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**RESPONSE TO SGX QUERIES IN RELATION TO THE COMPANY'S ANNOUNCEMENT OF  
FY2006 RESULTS ON 1 MARCH 2007**

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The Company has received certain queries from the Singapore Exchange Limited in relation to our FY2006 results announced on 1 March 2007. The following are the Company's responses to such queries:-

- (a) We note that the Company wrote back an impairment of investments amounting to \$1.14 million. Please explain why a writeback was necessary.**

In FY2004, a provision for recovery of a deposit for investment was made by an overseas subsidiary company. In the course of the review on the recovery of assets, it was noted that the impairment was no longer required as the investment did not materialise.

- (b) We note that the Company obtained a waiver of debts due to intermediary companies amounting to \$2.3 million. Please advise on the reasons for the waiver and what the debts relate to.**

In the course of recovering assets from intermediary companies, a subsidiary company has not been able to obtain verification and confirmation on book debts recorded as outstanding to a foreign intermediary company of \$1.2 million since 2004. As such, the debt has been written back in the 4<sup>th</sup> quarter of FY2006. A further \$1.1 million represents waiver of debts agreed by the relevant parties as part of the company's exercise to unwind investments in various non-core investments and businesses.

- (c) The Company made a reversal for restructuring costs amounting to \$2.68 million in the 4<sup>th</sup> quarter of FY2006. Please disclose the nature of such restructuring costs and reasons for the reversal.**

In 2Q FY2006, the Group provided for restructuring costs, assets write-off, impairment of investment and goodwill for its planned disengagement from certain countries and also closure and/or sale of service centers which had been identified as unsustainable. The company has completed a substantial part of the restructuring exercise. The reversal of

\$2.68 million is the balance of restructuring cost provided for the restructuring of an overseas market that has now been completed.

- (d) *The Company has negative working capital of \$16.6 million at 31 December 2006 and negative operating cashflows of \$12.3 million for FY 2006. In this regard, please advise whether the Company can meet its short-term obligations as and when they fall due.***

To the best knowledge and belief of the Directors, and barring any unforeseen circumstances, the Company is of the view that it is able to meet its short-term obligations as and when they fall due.

BY ORDER OF THE BOARD

Huang Wenjian Eugene  
Company Secretary

Singapore  
9 March 2007