million ordinary shares in the capital of Gul Technologies Singapore Ltd on 19 May 2006.

By virtue of Section 7 of the Singapore Companies Act, Mr David Lee Kay Tuan is deemed to have an interest in the Company and all the related corporations of the Company.

4 Directors' Receipt and Entitlement to Contractual Benefits

Since the beginning of the financial year, no Director has received or has become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act (other than as disclosed in the consolidated financial statements), by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for salaries, bonuses and other benefit as disclosed in the financial statements that certain Directors have received remuneration from related corporations in their capacities as directors and/or executives of those related corporations.

5 Share Options

During the financial year:

(a) no option to take up unissued shares of the Company or any corporation in the Group was granted;

(b) no shares of the Company or corporations in the Group were issued by virtue of the exercise of an option to take up unissued shares; and

(c) there were no unissued shares of the Company or any corporation in the Group under option.

6 Audit Committee

The Audit Committee consists of three non-executive directors, all of whom are independent directors. At the date of this report, the members of the Audit Committee are:

Mr Cheng Hong Kok (Chairman)
Mr Ong Teck Ghee
Mr Tan Lye Huat

The Audit Committee performed the functions specified in the Singapore Code of Corporate Governance, Singapore Companies Act Section 201B and the Singapore Exchange Securities Trading Limited Listing Manual.

In relation to the financial statements of the Company and the Group for the year ended 31 December 2006, the Audit Committee reviewed the audit plans and scope of the audit examination of the external and internal auditors of the Company. The internal auditors' findings on the internal controls of the companies within the Group, and management's response to these findings were also discussed with the internal auditors and management. The Audit Committee's activities included a review of the financial statements of the Company and the Group for the year ended 31 December 2006, and the report of the external auditors thereon.

The Audit Committee recommends to the Board of Directors the nomination of Deloitte & Touche for re-appointment as external auditors at the forthcoming Annual General Meeting of the Company.

7 Auditors

Deloitte & Touche have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Directors

David Lee Kay Tuan
Managing Director & CEO

Chong Chou Yuen
Director

Singapore
Date: 16 March 2007

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company 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 2006, the results of, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

David Lee Kay Tuan
Managing Director & CEO

Chong Chou Yuen
Director

Singapore
Date: 16 March 2007

Independent Auditors' report To The Members Of SP Corporation Limited

We have audited the accompanying financial statements of SP Corporation Limited (the Company) and its subsidiaries (the Group) which comprise the balance sheets of the Group and the Company as at December 31, 2006, the profit and loss statement, statement of changes in equity and cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 79.

Directors' Responsibility

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards and the Singapore Companies Act, Cap. 50 (the "Act"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

a) the consolidated financial statements of the Group and the balance sheet and statement of change in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards and so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2006 and the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

Without qualifying our opinion, we draw your attention to Note 32 of the financial statements which states that Bored Piling (Pte) Ltd ("BPL"), a former subsidiary which the Group has divested during the year, is involved in litigation cases. The Company was appointed as the litigation manager as part of the divestment agreement and the outcome of the litigation cases may result in post completion adjustments to the consideration paid in relation to the divestment of BPL. Based on the information available and the stage of the arbitration proceedings, the directors are of the opinion that the eventual outcome of the legal claims cannot be determined with reasonable certainty. No provision has been made in the financial statements. The related effects of this uncertainty, if any, will be recognised in the financial statements of future periods when the eventual outcome can be determined with reasonable certainty.

Deloitte & Touche.

Deloitte & Touche
Certified Public Accountants
Singapore

William Lim Choon Hock
Partner
Appointed on 12 May 2003

Date: 16 March 2007

	Note	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
Assets					
Non-current assets					
Property, plant and equipment	5	2,033	2,384	9	14
Investments in subsidiaries	6	-	-	11,902	16,910
Investment in associate	7	18	18	-	-
Other investments	9	-	42	-	42
Total non-current assets		2,051	2,444	11,911	16,966
Current assets					
Inventories	10	6,484	5,481	-	-
Trade and other receivables	11	51,019	60,312	5,827	3,941
Cash and bank balances	14	10,250	11,699	1,054	134
Total current assets		67,753	77,492	6,881	4,075
Total assets		69,804	79,936	18,792	21,041
Equity and Liabilities					
Equity					
Share capital	16	58,366	17,550	58,366	17,550
Reserves		(1,404)	39,480	-	40,816
Accumulated losses		(26,797)	(29,781)	(43,467)	(41,768)
		30,165	27,249	14,899	16,598
Minority interests		698	870	-	-
Total equity		30,863	28,119	14,899	16,598
Non-current liabilities					
Borrowings	17	113	191	-	-
Deferred tax	19	143	124	-	-
Total non-current liabilities		256	315	-	-
Current liabilities					
Trade and other payables	20	36,418	48,847	3,873	3,252
Income tax payable		2,125	1,109	20	-
Borrowings	17	142	1,546	-	1,191
Total current liabilities		38,685	51,502	3,893	4,443
Total equity and liabilities		69,804	79,936	18,792	21,041

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

Consolidated Profit And Loss Statement

For the financial year ended 31 December 2006

		Group	
	Note	**2006** $'000	**2005** $'000
Revenue	21	280,013	223,261
Cost of sales		(266,773)	(209,278)
Gross profit		13,240	13,983
Other operating income	22	1,181	2,947
Distribution costs		(3,207)	(3,409)
Administrative expenses		(5,983)	(6,361)
Other operating expenses	23	(572)	(795)
Finance income	24	280	598
Finance costs	25	(552)	(739)
Share of result of associate		-	1
Profit before tax	26	4,387	6,225
Income tax expense	27	(1,446)	(1,210)
Profit for the year		2,941	5,015
Attributable to:			
Equity shareholders of the Company		2,984	5,363
Minority interests		(43)	(348)
		2,941	5,015
Basic earnings per share (cents)	28	0.85	1.53

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

	Share Capital $'000	Share Premium $'000	Translation Reserve $'000	Accumulated Losses $'000	Attributable to equity holders of the Company $'000	Minority Interests $'000	Total Equity $'000
Group							
Balance at 1 January 2005	17,550	40,816	(1,296)	(35,144)	21,926	533	22,459
Issuance of subsidiaries' shares	-	-	-	-	-	688	688
Translation loss arising on consolidation	-	-	(145)	-	(145)	(3)	(148)
Translation gain arising on monetary items deemed as net investment in foreign operations	-	-	105	-	105	-	105
Net loss not recognised in the profit and loss statement	-	-	(40)	-	(40)	(3)	(43)
Net profit for the financial year	-	-	-	5,363	5,363	(348)	5,015
Total recognised income and expense for the financial year	-	-	(40)	5,363	5,323	(351)	4,972
Balance at 31 December 2005	17,550	40,816	(1,336)	(29,781)	27,249	870	28,119
Transfer of share premium (Note 1)	40,816	(40,816)	-	-	-	-	-
Translation gain arising on consolidation	-	-	30	-	30	1	31
Translation loss arising on monetary items deemed as net investment in foreign operations	-	-	(98)	-	(98)	-	(98)
Net loss not recognised in the profit and loss statement	-	-	(68)	-	(68)	1	(67)
Net profit for the financial year	-	-	-	2,984	2,984	(43)	2,941
Total recognised income and expense for the financial year	-	-	(68)	2,984	2,916	(42)	2,874
Liquidation of a subsidiary	-	-	-	-	-	(130)	(130)
Balance at 31 December 2006	58,366	-	(1,404)	(26,797)	30,165	698	30,863
Company							
Balance at 1 January 2005	17,550	40,816	-	(41,891)	16,475	-	16,475
Net profit for the financial year	-	-	-	123	123	-	123
Balance at 31 December 2005	17,550	40,816	-	(41,768)	16,598	-	16,598
Transfer of share premium (Note 1)	40,816	(40,816)	-	-	-	-	-
Net loss for the financial year	-	-	-	(1,699)	(1,699)	-	(1,699)
Balance at 31 December 2006	58,366	-	-	(43,467)	14,899	-	14,899

Note 1: The transfer of share premium of the Company to share capital is due to the abolishment of the concept of "par value" and "authorised capital" under the Companies (Amendment) Act 2005.

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2006

	Group	
	2006	**2005**
	$'000	$'000
Cash Flows From Operating Activities		
Profit before tax and share of result of associate	4,387	6,224
Adjustments for:		
Depreciation of property, plant and equipment	850	1,018
Interest expense	552	739
Interest income	(280)	(598)
Provision for impairment on value of an investment	-	273
Write off of property, plant and equipment	2	63
Gain on disposal of property, plant and equipment, net	(175)	(1,309)
Gain on liquidation of a subsidiary	(333)	(106)
Gain on disposal of subsidiaries	(370)	-
Loss on disposal of an investment	24	-
Operating profit before working capital changes	4,657	6,304
Inventories	(1,206)	(1,063)
Trade and other receivables	5,339	(12,063)
Restricted bank balances	1,134	(509)
Trade and other payables	(6,404)	8,553
Cash generated from operations	3,520	1,222
Interest paid	(552)	(739)
Interest received	284	598
Income tax paid, net	(1,997)	(1,309)
Net cash generated from (used in) operating activities	1,255	(228)
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	244	3,296
Payments for acquisition of property, plant and equipment	(663)	(976)
Proceeds from disposal of subsidiaries, net (Note A)	52	-
Payment for acquisition of an investment	-	(42)
Proceeds from disposal of an investment	17	-
Net cash (used in) generated from investing activities	(350)	2,278
Cash Flows From Financing Activities		
Repayment of borrowings	(1,366)	(2,927)
Proceeds from borrowings	67	167
Proceeds from issue of shares by subsidiaries to minority shareholders	-	688
Net cash used in financing activities	(1,299)	(2,072)
Foreign currency translation adjustment	79	(17)
Net decrease in cash and cash equivalents	(315)	(39)
Cash and cash equivalents at beginning of financial year	7,776	7,815
Cash and cash equivalents at end of financial year (Note 14)	7,461	7,776

	Group	
	2006	**2005**
	$'000	$'000
Note A: Disposal of subsidiaries		
Property, plant and equipment	77	-
Inventories	179	-
Trade and other receivables	5,580	-
Cash and cash equivalents	763	-
Trade and other payables	(6,022)	-
Loans and borrowings	(171)	-
Currency translation	39	-
Group's share of net assets disposed	445	-
Gain on disposal of subsidiaries	370	-
	815	-
Proceeds from disposal of subsidiaries	815	-
Cash and cash equivalents disposed	(763)	-
Net cash inflow	52	-

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

1 General

The balance sheet and statement of changes in equity of SP Corporation Limited (the "Company") (Registration No. 195200115K) and consolidated financial statements of the Group for the financial year ended 31 December 2006 were authorised for issue in accordance with a resolution of the Directors on 16 March 2007. The Company is domiciled and incorporated in Singapore with its registered office at 9 Oxley Rise, #03-02 The Oxley, Singapore 238697. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars which is also the functional currency of the Company.

The immediate and ultimate holding company is Tuan Sing Holdings Limited, a company incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited. Related companies in these financial statements refer to members of the holding company's group of companies.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are set out in Note 34 to the financial statements.

2 Summary of Significant Accounting Policies

a) Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

i) In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after 1 January 2006. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements.

2 **Summary of Significant Accounting Policies (cont'd)**

Amendments to FRS 39 relating to financial guarantee contracts

The amendments require certain financial guarantee contracts to be recognised in accordance with FRS 39 and measured initially at fair values, and subsequently at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the revenue recognition policies described below. The changes introduced by these amendments are applied by the Company and the Group with effect from the beginning of the comparative reporting period presented in the financial statements (ie. with effect from January 1, 2005). The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payment when due in accordance with the terms of their borrowings.

The application of these amendments result in such financial guarantee contracts now having to be recognised and measured at the higher of the best estimate of the expenditure required to settle the obligation and the amount initially recognised less, where appropriate, cumulative amortisation. However, as the impact of this new requirement in both the Company and consolidated financial statement is not material, no adjustment has been made to recognise these financial guarantee contracts.

ii) At the date of authorisation of these financial statements, the following FRSs and INT FRSs that are relevant to the Company and the Group were issued but not effective:

FRS 107	-	Financial instruments: Disclosures
FRS 108	-	Operating Segments
INT FRS 108	-	Scope of FRS 102
INT FRS 110	-	Interim Financial Reporting and Impairment
INT FRS 111	-	FRS 102 Group and Treasury Share Transactions

Amendments to FRS 1 Presentation of Financial Statements on Capital Disclosure.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The application of FRS 107 and the consequential amendments to other FRS will not affect any of the amount recognised in the financial statements, but will change the disclosure presently made in relation to the Company and the Group's financial instruments and the objectives, policies and processes for managing capital.

Other than FRS 107, the directors anticipate that the adoption of FRS 108, INT FRS 108, INT FRS 110, INT FRS 111 and the amendments to FRS 1 that were issued but not yet effective until future periods will not have a material impact on the financial statements of the Company and the Group in the period of initial adoption.

2 Summary of Significant Accounting Policies (cont'd)

b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

In the Company's financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised.

2 Summary of Significant Accounting Policies (cont'd)

c) Associates (cont'd)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit and loss statement.

Where a Group entity transacts with an associate of the group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

d) Interests in Joint Ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for under *FRS 105 Non-current Assets Held for Sale and Discontinued Operations*. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

2 Summary of Significant Accounting Policies (cont'd)

e) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains or losses arising from changes in fair value are recognised directly in equity.

f) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment loss.

The initial cost of property, plant and equipment comprises its purchase price including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, any trade discounts and rebates are deducted in arriving at the purchase price. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance costs, is normally charged to the profit and loss statement in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property, plant and equipment.

2 Summary of Significant Accounting Policies (cont'd)

f) Property, Plant and Equipment (cont'd)

Depreciation of property, plant and equipment is calculated on the straight line method to write off the cost of the assets over their estimated useful lives as follows:

	Number of years
Leasehold land, building and improvements	5
Plant and equipment	1 to 15
Motor vehicles	5

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

Assets held under finance lease agreements are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant leases.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit and loss statement.

g) Current Assets

Current assets include items realisable over operating cycles which may be in excess of one year.

h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs in bringing the inventories to their present location and condition and is accounted for as follows:

- Raw materials - purchase cost on a first-in, first-out basis

- Finished goods - weighted average basis

The costs of finished goods include costs of raw materials, direct labour and an appropriate proportion of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to completion and the estimated costs necessary to make the sale.

Provision is made where necessary for obsolete, slow moving items and defective inventories.

2 Summary of Significant Accounting Policies (cont'd)

i) Construction Contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

j) Trade and Other Receivables

Trade receivables, which generally have 30 to 90 day terms, are initially recognised and carried at original invoice amount less an allowance for any uncollectible amounts which is the fair value of consideration to be received in the future for goods and services rendered. Trade receivables of construction projects include progress claim and retention money which are subject to final certification from clients and expiration of each project defect liability period. They are recognised based on contractual claims less an allowance for any uncollectible amounts which is the fair value of consideration to be received. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Receivable amounts are subsequently measured at amortised cost using effective interest rate method.

Receivables from related parties are recognised and carried at cost less an allowance for any uncollectible amounts which is the fair value and subsequently measured at amortised cost using effective interest rate method.

k) Cash and Bank Balances

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost.

For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of unsecured cash on hand and deposits in banks but exclude restricted bank balances.

2 Summary of Significant Accounting Policies (cont'd)

l) Share Capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction, net of tax, in equity from proceeds. Dividends on ordinary shares are recognised in shareholders' equity in the period in which they are declared.

m) Borrowings

Interest-bearing borrowings and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

n) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

o) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the balance sheet date.

2 Summary of Significant Accounting Policies (cont'd)

o) Income Tax (cont'd)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

p) Trade and Other Payables

Liabilities for trade and other amounts payable, which are normally settled on 30 to 90 day terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. They are subsequently measured at amortised cost using the effective interest rate method.

q) Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, it is probable the Group will be required to settle the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

2 Summary of Significant Accounting Policies (cont'd)

r) Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates.

The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The significant interest rate risk arises from bank loans. The Group's policy is to manage its interest cost using a mix of fix and variable rate debt.

The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

s) 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 from sale of products comprises revenue earned from the sale of the products net of returns, trade allowances and duties and taxes paid. Revenue from sale of products is recognised when significant risks and rewards of ownership are transferred to the buyer.

Revenue from long-term construction contracts is recognised in accordance with the Group's accounting policy on Construction Contracts [Note 2(i)].

Revenue from the rendering of services that are of short duration is recognised when the services are rendered.

Revenue from mining services are recognised when the services are delivered to the customer, calculated based on actual product volume multiplied by the rates as agreed with the customer.

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

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

2 Summary of Significant Accounting Policies (cont'd)

t) Impairment of Assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

u) Retirement Benefit Costs

Payments to defined contribution retirement plans are charged as expenses as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

v) Employee Leave Entitlement

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

2 Summary of Significant Accounting Policies (cont'd)

w) Foreign Currency Transactions and Translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the balance sheet of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are translated to Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

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

x) Borrowing Costs

Borrowing costs are recognised as in the profit and loss statement in the period in which they are incurred.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management is of the opinion that there are no critical judgements involved that have significant effect on the amounts recognised in the financial statements.

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:

Allowance for inventories (Note 10)

In determining the net realisable value of the Group's inventories, an estimation of the recoverable amount of inventories on hand is performed based on the most reliable evidence available at the time the estimates are made. This represents the value of the inventories which are expected to realise as estimated by management. These estimates take into consideration the fluctuations of price or cost, or any inventories on hand that may not be realised, directly or indirectly relating to events occurring after the end of the year to the extent that such events confirm conditions existing at the end of the year.

Allowance for impairment loss on trade receivables (Note 12)

Management assesses at each balance sheet date whether there is any objective evidence that trade receivables are impaired. If there is objective evidence that an impairment loss on trade receivables has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the loss is recognised in the profit and loss statement. Where the loss subsequently reverses, the reversal is recognised in the profit and loss statement.

Construction contracts (Note 15)

The Group recognises contract revenue and contract costs using the percentage of completion method. The stage of completion is measured by reference to certification of value of work performed to date.

Significant judgement is required in estimating the total contract costs which affect the contract cost recognised to-date based on the percentage of completion. Total contract revenue also includes estimation for the variation works that are recoverable from customers. In making judgement, the Group evaluates by relying on past experience and the work of specialist.

The valuation of construction contracts and total contract costs estimation can be subject to uncertainty in respect of valuation works and estimation of future costs. The Group adopts a conservative approach in evaluating these uncertainties. Details of the construction contracts are disclosed in Note 15 to the financial statements.

4 Segment Information

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and services.

The Group is organised into 3 core units namely Tyre and Auto Products unit, Commodities and Specialty Products Trading unit and Engineering Services unit, as follows:

a) Tyre and Auto Products Unit

The Tyre and Auto Products unit consists of the marketing and distribution sub-unit, which distributes tyres and auto products and the manufacturing sub-unit, which engages in tyre retreading activities. The unit operates in Singapore and Malaysia.

b) Commodities and Specialty Products Trading Unit

The Commodities and Specialty Products Trading unit trades and markets a broad range of products including coal, rubber, chemicals, oil, metals and other commodities used by manufacturers in the energy, rubber, automotive and petrochemical industries as well as distribution of consumer products. The unit operates in Singapore.

c) Engineering Services Unit

The Engineering Services unit consists of the Mining and Engineering sub-unit, which provide coal mining contract works in Indonesia for mining related activities and the Environmental and Geotechnical Services sub-unit, which provides geotechnical instrumentation and investigation and environmental services. The unit operates in Singapore, Indonesia and Philippines.

d) Corporate and Other

The Corporate and Others segment includes general corporate activities.

4 Segment Information (cont'd)

Primary reporting format - business segments

	Tyre and Auto Products $'000	Commodities & Specialty Products Trading $'000	Engineering Services $'000	Corporate and others $'000	Elimination $'000	Consolidated $'000
Year ended 31 December 2006						
Revenue						
- External customers	68,280	165,081	46,638	14	-	280,013
- Inter segment	27	5	-	3,321	(3,353)	-
Total segment revenue	68,307	165,086	46,638	3,335	(3,353)	280,013
Result						
Segment result	2,549	2,746	(368)	(437)	169	4,659
Finance income						280
Finance costs						(552)
Profit before tax						4,387
Income tax						(1,446)
Profit after tax						2,941
Minority interests						43
Net profit for the financial year						2,984
Assets						
Segment assets	19,162	23,680	21,606	2,663	(61)	67,050
Investment in associate	-	-	18	-	-	18
Unallocated assets						2,736
Total assets						69,804
Liabilities						
Segment liabilities	10,572	11,290	13,286	1,907	(636)	36,419
Unallocated liabilities						2,522
Total liabilities						38,941
Other information						
Capital expenditure	153	7	501	2	-	663
Depreciation	126	20	699	5	-	850
Property, plant and equipment written off	-	-	-	2	-	2

4 Segment Information (cont'd)

Primary reporting format - business segments

	Tyre and Auto Products $'000	Commodities & Specialty Products Trading $'000	Engineering Services $'000	Corporate and others $'000	Elimination $'000	Consolidated $'000
Year ended 31 December 2005						
Revenue						
- External customers	51,950	135,066	36,105	140	-	223,261
- Inter segment	10	-	104	758	(872)	-
Total segment revenue	51,960	135,066	36,209	898	(872)	223,261
Result						
Segment result	2,008	1,715	3,527	(858)	(27)	6,365
Finance income						598
Finance costs						(739)
Share of result of associate	-	-	1	-	-	1
Profit before tax						6,225
Income tax						(1,210)
Profit after tax						5,015
Minority interests						348
Net profit for the financial year						5,363
Assets						
Segment assets	17,922	29,340	29,772	1,820	(6)	78,848
Investment in associate	-	-	18	-	-	18
Unallocated assets						1,070
Total assets						79,936
Liabilities						
Segment liabilities	10,541	19,008	18,431	865	2	48,847
Unallocated liabilities						2,970
Total liabilities						51,817
Other information						
Capital expenditure	151	42	780	3	-	976
Depreciation	155	41	788	34	-	1,018
Property, plant and equipment written off	-	-	63	-	-	63

4 Segment Information (cont'd)

Segment revenue and expense are the operating revenue and expense reported in the Group's profit and loss statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets consist of property, plant and equipment, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation and corporate borrowings. Capital expenditure comprises additions to property, plant and equipment.

Income from associate is allocated as it is specifically attributable to business segment and correspondingly the investment in associate is included as segment assets of the Group.

Secondary reporting format - geographical segments

Revenue is based on the country in which the customer is located. Total assets and capital expenditure are shown by the geographical areas in which the assets are located.

	Revenue		Total Assets		Capital Expenditure	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Singapore	30,813	47,944	57,633	64,379	628	713
Malaysia	16,488	13,357	2,088	3,842	4	4
Indonesia	68,820	50,889	9,566	10,110	31	186
Thailand	8,015	6,889	-	-	-	-
Myanmar	4,340	1,885	-	-	-	-
Philippines	537	1,001	517	1,605	-	73
China & Hong Kong	20,549	20,944	-	-	-	-
Japan	15,703	11,387	-	-	-	-
Europe	91,431	53,235	-	-	-	-
South Africa	5,993	3,884	-	-	-	-
India	1,769	69	-	-	-	-
Pakistan	1,338	200	-	-	-	-
Sri Lanka	973	-	-	-	-	-
Others	13,244	11,577	-	-	-	-
	280,013	223,261	69,804	79,936	663	976

5 Property, Plant and Equipment

	Leasehold land, building and improvements $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Group				
Cost:				
At 1 January 2005	1,925	12,061	1,419	15,405
Translation differences	37	137	6	180
Additions	4	573	399	976
Disposals	(1,931)	(4,785)	(351)	(7,067)
Write offs	(1)	(700)	-	(701)
At 31 December 2005	34	7,286	1,473	8,793
Translation differences	-	(10)	(11)	(21)
Additions	-	504	159	663
Disposals	-	(13)	(428)	(441)
Disposals of subsidiaries	(24)	(82)	(80)	(186)
Write offs	-	(15)	-	(15)
At 31 December 2006	10	7,670	1,113	8,793
Accumulated depreciation:				
At 1 January 2005	558	9,498	947	11,003
Translation differences	8	93	5	106
Depreciation for the financial year	10	801	207	1,018
Disposals	(550)	(4,222)	(308)	(5,080)
Write offs	(1)	(637)	-	(638)
At 31 December 2005	25	5,533	851	6,409
Translation differences	-	(4)	(1)	(5)
Depreciation for the financial year	5	686	159	850
Disposals	-	(7)	(365)	(372)
Eliminated on disposals of subsidiaries	(22)	(36)	(51)	(109)
Write offs	-	(13)	-	(13)
At 31 December 2006	8	6,159	593	6,760
Carrying amounts:				
At 31 December 2005	9	1,753	622	2,384
At 31 December 2006	2	1,511	520	2,033

5 Property, Plant and Equipment (cont'd)

	Plant and equipment $'000	Motor Vehicles $'000	Total $'000
Company			
Cost:			
Balance at 1 January 2005	26	220	246
Additions	3	-	3
Balance at 31 December 2005	29	220	249
Additions	2	-	2
Disposal	(2)	(220)	(222)
Write offs	(6)	-	(6)
Balance at 31 December 2006	23	-	23
Accumulated depreciation:			
Balance at 1 January 2005	9	191	200
Depreciation for the financial year	6	29	35
Balance at 31 December 2005	15	220	235
Depreciation for the financial year	5	-	5
Disposal	(1)	(220)	(221)
Write offs	(5)	-	(5)
Balance at 31 December 2006	14	-	14
Carrying amount:			
Balance at 31 December 2005	14	-	14
Balance at 31 December 2006	9	-	9

Net book values of plant and equipment of $96,000 (2005 : $114,000) and motor vehicle of $358,000 (2005 : $422,000) of the Group are under finance lease agreements (Note 18).

6 Investments in Subsidiaries

	Company 2006 $'000	2005 $'000
Unquoted equity shares, at cost	14,443	78,634
Less: Impairment loss in value	(2,541)	(61,724)
	11,902	16,910

Analysis of impairment loss in value:

At beginning of financial year	61,724	57,600
Provided during the year	-	6,453
Disposal of subsidiaries	(57,282)	-
Write back during the year	(1,901)	(2,329)
At end of financial year	2,541	61,724

The write back was mainly due to the increase of recoverable amounts of the respective subsidiaries upon the assessment of the directors at year end.

Further details regarding the subsidiaries are set out in Note 34.

7 Investment in Associate

	Group 2006 $'000	2005 $'000
Unquoted equity shares, at cost	-	-
Group's share of post acquisition results	18	18
	18	18

Further details regarding the associate are set out in Note 35.

Summarised financial information in respect of the Group's associate is set out below:

Total assets	53	56
Total liabilities	(1)	(4)
Net assets	52	52
Group's share of associates' net assets	18	18
Revenue	1	3
Profit for the year	-	3
Group's share of associates' profit for the year	-	1

8 Interests in Joint Ventures

The Group has joint ventures involved in the provision of engineering and construction services detailed as follows:

	Country of Operations	Interest held by the Group		Proportion of voting power held	
		2006	2005	2006	2005
		%	%	%	%
Jointly controlled entities:					
J.V. with Downer Engineering (S) Pte. Ltd. (a)	Singapore	-	50	-	50
J.V. with Hua Kok Realty (Private) Limited (a)	Singapore	-	51	-	50
Jointly controlled operation:					
J.O. with Asia World Co Ltd.	Myanmar	50	50	50	50

(a) These joint ventures were divested during the year [Note 34(f)].

The Group's share of the assets, liabilities, revenue and expenses of the jointly controlled entities, which are included in the consolidated financial statements, are as follows:

	Group	
	2006	2005
	$'000	$'000
Current assets	-	849
Current liabilities	-	(1,682)
Revenue	-	86
Costs and expenses	-	(432)

9 Other investments

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Club membership, at cost	-	42	-	42
Quoted equity shares	273	273	-	-
	273	315	-	42
Less:				
Fair value adjustment on investment in quoted equity shares	(273)	(273)	-	-
	-	42	-	42

The fair value of the above equity shares are based on the quoted closing market prices on the last market day of the financial year.

10 Inventories

	At cost $'000	At net realisable value $'000	Total $'000
Group			
2006			
Raw materials	291	-	291
Finished goods	5,800	393	6,193
	6,091	393	6,484
2005			
Raw materials	368	-	368
Finished goods	4,770	343	5,113
	5,138	343	5,481

The net realisable value of the above inventories are stated net of provision for obsolescence of $618,000 (2005 : $375,000).

11 Trade and Other Receivables

	Group		Company	
	2006 $'000	**2005** $'000	**2006** $'000	**2005** $'000
Trade receivables (Note 12)	45,710	56,623	-	-
Other receivables (Note 13)	5,309	3,689	5,827	3,941
	51,019	60,312	5,827	3,941

The Group and Company's trade and other receivables that are not denominated in the functional currency of the respective entities are as follows:

	Group		Company	
	2006 $'000	**2005** $'000	**2006** $'000	**2005** $'000
US Dollar	24,195	27,669	-	-
Chinese Renminbi	-	1,024	-	-
Indonesian Rupiah	5,530	2,906	-	-
Euro	294	-	-	-
	30,019	31,599	-	-

12 Trade Receivables

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Trade receivables	40,824	48,007	-	-
Amounts due from related parties				
- trade (Note 30)	3,670	6,805	-	-
Amounts due from related companies				
- trade (Note 30)	-	1,033	-	-
Amount due from customers for contracts				
work in progress (Note 15)	26	-		
Retention monies receivables	1,927	1,904	-	-
	46,447	57,749	-	-
Less: Impairment in respect of doubtful				
trade receivables	(737)	(1,126)	-	-
	45,710	56,623	-	-

An allowance has been made of the estimated irrecoverable amounts from the sale of goods and services rendered to third parties. This allowance had been determined by reference to past default experience.

13 Other Receivables

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Sundry debtors	961	668	73	9
Prepayments	805	313	4	8
Deposits	670	378	40	5
Tax recoverable	1,745	1,070	66	66
Amount receivable from holding company	1,128	-	1,128	-
Amounts receivable from subsidiaries	-	-	4,516	3,853
Amounts receivable from a related party				
(Note 30)	-	1,269	-	-
Amounts receivable from an associate	-	3	-	-
	5,309	3,701	5,827	3,941
Less: Impairment in respect of doubtful				
- Sundry debtors	-	(12)	-	-
	5,309	3,689	5,827	3,941

The amounts receivable from holding company are unsecured, repayable on demand and bears effective interest at 5.5% (2005: nil) per annum.

The amounts receivable from subsidiaries are unsecured, interest free and repayable on demand except that in 2005, there was an amount of $236,000 receivable from a subsidiary which bore effective interest at 3.7% per annum.

The amounts receivable from a related party, which are unsecured, bear interest at 8.0 % (2005 : 8.0%) per annum and repayable on demand, had been fully repaid during the year.

Tax recoverable of $1,745,000 (2005: $1,070,000) arose mainly from the prepayment of income tax by an Indonesian subsidiary, amounted to $1,679,000 and $929,000 in 2006 and 2005 respectively.

14 Cash and Bank Balances

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Fixed deposits				
- secured	2,789	3,923	-	-
- unsecured	1,205	242	-	-
	3,994	4,165	-	-
Cash at bank and on hand				
- unsecured	6,256	7,534	1,054	134
Cash and bank balances	10,250	11,699	1,054	134
Less: Restricted bank balances	(2,789)	(3,923)		
Cash and cash equivalents per consolidated cash flow statement	7,461	7,776		

Cash and bank balances comprise cash held by the Group and short-term bank deposits. The carrying amounts of these assets approximate their fair values.

Fixed deposits of the Group amounting to $2,789,000 (2005 : $3,923,000) are held by banks as collateral security for credit facilities granted to certain subsidiaries.

Fixed deposits bear interest ranging from 2.0% to 5.3% (2005 : 2.9% to 3.5%) per annum and for tenors ranging from 3 to 90 days (2005 : 3 to 90 days).

The Group and Company's cash and cash balances that are not denominated in the functional currency of the respective entities are as follows:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
US Dollar	4,186	3,563	-	-
Euro	47	12	-	-
Vietnam Dong	2	4	-	-
Indonesian Rupiah	35	181	2	-
	4,270	3,760	2	-

15 Contracts Work-In-Progress

	Group 2006 $'000	Group 2005 $'000
Contracts costs incurred	4,136	690
Attributable profits less losses recognised	259	16
	4,395	706
Progress billings	(4,745)	(807)
	(350)	(101)
Amounts due from customers for contracts work-in-progress (Note 12)	26	-
Amounts due to customers for contracts work-in-progress (Note 20)	(376)	(101)
	(350)	(101)

16 Share Capital

	Group and Company			
	2006 Shares	2005 Shares	2006 $'000	2005 $'000
Issued and fully paid:				
At beginning of the year	350,991,516	350,991,516	17,550	17,550
Transfer from share premium account	-	-	40,816	-
Ordinary shares	350,991,516	350,991,516	58,366	17,550

The Company has one class of ordinary shares which carry no right to fixed income.

As a result of the Companies (Amendment) Act 2005 which came into effect on 30 January 2006, the concept of authorised share capital and par value has been abolished. Any amount standing to the credit of the share premium account has been transferred to the company's share capital account on the effective date.

17 Borrowings

	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
(i) Non-current:				
Finance leases (Note 18)	113	191	-	-
(ii) Current:				
Finance leases (Note 18)	142	149	-	-
Bank loan (unsecured)	-	206	-	-
Amount payable to holding company	-	1,191	-	1,191
	142	1,546	-	1,191

The amount payable to holding company is unsecured and repayable on demand. The Company has repaid in full the amount due to holding company during the year which bore effective interest of 5.8% (2005: 5.3%) per annum.

In 2005, the bank loan bore interest 10.1% per annum and was repayable on demand.

18 Finance Leases

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Within one year	155	170	142	149
After one year but not more than five years	123	208	113	191
	278	378	255	340
Less: Future finance charges	(23)	(38)	-	-
Present value of lease obligations	255	340	255	340

It is the Group's policy to lease certain of its plant and equipment and motor vehicles under finance leases. The lease terms range from 2 to 5 years. The average effective borrowing rate is 8.5% (2005 : 6.7%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All finance leases are on a fixed repayment basis.

The fair value of the Group's lease obligations approximates their carrying amounts.

18 Finance Leases (cont'd)

The Group and Company's finance leases that are not denominated in the functional currency of the respective entities are as follows:

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Indonesian Rupiah	29	80	-	-

19 Deferred Tax

	Group	
	2006 $'000	2005 $'000
At beginning of financial year	124	38
Provision during the year	25	86
Translation difference	(6)	-
At end of financial year	143	124
Deferred tax at 31 December related to the following:		
Deferred tax liabilities		
- Differences in depreciation	143	134
Deferred tax assets		
- Other deferred tax assets	-	(10)
Net deferred tax liability	143	124

20 Trade and Other Payables

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Trade creditors	25,396	41,733	-	-
Amounts due to related parties – trade (Note 30)	5,664	906	-	-
Amounts due to related companies – trade (Note 30)	-	6	-	-
Amounts due to related companies – non-trade (Note 30)	-	9	-	-
Accrued expenses	4,636	4,524	1,204	628
Provision for estimated costs on completed projects	-	1,079	-	-
Provision for cessation expenses	-	142	-	-
Sundry creditors	346	347	348	81
Amounts due to customers for contracts work-in-progress (Note 15)	376	101	-	-
Amounts payable to subsidiaries	-	-	2,321	2,543
	36,418	48,847	3,873	3,252

Trade creditors principally comprise amounts outstanding for trade purchases, ongoing costs and trust receipts. The range of interest rate for trust receipts is 5.4% to 6.7% per annum (2005 : 4.0% to 6.0% per annum).

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

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Analysis of provision for completed projects:				
At beginning of financial year	1,079	1,558	-	-
Provision during the year	-	646	-	-
Utilised during the year	(313)	(1,125)	-	-
Divestment of subsidiary during the year	(766)	-	-	-
At end of financial year	-	1,079	-	-

The above provision for estimated costs on completed projects pertains to estimated costs for remedies and maintenance works of completed construction projects.

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Analysis of provision for cessation expenses:				
At beginning of financial year	142	142	-	-
Write-back during the year	(142)	-	-	-
At end of financial year	-	142	-	-

The above provision for cessation expenses pertains to estimated costs for ceasing the business operation of a subsidiary that was no longer required.

20 Trade and Other Payables (cont'd)

The Group and Company's trade and other payables that are not denominated in the functional currency of the respective entities are as follows:

	Group		Company	
	2006 $'000	**2005** $'000	**2006** $'000	**2005** $'000
US Dollar	21,025	25,986	929	-
Euro	-	18	-	-
Ringgit Malaysia	3	1	-	-
Indonesian Rupiah	796	2,777	-	-
	21,824	28,782	929	-

21 Revenue

	Group	
	2006 $'000	**2005** $'000
Sale of products	233,360	187,014
Revenue from construction contracts	4,141	2,875
Services rendered	13,358	10,934
Mining services	29,154	22,438
	280,013	223,261

22 Other Operating Income

	Group	
	2006 $'000	**2005** $'000
Construction equipment hiring income	29	129
Gain on disposal of property, plant and equipment, net	175	1,309
Bad debts recovered for trade receivables	2	-
Reversal of impairment for doubtful trade receivables	193	744
Write back of provision for inventory obsolescence	5	4
Gain on liquidation of a subsidiary	333	106
Gain on disposal of subsidiaries	370	-
Foreign currency exchange gain, net	-	122
Sale of construction materials	13	372
Sundry income	61	161
	1,181	2,947

23 Other Operating Expenses

	Group 2006 $'000	Group 2005 $'000
Property, plant and equipment written off	2	63
Impairment loss in respect of investment	-	273
Impairment loss in respect of receivables		
- Trade	259	116
- Non-trade	-	11
Bad debts written off		
- Trade	7	60
- Non-trade	-	137
Provision for inventories obsolescence	224	135
Loss on disposal of an investment	24	-
Foreign currency exchange loss, net	56	-
	572	795

24 Finance Income

	Group 2006 $'000	Group 2005 $'000
Interest income:		
Bank deposits	263	131
Receivable from related parties (Note 30)	15	465
Others	2	2
	280	598

25 Finance Costs

	Group 2006 $'000	Group 2005 $'000
Interest expense:		
Bank loans	14	58
Trust receipts	492	444
Finance leases	25	23
Holding company	21	214
	552	739

26 Profit Before Tax

The profit before tax is arrived at after charging (crediting) the following:

	Group	
	2006 $'000	**2005** $'000
Remuneration paid or payable to:		
Directors of the Company	730	757
Other Directors of subsidiaries	488	779
Cost of inventories included in cost of sales	221,633	177,007
Legal costs incurred for pending litigation case (included in administrative expenses)	1,000	-
Impairment loss recognised on trade receivables	259	116
Auditors' remuneration:		
Auditors of the Company		
- Current year	103	119
- Adjustments for prior years	(6)	-
Other auditors	26	30
Fees for non-audit services by:		
Auditors of the Company	38	30
Other auditors	10	8

27 Income Tax

	Group	
	2006 $'000	**2005** $'000
Income tax		
Current year – Singapore	1,154	451
Current year – Overseas	234	238
Withholding tax paid	10	400
Under provision in prior years	23	35
	1,421	1,124
Provision for deferred tax	25	86
	1,446	1,210

27 Income Tax (cont'd)

Reconciliations of the statutory income tax rate to the effective tax rates applicable to income from operations for the financial year ended 31 December are as follows:

	Group	
	2006	**2005**
Domestic statutory tax rate	20.0%	20.0%
Under provision in prior years	0.5%	0.6%
Different tax rate in other countries	1.5%	-
Exempt income	(10.9%)	-
Withholding tax paid	0.2%	6.3%
Tax losses not available for set-off against future taxable income	-	0.1%
Expenses not deductible for tax purposes	25.2%	27.2%
Income capital in nature	(1.1%)	(20.9%)
Utilisation of losses and capital allowance previously not recognised	(2.3%)	(13.1%)
Others	(0.1%)	(0.8%)
Effective tax rate	33.0%	19.4%

At 31 December 2006, the Group had unutilised tax losses and capital allowances of approximately $12,131,000 (2005 : $18,240,000) and $5,660,000 (2005 : $7,157,000) respectively available for offset against future taxable income, subject to the conditions imposed by law in the countries of incorporation where the companies in the Group operate.

Future tax benefits of $3,558,000 (2005 : $5,079,000) arising from such unutilised tax losses and capital allowances have not been recognised as there is no reasonable certainty of their recovery in future periods.

At balance sheet date, the Company has Section 44 balance, as defined in the Singapore Income Tax Act, of $5,372,000 (2005 : $5,372,000) available for declaration of dividends to shareholders next year. This amount is subject to agreement by the Comptroller of Income tax.

28 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the financial year attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the year:

	Group	
	2006	**2005**
Net profit for the financial year ($'000)	2,984	5,363
Weighted average number of ordinary shares in issue (in '000s)	350,992	350,992
Basic earnings per share (cents)	0.85	1.53

There are no dilutive potential ordinary shares on the above basic earnings per share.

29 Staff Costs

	Group 2006 $'000	Group 2005 $'000
Wages and salaries	9,039	9,730
Employer's contribution to defined contribution plans including Central Provident Fund	525	578
	9,564	10,308

30 Related Party and Related Company Transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to exercise significant influence over the parties in making the financial and operating decisions, or vice versa, or where the Group and the parties are subject to common significant influence. Related parties may be individuals or other entities.

Related companies in these financial statements refer to members of the holding company's group of companies.

Some of the company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, repayable on demand and interest-free unless stated otherwise.

a) During the financial year, the following significant transactions with related companies and related parties were carried out in the normal course of business based on terms agreed between the parties:

	Group 2006 $'000	Group 2005 $'000
Tuan Sing Holdings Limited and subsidiaries		
Interest expense	(21)	(166)
Rental expense	(110)	(147)
Management fee expense	(400)	(128)
Interest income	14	-
Related parties (all of which relate to companies in which the substantial shareholders of the holding company have interests in)		
Sales of goods	19,458	21,085
Sales of services	46,260	22,578
Interest income	15	465
Purchases of goods	(133,639)	(103,196)

30 Related Party and Related Company Transactions (cont'd)

b) Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2006	**2005**
	$'000	$'000
Short-term benefits	1,179	1,488
Post-employment benefits	39	47
	1,218	1,535

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

31 Commitments

a) Operating lease

	Group	
	2006	**2005**
	$'000	$'000
Rental expense - operating lease in respect of rental of office premises, warehouse and workshops	620	739

The commitments in respect of non-cancellable operating leases contracted for but not recognised as liabilities are payable as follows:

	Group	
	2006	**2005**
	$'000	$'000
Within one year	350	514
After one year but not more than five years	270	104
	620	618

The Group leases office premises, warehouse and workshops under non-cancellable operating lease agreements. The leases have varying terms and reserved rights and they are negotiated for an average term of 2 years and rentals are fixed on an average of 2 years.

31 Commitments (cont'd)

b) Derivative financial instruments

	Group			
	Assets 2006 $'000	**Liabilities 2006** $'000	**Assets 2005** $'000	**Liabilities 2005** $'000
At end of financial year	-	-	-	24

In 2005, The fair values amounting to $24,000 have been charged to the profit and loss statement as foreign currency exchange difference (Note 22) and accounted in the balance sheet as sundry creditors (Note 20).

The Group utilises currency derivatives to hedge significant future transactions and cash flows. The Group's forward foreign exchange contracts are primarily denominated in US dollars which is the currency of the Group's principal markets.

At the balance sheet date, the total principal amounts of outstanding forward foreign exchange contracts to which the Group is committed are as follows:

	Group	
	2006 $'000	**2005** $'000
Principal amounts of forward foreign exchange contracts with maturities of less than twelve months	9,140	6,440

32 Contingent Liabilities

i)

	Group		Company	
	2006 $'000	**2005** $'000	**2006** $'000	**2005** $'000
Corporate guarantees for performance bonds	610	2,480	-	-
Letters of credit	342	6,525	-	-
Corporate guarantees for credit facilities granted to subsidiaries	-	-	20,644	17,746
	952	9,005	20,644	17,746

ii) Upon divestment of Bored Piling (Pte) Ltd ("BPL"), the Company had agreed to assist BPL in finalising the accounts for two of its projects, one of which relates to the construction of a sector of the Mass Rail Transit Circle Line Project (the "Circle Line Project") and for which purpose, the Company was appointed as its Litigation Manager. The outcome of the accounts finalisation of the above-mentioned project may result in post-completion adjustments to the consideration paid in relation to the divestment of BPL. Disputes have arisen between the main contractor, BPL, and BPL's sub-contractor on Circle Line Project. Due to the disputes between the 3 parties, the final accounts have not been settled notwithstanding the completion of the works in 2004. All parties entered into arbitration.

In July 2006, the sub-contractor filed its Statement of Case in arbitration proceedings against BPL, claiming payment in the sum of approximately $3.5 million including interest and costs. BPL filed its Defence and Counterclaim on 4 August 2006. These arbitration proceedings are in progress.

In September 2006, BPL filed its Statement of Case in the arbitration proceedings against the main contractor, claiming for payment of the sum of approximately $5.0 million, certain indemnities, interest and costs.

On 6 November 2006, it was announced that the main contractor has filed its Defence and Counterclaim against BPL for a sum of $10.3 million. A significant portion of the Counterclaim consists of alleged liquidated damages of approximately $7.0 million and contra charges of approximately $2.6 million levied against BPL. The Company, together with BPL and its advisors, are reviewing the main contractor's Defence and Counterclaim and considering the appropriate action to be taken.

Based on the information available and the stage of the arbitration proceedings, the eventual outcome of the legal claims described above cannot be determined with reasonable certainty. No provision has been made in the financial statements. The related effects of this uncertainty, if any, will be recognised in the financial statements of future periods when the eventual outcome can be determined with reasonable certainty.

33 Financial Risk Management

a) Financial risk management objectives and policies

The Group manages its exposure to financial risks using a variety of techniques and instruments. The Group does not hold or issue derivative financial instruments for speculative trading purposes.

The Group has established risk management policies and guidelines which set out its overall risk management strategies. Such policies are reviewed annually, and periodic checks are undertaken to ensure such guidelines are adhered to.

Interest rate risk

The Group has cash and cash equivalents placed with reputable banks and financial institutions, which generate interest income for the Group. The Group's debts include bank borrowings, finance lease commitments and borrowings from holding company. The Group does not use derivative financial instruments to hedge its debt obligations. The Group's policy is to manage its interest cost using a mix of fix and variable rate debt.

Information relating to the Group's interest rate exposure is disclosed in Note 17 - Borrowings.

Foreign exchange risk

The Group buys and sells its products and services in several countries and, as a result, is exposed to movements in foreign currency exchange rates. The primary purpose of the Group's foreign currency hedging activities is to protect against the volatility associated with foreign currency assets and liabilities created in the normal course of business. As far as possible, the Group relies on natural hedges of matching foreign currency denominated assets and liabilities. In addition, the Group utilises forward foreign exchange contracts with maturities of less than twelve months to hedge against foreign exchange risk on certain financial assets and liabilities. The Group does not use forward foreign exchange contracts or currency options for speculative trading purposes.

Credit risk

It is the Group's policy to enter into financial instruments with a diversity of credit-worthy counterparties. The Group manages these risks by monitoring credit-worthiness and limiting the aggregate risk to any individual counterparty. Where appropriate, the Group obtains collaterals from the customers. Therefore, the Group does not expect to incur material credit losses on its financial instruments.

Funding risk

The Group's ability to meet its existing and prospective funding requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

33 Financial Risk Management (cont'd)

b) Credit risk exposures

The Group's maximum exposure to credit risk in the event the counterparties fail to perform their obligations as of the balance sheet date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet.

The Group's portfolio of financial instruments is broadly diversified along industry, product and geographic lines, and transactions are entered into with diverse credit-worthy counterparties, thereby mitigating any material concentration of credit risk.

c) Fair values

The Group's significant financial assets include cash and cash equivalents and trade and other receivables. Financial liabilities, which include trade and other payables and borrowings, are classified according to the substance of the contractual arrangements entered into.

The carrying values of cash and cash equivalents, trade receivables and payables, other receivables and payables and current borrowings approximate their fair values due to their short-term maturity. Information on the principal characteristics of the underlying financial instruments that is pertinent to the fair values of non current borrowings is included in Note 18.

Forward foreign exchange contracts

The fair value of forward foreign exchange contracts is estimated based on the difference between the applicable forward rates prevailing at the balance sheet date and the contracted forward rates, multiplied by the notional amount and discounted to present value.

The Group's outstanding forward foreign exchange contracts are disclosed in Note 31(b).

34 List of Subsidiaries

Name of subsidiary, country of incorporation/ operation and name of other auditors	Principal activities	Cost of investment held by the Company		Interest and voting power held by the Group	
		2006 $'000	**2005** $'000	**2006** %	**2005** %
Bored Piling (Pte.) Ltd. (Singapore)	Foundation piling, civil engineering, building construction and project management consultancy works	(f)	58,982	-	100
BPL Engineering (HK) Limited (Hong Kong) (Horwath Hong Kong CPA Limited)	Dormant under members' voluntary liquidation	(e)	(a)	-	100
BPL Engineering (M) Sdn. Bhd. (Malaysia)	Foundation piling, civil engineering and building construction	(f)	(a)	-	100
BPL Philippines, Inc. (Philippines) (Hendedina S. Alcantara)	Foundation and geotechnical consultants, piling and civil engineering contractors	(a)	(a)	61	61
Creative Industrial Packaging Sdn. Bhd. (Malaysia) (Y.C. Chong & Co.)	Dormant under members' voluntary liquidation	(g)	5,209	-	92
Globaltraco International Pte Ltd (Singapore) (d)	Distribution of tyres and auto-products	3,506	3,506	100	100
Globaltraco (M) Sdn. Bhd. (Malaysia) (BDO Binder)	Distribution of tyres and auto-products	(a)	(a)	60	60
Globaltraco Suntex Pte. Ltd. (Singapore) (d)	Investment holding	(a)	(a)	60	60
Global Newera Pte. Ltd. (Singapore) (d)	Investment holding	(a)	(a)	60	60

34 List of Subsidiaries (cont'd)

Name of subsidiary, country of incorporation/ operation and name of other auditors	Principal activities	Cost of investment held by the Company		Interest and voting power held by the Group	
		2006 $'000	2005 $'000	2006 %	2005 %
Global Noble International Corporation (Philippines) (Hendedina S. Alcantara)	Distribution of consumer products	(h)	(a)	-	51
Ground Engineering Technologies Pte Ltd (Singapore) (d)	Geotechnical contractor specialising in foundation and soil improvement works	(a)	(a)	100	100
Performance Retreads Sdn. Bhd. (Malaysia) (c)	Retreading of tyres	(a)	(a)	100	100
Singapore Bandag (Private) Limited (Singapore) (d)	Retreading of tyres	427	427	100	100
Soil & Foundation (Pte) Limited (Singapore) (d)	Geotechnical instrumentation and investigation, laboratory testing, environmental services and micro-piling	(a)	(a)	100	100
SP Global International Pte. Ltd. (Singapore) (d)	Distribution of consumer products	3,019	3,019	100	100
SP Resources International Pte. Ltd. (Singapore) (d)	Trading and marketing of industrial products	7,491	7,491	100	100
SP Machinery Holding Pte. Ltd. (Singapore) (d)	Investment holding	(b)	(b)	100	100
SP Precision Engineering (S) Pte. Ltd. (Singapore) (d)	Investment holding	(a)	(a)	100	100

34 List of Subsidiaries (cont'd)

Name of subsidiary, country of incorporation/ operation and name of other auditors	Principal activities	Cost of investment held by the Company		Interest and voting power held by the Group	
		2006 $'000	2005 $'000	2006 %	2005 %
SP Machinery International Pte. Ltd. (Singapore) (d)	Investment holding and trading and marketing of machinery and equipment	(a)	(a)	100	100
S3 Engineering (S) Pte. Ltd. (Singapore) (d)	Trading and marketing of tyre moulds and related products	(a)	(a)	100	100
SP Mining & Engineering Pte. Ltd. (Singapore) (d)	Engineering contractor	(a)	(a)	100	100
SP Energy Pte. Ltd. (Singapore) (d)	Engineering contractor and rental of equipment	(b)	(b)	100	100
PT. SP Mining & Engineering (Indonesia) (Purwanto, Sarwoko & Sandjaja)	Engineering contractor	(a)	(a)	100	100
		14,443	78,634		

a) Held by subsidiaries.

b) Cost of investment held by the Company amounts to less than $1,000.

c) Audited by overseas member firms of Deloitte Touche Tohmatsu.

d) Audited by Deloitte Touche Singapore.

e) The Company has been formally dissolved on March 12, 2006.

f) The Companies and joint ventures (Note 8) were divested during the financial year for an aggregate consideration of $750,000.

g) The Company filed for voluntary liquidation on 13 March 2006. The gain on liquidation was $333,000.

h) The Company was divested during the financial year for a consideration of $65,000.

35 List of Associate

Name of subsidiary, country of incorporation/ operation and name of other auditors	Principal activities	Cost of investment held by the Company		Interest and voting power held by the Group	
		2006 $'000	**2005** $'000	**2006** %	**2005** %
Bimstar, Inc. (Philippines) (Hendedina S. Alcantara)	Investment holding	(a)	(a)	35	35

a) Cost of investment held by the Group amounts to less than $1,000.

Interested Person Transactions

	Group			
	Aggregate value of all interested person transactions (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (exlcuding transaction less than $100,000)	
Name of interested person	**31.12.06** $'000	**31.12.05** $'000	**31.12.06** $'000	**31.12.05** $'000
Sales				
Lei Huai Chin & associates	-	-	-	1,867
William Liem & associates	-	-	48,458	41,739
	-	-	48,458	43,606
Purchases				
William Liem & associates	-	-	114,330	87,352
Interest expense				
Tuan Sing Holdings Limited & associates	-	-	-	166
Management fees income				
William Liem & associates	-	-	-	129
Management fees expense				
Tuan Sing Holdings Limited & associates	-	-	400	128
Total interested persons transactions	-	-	163,188	131,381

Share Capital And Voting Rights

Issued and fully paid up share capital	:	S$58,365,721.95
No. of shares issued	:	350,991,516
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

Distribution Of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	124	2.51	53,666	0.02
1,000 - 10,000	3,824	77.22	17,166,876	4.89
10,001 - 1,000,000	999	20.17	36,132,277	10.29
1,000,001 and above	5	0.10	297,638,697	84.80
Total	4,952	100.00	350,991,516	100.00

Twenty Largest Shareholders

as shown in the Register of Members and Depository Register

Name of Shareholders	No. of Shares	%
Tuan Sing Holdings Limited	281,463,197	80.19
United Overseas Bank Nominees Pte Ltd	9,001,500	2.56
Jen Shek Chuen	3,744,000	1.07
Hong Leong Finance Nominees Pte Ltd	2,183,000	0.62
DBS Nominees Pte Ltd	1,247,000	0.36
OCBC Nominees Singapore Pte Ltd	823,250	0.23
HSBC (Singapore) Nominees Pte Ltd	572,500	0.16
Citibank Nominees Singapore Pte Ltd	509,000	0.15
Mayban Nominees (S) Pte Ltd	350,000	0.10
UOB Kay Hian Pte Ltd	308,000	0.09
Tan Jui Yak	300,000	0.09
Phillip Securities Pte Ltd	282,270	0.08
Lee Keng Hua	260,000	0.07
Sng Kheok Seng	240,000	0.07
Boey Yin Sum	235,000	0.07
Yap Siew Moy	220,000	0.06
OCBC Securities Private Ltd	214,853	0.06
Ang Ah Lek	200,000	0.06
Song Poo Hok	195,000	0.05
Chua Ek Chew	182,500	0.05
Total	302,531,070	86.19

Shareholding Statistics

As At 8 March 2007

Substantial Shareholders

as shown in the Register of Substantial Shareholders

Name	No. of shares (Direct Interest)	%	No. of shares (Deemed Interest)	%
Tuan Sing Holdings Limited	281,463,197	80.19	-	-
Nuri Holdings (S) Pte Ltd *	-	-	281,463,197	80.19
Michelle Liem Mei Fung **	-	-	281,463,197	80.19
Liem Mei Kim **	-	-	281,463,197	80.19

Notes :

* By virtue of its interests in Tuan Sing Holdings Limited

** By virtue of their interests in Nuri Holdings (S) Pte Ltd

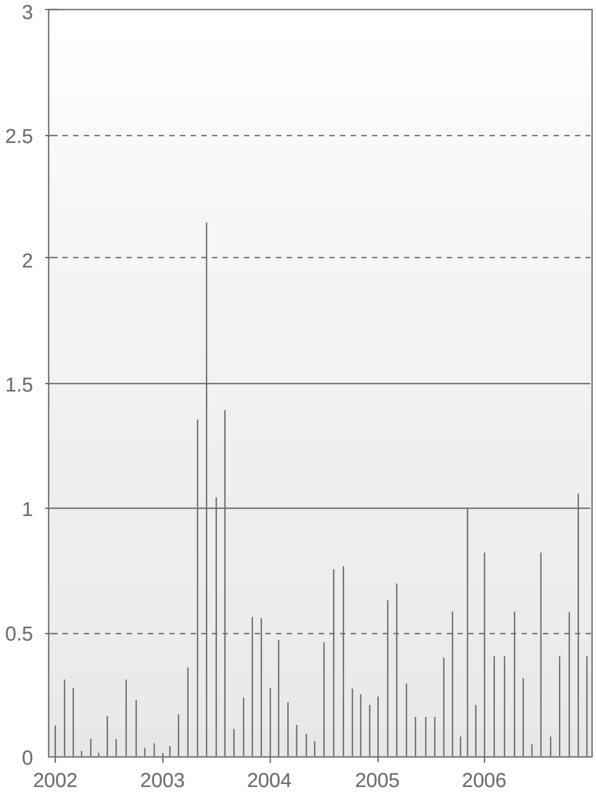
Shareholdings Held In The Hands Of The Public

Based on the information available to the Company as at 8 March 2007, approximately 19.79% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has accordingly been compiled with.

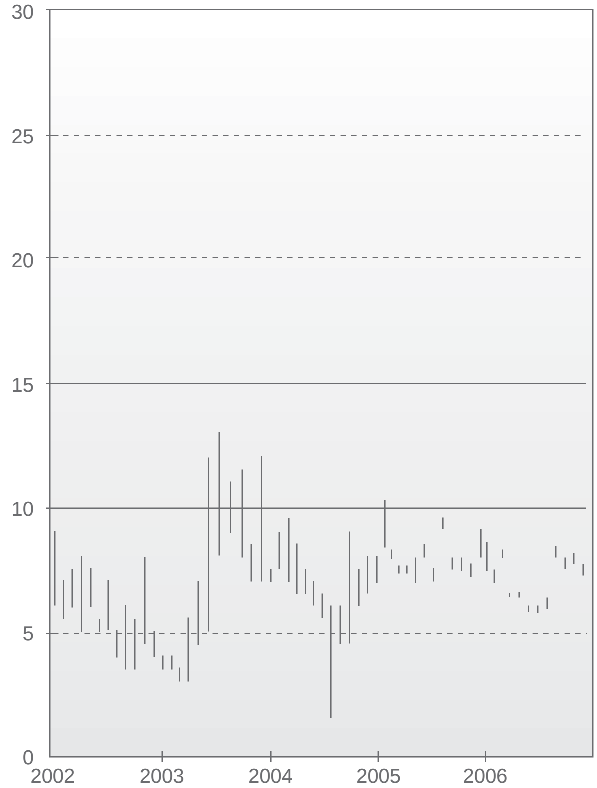
	2002	2003	2004	2005	2006
Share Prices (cents)					
Last Transacted	4.0	8.0	5.0	7.5	7.5
High	9.0	13.0	12.0	9.5	9.0
Low	3.5	3.0	4.0	4.5	5.0
Average	6.3	8.0	8.0	7.0	7.0
Turnover (million shares)	2.2	6.9	4.0	5.6	5.8

Per Share					
Earnings/(loss) (cents)	(0.80)	0.70	0.85	1.53	0.85
Net price-earnings ratio (times)	(8.0)	11.0	5.9	4.9	8.8
Net asset backing (cents)	4.78	5.44	6.25	7.76	8.59

Turnover (million shares)



Share Price (cents)



Corporate Directory & Financial Calendar

SP CORPORATION LIMITED

Registered Office
9 Oxley Rise
#03-02 The Oxley
Singapore 238697
Tel : (65) 6223 7211
Fax: (65) 6224 1085 (General)
(65) 6733 3835 (Corporate)

Board of Directors:
Peter Sung
Chairman
David Lee Kay Tuan
Managing Director & CEO
Cheng Hong Kok
Chong Chou Yuen
Fong Seok Phoy
Liem Chin Chiang
Susanto Nursalim alias William Liem
Ong Teck Ghee
Tan Lye Huat

Gan Pin Pin
Group Financial Controller

Mary Goh Swon Ping
Group Company Secretary

Share Registrar
B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758
Tel : (65) 6323 6200
Fax: (65) 6323 6990

Tyre & Auto Products

Globaltraco International Pte Ltd
58 Tuas Basin Link
Singapore 638774
Tel : (65) 6265 3088
Fax: (65) 6262 2133

Frank Lim Eng Khoon
Deputy Managing Director

Melvin Khaw Cheah Juen
Senior Manager, Technical

Toh Bok Chuan
Sales Manager, Commercial & Fleet

Lim Swee Huat
Sales Manager, Domestic

Jimmy Choy Ren Jye
Sales Manager, Export

Globaltraco (M) Sdn. Bhd.
53 & 54 Senawang Industrial Estate
70450 Seremban
Negeri Sembilan Darul Khusus
Malaysia
Tel : (06) 677 1711
Fax: (06) 677 7872

Steven Gan Seng Poe
Managing Director

Singapore Bandag (Private) Limited
58 Tuas Basin Link
Singapore 638774
Tel : (65) 6265 1383
Fax: (65) 6262 2133

Performance Retreads Sdn. Bhd.
53 Jalan Cemerlang
Taman Perindustrian Cemerlang
81800 Ulu Tiram, Johor Darul Takzim
Malaysia
Tel : (07) 861 7671
Fax: (07) 871 7672

Frank Lim Eng Khoon
Deputy Managing Director

Melvin Khaw Cheah Juen
Senior Manager, Operations

Commodities & Specialty Products Trading

SP Resources International Pte. Ltd.
58 Tuas Basin Link
Singapore 638774
Tel : (65) 6415 1085
Fax: (65) 6415 1083

Fong Seok Phoy
Managing Director

Eddie Tan Yee Sin
Deputy Managing Director

SP Global International Pte. Ltd.
58 Tuas Basin Link
Singapore 638774
Tel : (65) 6418 8970 / 6418 8996
Fax: (65) 6862 1371

Frank Lim Eng Khoon
Deputy Managing Director

Engineering Services

Soil & Foundation (Pte) Limited
7 Harrison Road
#02-00 Harrison Industrial Building
Singapore 369650
Tel : (65) 6281 7622
Fax: (65) 6281 6028

Lee Hong Keow
Director, Professional Engineer

Huang Wei Feng
Manager, Geotechnical

Gary Kam
Manager, Quality / IT / Purchasing

Tan Seng Hock
Manager, Operations

Zaw Win Thein
Manager, Sales and Marketing

Dr Khin Maung Latt
Manager, Projects

Financial year ended 31 December 2006	
Announcement of half-year results	07 August 2006
Announcement of full-year results	12 February 2007
Dispatch of Annual Report	27 March 2007
Annual General Meeting	12 April 2007

Financial year ending 31 December 2007	
Announcement of half-year results	August 2007
Announcement of full-year results	February 2008

NOTICE IS HEREBY GIVEN that the 54th Annual General Meeting of SP Corporation Limited (the "Company") will be held at 9 Oxley Rise, 1st Storey Foyer, Podium Block, The Oxley, Singapore 238697 on Thursday, 12 April 2007 at 10.30 a.m. to transact the following business:-

As Ordinary Business

1. To receive and adopt the Audited Accounts for the year ended 31 December 2006 and the Reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$281,833 for the financial year ended 31 December 2006 (2005: S$251,250). **(Resolution 2)**

3. To re-elect Mr Fong Seok Phoy, who was appointed a Director during the year and retires pursuant to Article 100 of the Company's Articles of Association. **(Resolution 3)**

4. To re-elect the following Directors, retiring by rotation pursuant to Article 99(2) of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

   (a) Mr David Lee Kay Tuan **(Resolution 4a)**
   (b) Mr Tan Lye Huat **(Resolution 4b)**

5. To re-appoint Messrs Deloitte & Touche as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

As Special Business

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

7. Authority to allot and issue shares up to 10 per centum (10%) of the issued shares

"That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be empowered to allot and issue shares in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be allotted and issued pursuant to this Resolution shall not exceed ten per centum (10%) of the issued shares in the capital of the Company at the time of the passing of this Resolution and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier." **(Resolution 6)**

8. Renewal of the Shareholders' Mandate for Interested Person Transactions

"That:

a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("Chapter 9") of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in Appendix A of the Company's letter to shareholders dated 27 March 2007 (the "Letter"), with any party who is of the Classes of Interested Persons described in Appendix A of the Letter, provided that such transactions are carried out in the ordinary course of business and on normal commercial terms, will not be prejudicial to the interests of the Company and its minority shareholders and are in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Letter (the "Shareholders' Mandate");

b) such Shareholders' Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate and/or this Resolution."

(Resolution 7)

By Order of the Board

Mary Goh Swon Ping
Company Secretary

27 March 2007
Singapore

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote on his behalf save that no limit shall be imposed on the number of proxies for nominee companies. A proxy need not be a member of the Company.

2. An instrument appointing a proxy must be deposited at the registered office of the Company at 9 Oxley Rise #03-02, The Oxley, Singapore 238697 not less than 48 hours before the time for holding the Annual General Meeting or any adjournment thereof.

Additional Information Relating To The Notice Of The 54th Annual General Meeting

Resolution 3 - Mr Fong Seok Phoy is considered an executive non-independent Director.

Resolution 4(a) - Mr David Lee Kay Tuan will, upon re-election, remain as Managing Director and Chief Executive Officer of the Company as well as a member of the Norminating Committee. He is considered an executive non-independent Director.

Resolution 4(b) - Mr Tan Lye Huat will, upon re-election, remain as Chairman of the Remuneration Committee and as a member of the Audit Committee and the Nominating Committee. He is considered an independent Director.

Ordinary Business Item 4 - Mr Ong Teck Ghee had indicated that he will not seek re-election at the Annual General Meeting and hence, will cease to be a Director and member of the Audit Committee at the conclusion of the Annual General Meeting.

Resolution 6 - is to empower the Directors to issue shares in the capital of the Company up to an amount not exceeding in aggregate 10% of the issued shares in the capital of the Company. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the issued shares in the capital of the Company at the time that this resolution is passed after adjusting for any subsequent consolidation or subdivision of shares.

Resolution 7 - is to renew effective up to the conclusion of the next Annual General Meeting of the Company (unless earlier revoked or varied by the Company in general meeting) the Shareholders' Mandate to enable the Company, its subsidiaries and associated companies that are considered "entities at risk" to enter, in the ordinary course of business, into the types of mandated transactions with specified classes of the Company's interested persons. The Shareholders' Mandate which was previously renewed by shareholders at the 53rd Annual General Meeting of the Company on 21 April 2006, will be expiring at the forthcoming 54th Annual General Meeting. Particulars of the Shareholders' Mandate and the Audit Committee's confirmation (pursuant to Rule 920(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited) in respect of the proposed renewal of the Shareholders' Mandate, are contained in the Company's letter to shareholders dated 27 March 2007.

SP CORPORATION LIMITED
(Company Registration No.: 195200115K)

Registered office : 9 Oxley Rise, #03-02, The Oxley, Singapore 238697

To: The Shareholders of SP Corporation Limited
("Shareholders")

Dear Sir/Madam

Renewal of the Shareholders' Mandate for Interested Person Transactions

We refer to item 8 of the Notice of the 54th Annual General Meeting ("54th AGM") of the Company, which is an Ordinary Resolution ("Resolution 7") to be proposed at the 54th AGM for the renewal of the Company's shareholders' mandate for interested person transactions. The purpose of this letter is to provide Shareholders with information relating to Resolution 7.

1. Background

At the 53rd Annual General Meeting of the Company held on 21 April 2006 (the "53rd AGM"), Shareholders had approved the renewal of a shareholders' mandate for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") to enable the Company, its subsidiaries and associated companies that are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual, or any of them, to enter into certain types of transactions with specified classes of the Company's interested persons, provided that such transactions entered into in the ordinary course of business, are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders (the "Shareholders' Mandate").

2. Renewal of the Shareholders' Mandate

Under Chapter 9 of the Listing Manual, a general mandate for transactions with interested persons is subject to annual renewal. The Shareholders' Mandate approved at the 53rd AGM was expressed to continue in force until the next Annual General Meeting of the Company, being the 54th AGM, which is to be held on 12 April 2007. Accordingly, it is proposed that the Shareholders' Mandate be renewed at the 54th AGM, to take effect until the conclusion of the next Annual General Meeting of the Company.

The types of transactions and classes of interested persons in respect of which the Shareholders' Mandate is sought to be renewed remain unchanged. Particulars of the Shareholders' Mandate, including the rationale for, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the specified classes of interested persons, are set out in Appendix A of this letter.

General information on the listing rules relating to interested person transactions, including the meanings of terms such as "associate", "controlling shareholder" and "interested person" used in Chapter 9 of the Listing Manual, is set out in Appendix B of this letter.

3. Audit Committee's Confirmation

The Audit Committee of the Company confirms that:

(a) the methods or procedures for determining the transaction prices under the Shareholders' Mandate have not changed since the 53rd AGM; and

(b) the methods or procedures referred to in (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

4. Directors' and substantial shareholders' interests

The interests of the Directors and substantial shareholders of the Company in the issued shares of the Company can respectively be found on page 27 and page 81 of the Company's Annual Report 2006.

Certain Directors of the Company, namely, Messrs Peter Sung, David Lee Kay Tuan, Liem Chin Chiang, Chong Chou Yuen and Susanto Nursalim alias William Liem are regarded as being interested in the proposed renewal of the Shareholders' Mandate. Mr Susanto Nursalim alias William Liem is within the classes of interested persons covered by the Shareholders' Mandate. Mr Liem Chin Chiang is the brother of Mr Susanto Nursalim alias William Liem. Mr Peter Sung had declared himself non-Independent in November 2005. Mr David Lee Kay Tuan, Mr Chong Chou Yuen and Mr Susanto Nursalim alias William Liem are each a nominee of Tuan Sing Holdings Limited (the Company's holding company) on the Board of Directors of the Company.

The aforesaid Directors and their respective associates will abstain from voting their respective shareholdings (if any) on Resolution 7 relating to the renewal of the Shareholders' Mandate at the forthcoming 54th AGM.

Tuan Sing Holdings Limited, Nuri Holdings (S) Pte Ltd, and their respective associates, being within the classes of interested persons in relation to the proposed renewal of the Shareholders' Mandate, will abstain from voting their respective shareholdings (if any) on Resolution 7 relating to the renewal of the Shareholders' Mandate at the forthcoming 54th AGM.

5. Recommendation

The Directors who are considered independent for the purposes of the proposed renewal of the Shareholders' Mandate are Messrs Cheng Hong Kok, Ong Teck Ghee and Tan Lye Huat. They are of the opinion that the entry into of the Interested Person Transactions (as described in paragraph 2 of Appendix A) between the SP Group (as described in paragraph 1 of Appendix A) and the Interested Persons (as described in paragraph 3 of Appendix A) in the ordinary course of business will enhance the efficiency of the SP Group and is in the best interests of the Company. For the reasons set out in paragraphs 1 and 2 of Appendix A, they recommend that Shareholders vote in favour of Resolution 7 for the renewal of the Shareholders' Mandate at the forthcoming 54th AGM.

6. **Responsibility statement**

The Directors collectively and individually accept responsibility for the accuracy of the information given in this letter and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this letter are fair and accurate and that there are no material facts the omission of which would make any statement in this letter misleading.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made or opinions expressed in this letter.

Shareholders who are in any doubt as to the action they should take, should consult their stockbrokers or other professional advisers immediately.

Yours faithfully
SP CORPORATION LIMITED

Peter Sung
Chairman

27 March 2007
Singapore

SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. Rationale for the Shareholders' Mandate

It is envisaged that in the normal course of their businesses, transactions between SP Corporation Limited (the "Company"), its subsidiaries and associated companies with the Company's interested persons are likely to occur, and may arise from time to time or at any time.

In view of the time-sensitive nature of commercial transactions, the obtaining of a mandate from Shareholders ("Shareholders' Mandate") pursuant to Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, will enable the Company, its subsidiaries and associated companies which are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual (together, the "SP Group") or any of them, to enter into certain types of transactions as set out in Paragraph 2 below, with the Company's interested persons set out in Paragraph 3 below (the "Interested Persons"), provided that such transactions are entered into in the ordinary course of business of the SP Group, are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The Shareholders' Mandate will provide the SP Group with added means to underpin its diversification and growth strategy by leveraging on the SP Group's network and its close working relationship with Interested Persons. In particular, it would enable the SP Group to pursue commercial transactions in the ordinary course of business in an expedient manner with Interested Persons, particularly in the areas of trading, marketing, distribution and manufacturing and related specialist services, that would value add and provide new engines of growth for the SP Group.

The Shareholders' Mandate is intended to enhance the SP Group's ability to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for, the entry by the relevant company in the SP Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

2. Nature and Scope of Interested Person Transactions

The types of transactions with Interested Persons to be covered by the Shareholders' Mandate relate principally to the provision or obtaining of services and products in the normal course of the SP Group's businesses ("Interested Person Transactions") but not in respect of purchase or sale of assets, undertakings or businesses as provided under Rule 920(1) of the Listing Manual. The Interested Person Transactions are as described below.

a) Construction and Engineering Services Transactions

The Company's principal subsidiaries and associated companies carry out building and construction works as building, engineering and foundation contractors as well as project managers. They also provide specialist engineering services including but not limited to foundation piling, soil and foundation work consultancy, geotechnical works, ground improvement works, pipe jacking and diaphragm wall construction.

Transactions with Interested Persons under this category will consist of the following:

i) the tender by companies in the SP Group (whether by way of public tender, invitation or otherwise) and/or the award of contracts by Interested Persons to companies in the SP Group, or, as the case may be, the tender by Interested Persons (whether by way of public tender, invitation or otherwise) and/or the award of contracts by companies in the SP Group to Interested Persons, whether as main contractors or as sub-contractors, for construction and engineering services including turnkey projects for residential, commercial, industrial and engineering works or infra-structural development (including build, operate and transfer ("BOT")) or other projects;

ii) the provision by companies in the SP Group to, or receipt from Interested Persons of, project management, consultancy, engineering services, geo-technical soil investigation and/or instrumentation services for residential, industrial, commercial, infrastructural or other building, construction, engineering works and/or development projects undertaken by the Interested Persons or (as the case may be) companies in the SP Group; and

iii) the provision by the companies in the SP Group to, or receipt from Interested Persons of, industrial, commercial, infrastructural or other building, construction, engineering works and/or development projects undertaken by Interested Persons or (as the case may be) companies in the SP Group including but not limited to treated water supply and water treatment services, power and natural resources mining services.

As construction and engineering services constitute one of the core businesses of the SP Group, the inclusion of the above category of transactions in the Shareholders' Mandate will facilitate such transactions by the SP Group with Interested Persons that arise in the normal course of operations of the SP Group in a more expeditious manner.

b) ***Construction and Engineering Materials and Equipment Transactions***

Related to its activities in building, construction and engineering services, the SP Group may also engage in sourcing, purchasing, supplying and trading in building, construction and engineering materials including but not limited to concrete and granite aggregates, steel bars, steel sheet piles, timber products, wall and floor tiles, and construction equipment.

Transactions that may be carried out with Interested Persons under this category consist of the following:

i) the design, installation, supply and provision of equipment and machinery and/or building, construction and engineering materials including but not limited to paint, electric motors and generators by companies in the SP Group to Interested Persons or *vice versa*; and

ii) the purchase or sale, and/or rental of equipment and machinery and/or building, construction and engineering materials including but not limited to paint, electric motors and generators by companies in the SP Group from, or to Interested Persons for on-sale or for use in the construction and/or engineering services activities of the SP Group or, as the case may be, the Interested Persons.

These transactions relate to the supply of materials and equipment used in the building, construction and engineering industry. The inclusion of this category of transactions in the Shareholders' Mandate will allow the SP Group to transact with Interested Persons in an expeditious manner to meet business needs for the supply and/or provision of materials and equipment.

c) ***Trading and Marketing Transactions***

The SP Group is engaged in the trading and marketing of various products relating to the automotive, tyre and rubber, chemical, petrochemical, mining, aquaculture, power, electronics and agriculture industries.

Transactions coming within this category consist of the following:

i) the marketing, sale by or purchase of, fish meal, shrimp feed and their related feedstock materials, shrimps and other products in the aquaculture industry;

ii) the marketing, sale by or purchase of, the provision or receipt of, technical, operation, maintenance and engineering services for machinery, equipment and spare parts related to tyre and rubber, power, petrochemical, chemical, aquaculture, agriculture, mining and other industries referred to in sub-paragraphs (c)(i) above and (c)(iii) to (vi) below;

iii) the marketing, sale by or purchase of, palm oil and related products, fertilizers and other natural produce items in the agriculture industry;

iv) the marketing, sale by or purchase of, natural resources including but not limited to coal, metals like iron, aluminium, zinc, gold and copper and their alloys for various industries such as the power and cement industries, automotive manufacturing industries, chemicals, tyre and rubber industries;

v) the marketing, sale by or purchase of, printed circuit boards, electrical and electronics parts and electrical cables and motors and other products related to the electronics and electrical industries;

vi) the marketing, sale by or purchase of, paint, basic and intermediate petrochemicals including but not limited to ethylene, monoethyleneglycol, polyester, synthetic rubber, nylon fibres and others related to the petrochemical industries;

vii) the distribution, marketing, sale and purchase of rubber and tyre related stocks and related products (including raw materials and auxiliary products);

viii) the sale, purchase, rental and/or leasing of rubber, tyre and tyre related retreading machinery and equipment or components and parts in respect thereof; and

ix) the provision and/or receipt of commissions, rebates and other trade-related or marketing incentives to or by counter-parties including but not limited to dealers, distributors and principals.

The entry into and/or renewal of distribution, commission, agency or other marketing or representation agreements with Interested Persons, and the purchase, sale, import and export of products set out above will come within the ambit of this category of transactions.

d) Distribution Transactions

The SP Group is engaged in the distribution of various consumer, automotive and related products.

Transactions coming within this category consist of the following:

i) distribution of consumer products including but not limited to hygiene, paper and food products; and

ii) distribution of tyres and automotive related products including but not limited to alloy wheels, rubber belts, batteries, electrical and pneumatic sensors.

The entry into and/or renewal of distribution, commission, agency or other marketing or representation agreements with Interested Persons, and the purchase, sale, import and export of products set out above, will come within the ambit of this category of transactions.

e) ***Manufacturing Transactions***

Transactions coming within this category consist of the following:

i) the provision by the companies in the SP Group to, or the receipt from, Interested Persons of, tyre retreading services and logistic services related to the rubber, tyre and automotive industries;

ii) the provision by the companies in the SP Group to, or the receipt from, Interested Persons of, design, technical expertise, operation, maintenance, manufacturing and purchase or sales of tyre machinery and equipment and related parts and products.

f) ***Business, Management and Technical Services Transactions***

It is expected that with further diversification of the activities of the SP Group, overhead costs and administrative costs may increase with the establishment of more business units. As such, the centralisation of management and support services staff within Tuan Sing Holdings Limited ("TSH"), its subsidiaries and associated companies (together with TSH, collectively, the "TSH Group") and between the SP Group and the Interested Persons will enable business services costs to be shared, avoid duplication of efforts and enhance communication within the TSH Group, the SP Group and the Interested Persons. The latter results in savings for all operating companies within the TSH Group, the SP Group and the Interested Persons through shared resources and economies of scale, and ensures that the services provided are of a uniform approach and consistent standard throughout the operating subsidiaries.

Further, it is expected that TSH (the holding company of the Company) and other Interested Persons may provide certain corporate functions and support to the SP Group in areas including but not limited to finance, treasury, investment risk review and management; corporate planning and business development; management information systems; human resource management and development; information technology management and development; legal and corporate secretarial affairs; and internal audit.

Additionally, as part of the TSH Group, the Company can benefit in treasury transactions from competitive rates or quotes from TSH and third party financial institutions in an expedient manner. By transacting directly with TSH, the Company may obtain better yields through the elimination of margins which third party intermediaries might ordinarily be expected to earn.

The SP Group may also lease premises to or from, Interested Persons for meeting various business needs.

Transactions covered by this category consist of the following:

i) the provision by the companies in the SP Group to, or the receipt from, Interested Persons of, corporate, administrative and support services including but not limited to the areas of internal audit, corporate planning and development, treasury and fund management services and staff secondments;

ii) the borrowing of funds from Interested Persons or *vice versa* on a short-term and medium-term basis; the placement of funds with the TSH Group on a short-term and medium-term basis; and the entry into with Interested Persons of foreign exchange, swap, and option transactions for hedging purposes (collectively, “Treasury Transactions”);

iii) the leasing or letting of office, warehouse and other business premises to or from the TSH Group and/or other Interested Persons; and

iv) the provision by the companies in the SP Group to, or the receipt from, Interested Persons of, subcontracting and outsourcing services, supply chain management services (including but not limited to packaging, transport and logistic services), sharing of logistic facility management including but not limited to rental and subletting of premises.

These transactions relate to the supply of corporate, support and administrative services, subcontracting and outsourcing services, supply chain services and premises by the TSH Group and other Interested Persons to companies in the SP Group. The inclusion of this category of transactions in the Shareholders’ Mandate will allow the SP Group to transact with the TSH Group and other Interested Persons in an expeditious manner to meet its business needs and requirements.

3. Classes of Interested Persons with which the SP Group is transacting

The Shareholders’ Mandate will apply to the following classes of Interested Persons:

a) TSH;

b) Nuri Holdings (S) Pte Ltd;

c) Mr Susanto Nursalim alias William Liem; and

d) any company which, at the time at which the transaction is entered into, is an associate of the Interested Persons named in (a) to (c) above.

4. **Review Procedures for Interested Person Transactions**

Pursuant to the Shareholders' Mandate, the Company has formed a special review committee (the "Review Committee") to ensure that transactions with Interested Persons are undertaken on the SP Group's normal commercial terms under the Shareholders' Mandate. The Review Committee comprise senior executives of the Company namely, the Managing Director, up to two executive Directors, the head of the relevant business units and the Financial Controller, who have been tasked by the Board of Directors of the Company (based on the recommendation of the Audit Committee of the Company (the "Audit Committee") from time to time) with the review and approval of such transactions.

To ensure that the Interested Person Transactions arising from the normal course of business of the SP Group are undertaken at arm's length and on the SP Group's normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders, the SP Group has implemented the following guidelines for the review and approval of Interested Person Transactions under the proposed renewal of the Shareholders' Mandate:

a) A transaction equal to or exceeding S$100,000 in value but below S$3 million (the "Financial Threshold"), will be reviewed and approved by any two members of the Review Committee, who shall ensure that the Interested Person Transactions are made on arm's length basis and on terms and conditions no more favourable than those which would be granted to an unrelated third party in similar circumstances, and which are on the SP Group's normal commercial terms or otherwise in accordance (where applicable) with industry norms and that they are not prejudicial to the interests of the Company and its minority Shareholders.

b) A transaction equal to or exceeding the Financial Threshold will be reviewed and approved by any two members of the Audit Committee, who shall ensure that the Interested Person Transactions are made on arm's length basis and on terms and conditions no more favourable than those which would be granted to an unrelated third party in similar circumstances, and which are on the SP Group's normal commercial terms or otherwise in accordance (where applicable) with industry norms and that they are not prejudicial to the interests of the Company and its minority Shareholders.

c) Any member of the Review Committee and the members of the Audit Committee may, as he/they deem fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

d) If a member of the Review Committee or the Audit Committee has an interest in a transaction, he shall abstain from participating in the review and approval process in relation to that transaction. If more than three members of the Review Committee are interested in the transaction, the review and approval process shall be undertaken by the Chairman of the Audit Committee or another member of the Audit Committee (who has no interest in the transaction) designated by the Chairman of the Audit Committee for such purpose.

The Audit Committee will also:

i) carry out periodic reviews (on a quarterly basis) to ascertain that the established guidelines and procedures for Interested Person Transactions have been complied with; and

ii) consider from time to time whether the established guidelines and procedures for transactions with Interested Persons have become inappropriate or are unable to ensure that the transactions will be carried out on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

e) For the purpose of the above review procedures, where goods and/or services (other than Treasury Transactions) are to be purchased or obtained by the SP Group from Interested Persons, quotations will be obtained (wherever possible or available) from at least two other unrelated third party suppliers for similar quantities and/or quality of the materials, equipment, machinery or services concerned as a basis for comparison to determine whether the price and terms offered by the Interested Person are fair and reasonable. Where it is impractical or not possible for such quotes to be obtained, the Review Committee or the Audit Committee will ensure that the terms of supply are fair and reasonable, in accordance with industry norms and in line with business practices of the relevant industry taking into consideration, factors such as but not limited to pricing, payment terms, credit worthiness, the strategic purpose for the transaction and market conditions.

In relation to Treasury Transactions, the following guidelines shall apply:

Borrowings. The SP Group will only borrow funds from an Interested Person if the interest rate quoted by the Interested Person is not more than the lowest rate quoted by the SP Group's principal bankers for loans of an equivalent amount and tenure. Quotations of rates will be procured from at least two of the SP Group's principal bankers each time that funds are proposed to be borrowed from an Interested Person.

Placements. The SP Group will only place funds with the TSH Group if the interest rate quoted by the TSH Group is not less than the highest of the rates quoted by the SP Group's principal bankers for deposits of an equivalent amount and tenure. Quotations of rates will be procured from at least two of the SP Group's principal bankers each time that funds are proposed to be placed with the TSH Group.

Forex, swaps and options. The SP Group will only enter into forex, swap and option transactions with an Interested Person if the rates quoted by the Interested Person are no less favourable to the SP Group than those quoted by the SP Group's principal bankers. Quotations of rates will be procured from at least two of the SP Group's principal bankers each time that a forex, swap or option transaction is proposed to be entered into with an Interested Person.

In addition, the Company will monitor the Treasury Transactions entered into with Interested Persons as follows:

i) Where the aggregate value of funds placed with the TSH Group shall at any time exceed the consolidated shareholders' funds of the Company (based on its latest audited accounts), each subsequent placement of funds with the TSH Group shall require the prior approval of the Audit Committee.

ii) Where the aggregate principal amount of all forex, swap and option transactions entered into with the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) exceeds at any one time the equivalent of the consolidated shareholders' funds of the Company (based on its latest audited accounts), each subsequent forex, swap or option transaction to be entered into with the same Interested Person shall require the prior approval of the Audit Committee.

5. Interested Person Transactions Register

The Company maintains a register of transactions carried out with Interested Persons pursuant to the Shareholders' Mandate (recording the basis on which they are entered into). Further, the Company's annual internal audit plan will incorporate a review of transactions entered into in the relevant financial year pursuant to the Shareholders' Mandate.

6. Excluded Transactions

The Shareholders' Mandate will not cover any transaction by a company in the SP Group with an Interested Person that is below S$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.

Transactions with interested persons (including the Interested Persons) which do not fall within the ambit of the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual, or other applicable provisions of the Listing Manual and/or the Companies Act (Cap. 50), if any.

7. Validity Period of the Shareholders' Mandate

The Shareholders' Mandate will take effect from the passing of the resolution relating thereto, and will (unless revoked or varied by the Company in general meeting) continue in force until the conclusion of the next annual general meeting of the Company. Approval from Shareholders will be sought for the renewal of the Shareholders' Mandate at the next annual general meeting and at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of its continued application to the transactions with Interested Persons.

8. Disclosure in Annual Report

Disclosure will be made in the Company's annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year and in the annual reports for subsequent financial years that the Shareholders' Mandate continues in force in accordance with the requirements of Chapter 9 of the Listing Manual.

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

1. Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") deals with transactions in which a listed company or any of its subsidiaries or associated companies (that are not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s) (as defined in Chapter 9), has control over the associated company) proposes to enter with a party who is an interested person of the listed company.

2. Transactions with interested persons which do not come within the ambit of a general mandate for interested person transactions approved by shareholders of the listed company pursuant to Chapter 9 of the Listing Manual (including any renewal thereof) will be subject to applicable provisions of Chapter 9 and/or other applicable provisions of the Listing Manual. As such, an immediate announcement and/or shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds as set out in Chapter 9 of the Listing Manual are reached or exceeded. In particular, an immediate announcement is required where:

    2.1 the value of a proposed transaction is equal to or exceeds 3% of the listed company's latest audited net tangible assets ("NTA"); or

    2.2 the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than 3% of the listed company's latest audited NTA. An announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the same financial year,

    and shareholders' approval (in addition to an immediate announcement) is required where:

    2.3 the value of a proposed transaction is equal to or exceeds 5% of the listed company's latest audited NTA; or

    2.4 the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than 5% of the listed company's latest audited NTA. The aggregation will exclude any transaction that has been approved by shareholders previously, or is the subject of aggregation with another transaction that has been approved by shareholders.

3. For the purposes of aggregation, interested person transactions below S$100,000 each are excluded.

4. For illustration purposes, based on the audited accounts of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2006, the latest audited NTA of the Group is S$30.2 million. Accordingly, in relation to the Company, for the purposes of Chapter 9 in the current financial year, shareholders' approval would be required where:

   a) the transaction is of a value equal to, or more than, S$1.5 million, being 5% of the Group's latest audited NTA; or

   b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, S$1.5 million. The aggregation will exclude any transaction that has been approved by shareholders previously, or is the subject of aggregation with another transaction that has been approved by shareholders.

5. Chapter 9 of the Listing Manual allows for a listed company to seek a mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses.

6. For the purposes of Chapter 9 of the Listing Manual:

   6.1 an "interested person" means a director, chief executive officer or controlling shareholder of the listed company, or an associate of such director, chief executive officer or controlling shareholder;

   6.2 a "controlling shareholder" is a person who holds directly or indirectly 15% or more of all voting shares in the listed company (unless otherwise excepted by SGX-ST) or in fact exercises control over a company; and

   6.3 an "associate" in relation to any director, chief executive officer or controlling shareholder (being an individual) means his immediate family (i.e. spouse, children, adopted children, step-children, siblings and parents), the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An "associate" in relation to a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

SP CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No.: 195200115K

IMPORTANT

1. For investors who have used their CPF monies to buy SP Corporation Limited shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is 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 SP Corporation Limited (the "Company"), hereby appoint

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the 54th Annual General Meeting of the Company to be held at 9 Oxley Rise, 1st Storey Foyer, Podium Block, The Oxley, Singapore 238697 on Thursday, 12 April 2007 at 10.30 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Ordinary Resolutions	For	Against
	Ordinary Business		
1.	To adopt the Audited Accounts and Reports of the Directors and the Auditors		
2.	To approve Directors' Fees		
3.	To re-elect Mr Fong Seok Phoy who retires pursuant to Article 100 as a Director		
4.	(a) To re-elect Mr David Lee Kay Tuan who retires by rotation pursuant to Article 99(2) as a Director		
	(b) To re-elect Mr Tan Lye Huat who retires by rotation pursuant to Article 99(2) as a Director		
5.	To re-appoint Auditors and authorise Directors to fix their remuneration		
	Special Business		
6.	To authorise the Directors to issue and allot shares		
7.	To approve the renewal of the Shareholders' Mandate for Interested Person Transactions		

Dated this ______ day of __________ 2007

Shares held in:	Number of Shares
(i) Depository Register	
(ii) Register of Members	
Total	

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or two proxies to attend and vote on his behalf save that no limit shall be imposed on the number of proxies for nominee companies. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 9 Oxley Rise #03-02, The Oxley Singapore 238697, not less than 48 hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointer 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 seal or under the hand of an officer or attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

General:

The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

1st fold here

Please Affix
Postage
Stamp

The Company Secretary

SP CORPORATION LIMITED

9 Oxley Rise
#03-02 The Oxley
Singapore 238697

2nd fold here

SP Corporation Limited
(Company Registration No. 195200115K)
9 Oxley Rise #03-02, The Oxley
Singapore 238697

A member of Tuan Sing Holdings Limited