About Achieva Limited

Operating in 11 countries in the Asia-Pacific, the Achieva group of companies is recognized as a forerunner in the knowledge economy. It is capitalizing on its most competitive asset – its people – to achieve its mission to be a knowledge-based value-added distributor and solutions provider in the Asia Pacific for electronics and IT-related products and services; and a leading creator of innovative proprietary technology products and solutions.

Achieva runs three core businesses:

1. Peripherals and software including data storage devices, components for computer and IT-related products, lifestyle and digital consumer products;
2. Electronic components viz. semiconductor and electro-mechanical devices focusing on the data communications, telecommunications, PC peripherals, industrial and consumer markets;
3. Strategic technologies encompassing technological and knowledge-based proprietary products and services.

Chairman's Message

HENRY LIM YONG CHOON
EXECUTIVE CHAIRMAN,
PRESIDENT & CEO

Driving growth in the digital age

- Sustained turnaround with new focus on improving profitability and wider market access
- Better margins driven by enhanced portfolio mix

OVERVIEW

We are pleased that Achieva has continued its profitable turnaround in FY2004.

We achieved a pre-tax profit of S$4.0 million, up 22% from last year on a total group turnover of S$583.9 million. Net profit was S$2.5 million, down 9% from S$2.7 million in FY2003 owing to provisions for trade receivables in Malaysia which are under dispute. Despite this, we achieved an overall 38% improvement in gross margin to 5.5%. We achieved a sterling three-fold increase to S$9.4 million in Group operating profit before provisioning in 2004.

Group earnings per share for FY2004 was 0.50 cents while group net asset value per share rose from 12.23 cents to 12.40 cents in FY2004. Group cash balance stood at S$24.7 million as at 31 December 2004, up 36% from the previous year.

Achieva has now come out of the woods and we believe that the worst is over for the Group. We have sharpened our business focus, improved inventory management and exercised tighter credit control while at the same time, we have leveraged on new opportunities arising from the improved economies in North and South Asia.

Our improved performance was driven by stronger earnings from both our core businesses.

Riding on the uptrend in market demand as a result of the semiconductor recovery, our Electronic Components division continued to deliver another year of strong returns for us and is our key growth driver. This division registered an operating profit of S$8.3 million, up from S$6.7 million in FY2003.

Our Peripherals Division also reported better results - recording operating profit of S$2.4 million before accounting for provision of doubtful debts and stock obsolescence.

Our Peripherals division reversed its fortunes with the successful implementation of a new strategic focus on better-margin and high-growth digital consumer electronics products. This division has shown progressive turnaround - from an operating loss of S$1.3 million in the 2nd half of FY2003 to an operating profit of S$1 million in the 1st half of FY2004. This continued to rise to S$1.4 million in the 2nd half of FY2004.

One key success factor for this division's turnaround was the result of our strategic decision to enhance our range of non-PC products and to develop and market our own brand of lifestyle products in communications and digital consumer electronics. ASTONE was launched in the first quarter of FY2004. Having our own brand has allowed us to leverage on our global resources and extensive sales and marketing network to capture margins throughout the scaled-up supply chain. We source, brand, market and distribute our own products through our already extensive Asian customer network. Sales of ASTONE and other better margin non-PC products from leading global brandnames provided us with improved margins.

Chairman's Message

EXPANDING NORTH ASIA MARKET WHILST STRENGTHENING MARKET POSITION IN SOUTH ASIA

The past year has been an exciting period of market expansion in North Asia. Turnover for the Components North Asia Group recorded a jump of 70% owing to the rapid growth of our North Asian market. We expanded our North Asian operations to Shanghai and South Korea to tap the vast potential of these vibrant markets.

We strengthened our market position and market share in South Asia by enhancing our market access. The Group's value chain expanded to include superstores to drive both volume and margins. Our products, especially non-PC consumer products, are now available in mega stores such as Challenger, Giant, SAFE, Harvey Norman and Dick Smith - which are among the largest mega store chains.

GOING FORWARD

We are positive about our outlook for 2005. All our markets are expanding and both our core businesses are set to drive further growth.

The demand for digital consumer electronics is expected to rise, with the Consumer Electronics Association forecasting 2005 to be a year of record sales for consumer electronic products in a report issued in January 2005. We will continuously source for the latest consumer electronics to meet the demands of the increasingly sophisticated consumer.

The uses for electronic components are wide and increasing at a fast pace. To stay ahead of technological advancements, we will stay focused on value-added solutions and applications in high growth segments.

We will also explore expansion opportunities via strategic alliances, joint ventures or acquisitions of synergistic businesses that will enhance our strengths and sharpen our competitiveness in the global market.

Achieva now has distributorship of 33 global brandnames in semiconductor and electronic products, a strong distribution network across Asia Pacific and our own ASTONE brand consumer products. With the successful turnaround of our fortunes in 2004 and our renewed corporate focus, we believe that we are now well-poised to leverage on new growth opportunities in Asia. Building on our strengths, I am confident that our proven management team has the necessary experience and expertise to lead our Group to better times ahead.

IN APPRECIATION

On behalf of the Board of Directors, I would like to thank our business partners, customers, suppliers, shareholders and employees for their support and dedication during a challenging year. I also wish to thank the management and staff for their hard work and consistent contribution to the Group. We look forward to your continued support in 2005.

Henry Lim
Executive Chairman,
President & CEO

Operations Review

- The Electronic Components division to continue its business expansion, outlook remains positive
- The Peripherals division to improve performance from enhanced product portfolio
- The Group's own brand - ASTONE provides better margins for improved profitability

In 2004, Achieva benefited from the continued focus on the Electronic Components division and the re-aligned business focus on better margin and high growth products in the Peripherals division.

ELECTRONIC COMPONENTS DIVISION (COMPONENTS)

The Components Division continued to increase its contribution to the Group's topline and bottomline in FY2004. The division contributed 31% to the Group's turnover, up from 22% in FY2003. Operating profit for the Components Division also increased to S$8.3 million, 24% higher than FY2003.

The strong performance of the division in FY2004 was driven by the uptrend in market demand as a result of the semiconductor recovery from mid 2003 to mid 2004. To enjoy continued growth, we introduced new better margin solutions and applications such as the chipcard. This chipcard segment has been growing at a tremendous pace owing to increased mobile phone, social security and transportation applications. Chipcard has already begun contributing to the division's revenue for FY2004. Our accurate spotting of rising trends such as the chipcard was made possible by our management's knowledge and familiarity with the business.

In keeping up with the changes in technology and market demand, we have also strengthened our focus on promising high growth segments like radio frequency identification device (RFID) and light emitting device (LED) for illumination, which we identified as two segments that are poised for massive growth. The applications for the RFID, which can be used to tag products for tracking, authentication and security purposes, are wide and growing. The LED segment too is enjoying growth as its applications gain popularity owing to the energy saving capabilities, low maintenance and long lifespan.

The Components division was profitable in all its geographical markets. In 2004, we beefed up both our management team and resources in North Asia, and the division's good performance in FY2004 is testament to the success of our efforts to further grow our North Asian presence and market share. We have enhanced our market access to South Korea with the establishment of an office in Seoul whilst expanding our presence in the People's Republic of China. The three main segments that were driving growth in North Asia were the chipcard, digital European cordless telephone and digital tuner.

Demand for the Components division's products in South Asia was also robust in FY2004, and the division achieved a 48% increase in turnover from FY2003. The good performance was mainly due to new projects and customers for our programmable logic device (PLD) products as well as buoyant demand for the chipcard and eupec product lines. Our Dialight signal products also successfully penetrated the Malaysian market and we increased our market share in all areas.

The outlook for the Components division remains positive in the coming year especially with our heightened focus on providing better margin solutions and applications for our customers. According to a report by PricewaterhouseCoopers (PWC) in February 2005, world semiconductor demand is expected to grow between 5-11% over the next five years and China especially is expected to experience double-digit growth in demand. We will continue adding resources to take advantage of these high growth markets.

In addition, we expect to enjoy returns from our investments in new growth market segments in the power, automotive and communication industries in 2005. We expect the demand for these segments to flourish in both North and South Asia. We should also

see continued growth in the chipcard and PLD segments as well as the trend for consumer electronics hard disk drive (HDD) storage devices.

PERIPHERALS DIVISION

We have successfully turned around the Peripherals division in FY2004, having refocused our attention on profitable growth and tighter cost control. Our operating profit for the division has improved every half year since last year.

We introduced our own ASTONE brand of digital consumer electronic products in 2004, which gave us higher growth and better margins. We also heightened our efforts on higher-end HDD products where Achieva has higher value-add with our technical expertise and understanding of consumer needs. In addition, we aggressively widened our channels via major superstore chains in the region and this has enabled us to drive sales volume and raise our brands' exposure.

The Peripherals division's portfolio was also enhanced with non-PC, lifestyle products in communications and consumer electronics from popular brands such as Creative Technology that cater to the young, tech-savvy consumer. This new product portfolio has provided us with better margins. We have also improved market access significantly as we now sell our products via major shopping malls and superstores. Our products can now be found in well-established chain stores such as Challenger, Giant, SAFE, Harvey Norman and Dick Smith - which are among the largest mega store chains.

Except for Malaysia, all markets for the Peripherals division were profitable in FY2004. We made some provisions for a Malaysian subsidiary for trade receivables, which are under dispute. The provision was made as we took a prudent approach towards accounting for outstanding debts but based on our past experience, we have managed to achieve a good collection record.

With no further provision for the disputed receivables in the coming year to affect profitability, the outlook for the Peripherals division looks promising as we expect to enjoy better returns from our higher-margin ASTONE products and enhanced product portfolio. We will also leverage our wider market access to include our better-margin non-PC product portfolio as well as increase the product offerings under our ASTONE brandname.

ASTONE

In 2004, the Group has introduced its own brand - ASTONE, which offers a wide range of innovative lifestyle and digital consumer electronic products. ASTONE offerings include flash memory, MP3 players, multi-media speakers and portable media players amongst others. ASTONE now has a range of seven product lines with more product lines planned for roll-out this year.

ASTONE has embarked on an aggressive product development and roll-out strategy. We introduce multiple products regularly to meet the fast-changing consumer demand for lifestyle electronics and to capture market share in the major markets we operate. We focus on introducing innovative, trendy consumer lifestyle products to add to our product range, and you are welcome to visit http://www.astone.com.au for the latest products.

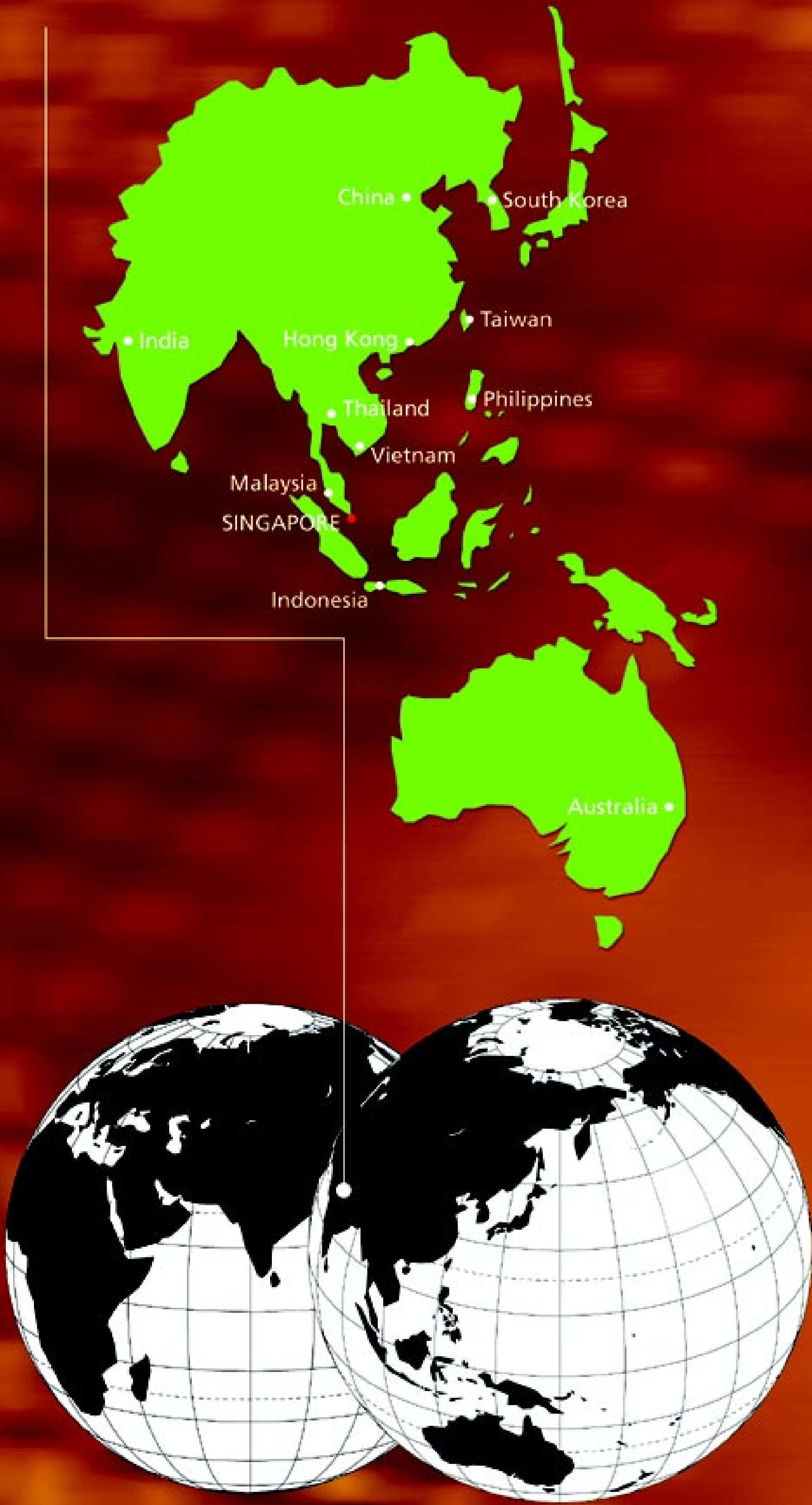
2004 Milestones

DECEMBER 2004	➤ Appointed Sole Distributor for Siemens Mobile in Vietnam - by EA Tech Pte. Ltd. ➤ Opened two Seagate Hard Disk Drive Service Center in Ho Chi Minh City and Hanoi, Vietnam - by EA Tech Pte. Ltd. ➤ Secures The Best Outstanding Achievement in 2004 Award from Semtech - by Achieva Components India Pte Ltd ➤ Secures Asia Pacific Conversion Win Award 2004 from Altera - by Achieva Components Pte Ltd
NOVEMBER 2004	➤ Won Western Digital Highest Average Gigabytes Per Capacity Award FY2004 - by Achieva Technology Australia Pty Ltd ➤ Secures The Outstanding Achievement Award in FY03/04 from Infineon - by Achieva Components Taiwan Co., Ltd
OCTOBER 2004	➤ Won Seagate significant share contribution award FY2004 - by Achieva Technology Philippines Pte Ltd ➤ Won Maxtor Rookie Of the Year Award FY2004 - by Achieva Technology Pte Ltd
AUGUST 2004	➤ Secures The Business Excellence Award from Infineon - by Achieva Components Taiwan Co., Ltd
JULY 2004	➤ Set up two Siemens Mobile Center in Ho Chi Minh City and Hanoi, Vietnam - by EA Tech Pte. Ltd.
JUNE 2004	➤ Expands strategic components foothold in China and Korea - with two new subsidiaries set up. ➤ Won Intel Top Distributor Award for Mother Board - by Achieva Technology Sdn Bhd ➤ Won Intel Channel Conference 2, 2004, Kuala Lumpur, Best Exhibitor Award, 1st Prize - by Achieva Technology Sdn Bhd ➤ Established Representative Office in Vietnam - by EA Tech Pte. Ltd.
MARCH 2004	➤ Introduction of own Astone brand of digital lifestyle products
	Secured distribution rights :
January 2004	LG
February 2004	Gigabyte
March 2004	Finisar
March 2004	Maxtor
September 2004	Elpida

Achieva is authorized distributor for :

A-Data	Altera	Astone	Asus	Aztech	Creative	Dexcel	DGS	Dialight	Ecliptek	Elpida	Finisar
Gigabyte	HKE	Infineon-Admtek	Infineon Technologies	Intel	LG	Maxtor	MSI	OSRAM
PC Partner	Polycom	RF Micro Devices	Sapphire	Seagate	Semtech	Siemens Mobile	Transcend
Tyco Electronics	Western Digital	Winbond	Xemics	Zilog

Our Asia-Pacific Network



Corporate Information

BOARD OF DIRECTORS

HENRY LIM YONG CHOON
EXECUTIVE CHAIRMAN

WILLIAM POK TAM SOON

RAYMOND HO CHEW THIM

LEW SYN PAU
(INDEPENDENT DIRECTOR)

GOH KIAN HWEE
(INDEPENDENT DIRECTOR)

COMPANY SECRETARIES

ADRIAN CHAN PENGEE

LEONG SHIAO YEE

REGISTERED OFFICE

240 MacPherson Road #02-03/04
Pines Industrial Building
Singapore 348574
TEL : (65) 6841 4898
FAX : (65) 6841 4896
WEBSITE : www.achieva.com.sg
EMAIL : apl_enquiry@achieva.com.sg

Board of Directors & Senior Management

WILLIAM POK TAM SOON
Chief Operating Officer & Director, B. Sc (Physics), Masters (Electrical Engineering) & Graduate Dip. in Marketing Management

RAYMOND HO CHEW THIM
Chief Financial Officer & Director, B.Acc (First Class Honours)

HENRY LIM YONG CHOON
Executive Chairman, President & CEO, Audit Committee member, B Sc.

LEW SYN PAU
Independent Director, Audit Committee Chairman, M Sc (Engineering) & MBA

AUDIT COMMITTEE

LEW SYN PAU
CHAIRMAN

GOH KIAN HWEE
MEMBER

HENRY LIM YONG CHOON
MEMBER

SHARE OPTION COMMITTEE

LEW SYN PAU
CHAIRMAN

GOH KIAN HWEE
MEMBER

HENRY LIM YONG CHOON
MEMBER

AUDITORS

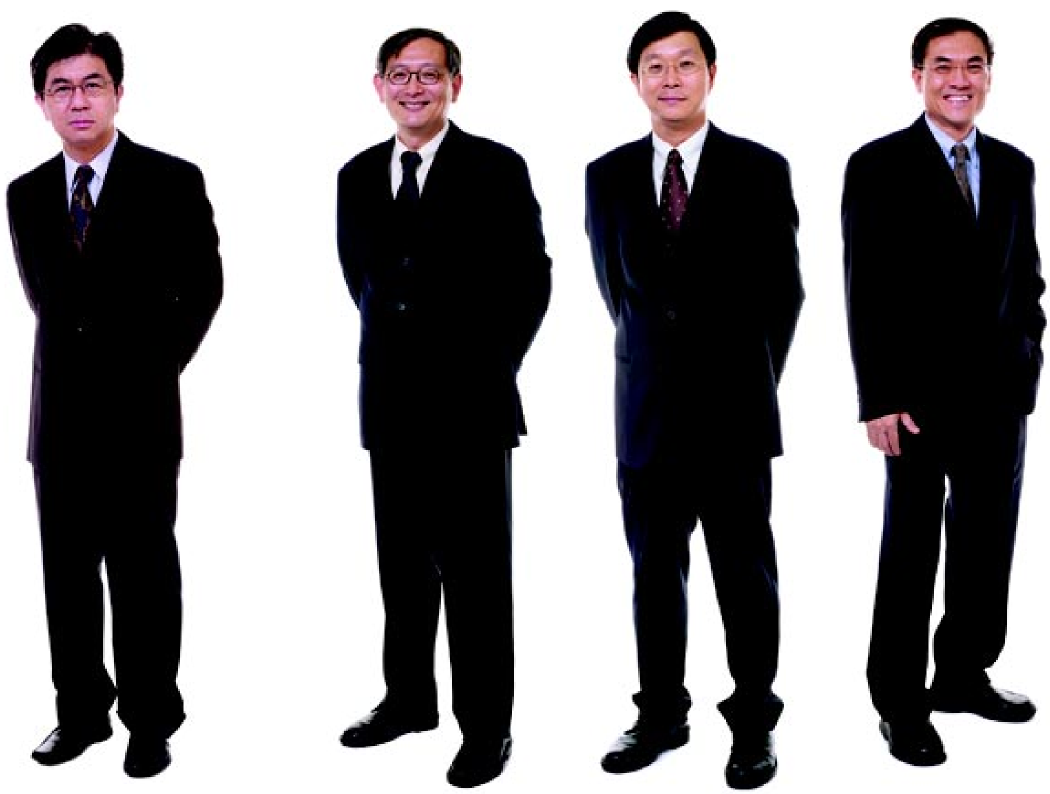
Ernst & Young
Certified Public Accountants
WINSTON NGAN WAN SING
Partner-in-charge (since 2002)

PRINCIPAL BANKERS

Citibank, N.A.
DBS Bank Ltd
KBC Bank N.V.
Malayan Banking Berhad
Moscow Narodny Bank Limited
Oversea-Chinese Banking Corporation Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

SHARE REGISTRAR

Lim Associates (Pte) Ltd
10 Collyer Quay #19-08
Ocean Building
Singapore 049315



GOH KIAN HWEE
Independent Director, Audit Committee member, LLB (Honours)

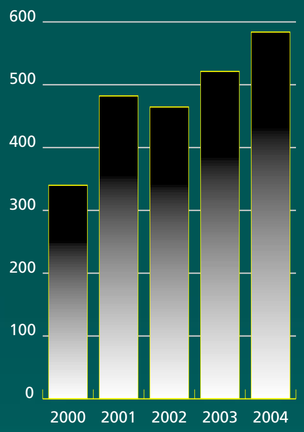
STEPHEN LEE
Executive Director, General Manager, Achieva Technology Pte Ltd, MBA

CHRISTOPHER NG CHEE SENG
Executive Director, Senior Vice President, Achieva Components Pte Ltd, Dip. Electrical Engineering & Graduate Dip. in Business Administration

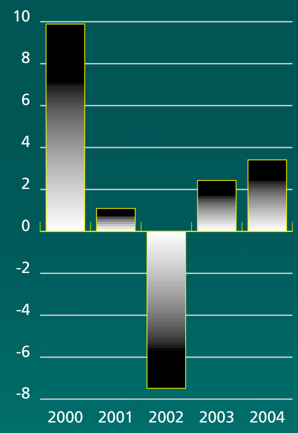
MARK SOH ENG KUANG
Executive Director, Vice President, Achieva Electronics Pte Ltd, B. Sc & MBA

Group Financial Highlights

5-YEAR TURNOVER
(S$ million)



5-YEAR PROFIT AFTER TAX
(S$ million)



5-YEAR FINANCIAL OVERVIEW ($'000)

	2000	2001	2002	2003	2004
RESULTS OF OPERATIONS					
Revenue	340,019	482,244	464,600	521,297	583,924
Operating profit before taxation	13,583	3,823	(6,672)	3,303	4,026
Profit after taxation	9,889	1,095	(7,483)	2,429	3,412
Minority Interests	(1,038)	728	256	301	(939)
Profit attributable to shareholders	8,851	1,823	(7,227)	2,730	2,473
Earnings per share (cents)	2.38	0.43	(1.61)	0.60	0.50
Return on shareholders' equity	18%	3%	-15%	5%	4%
Gross Dividend	4%	–	–	–	–
BALANCE SHEETS					
Shareholders' equity	48,779	58,387	49,629	60,153	61,912
Property, plant and equipmennt	3,564	3,966	2,960	2,225	1,916
Investment in associated company	97	146	4,727	3,818	5,653
Other Investments	868	871	–	–	168
Goodwill	622	4,512	2,978	2,128	2,128
Current assets	121,504	96,052	111,983	127,783	152,184
Current liabilities	(74,752)	(46,086)	(71,756)	(72,871)	(91,620)
Net current assets	46,753	49,966	40,227	54,912	60,564
Long-term liabilities	(341)	(948)	(312)	(214)	(6,102)
Minority Interests	(2,784)	(126)	(951)	(2,767)	(3,204)
Net assets employed	48,779	58,387	49,629	60,102	61,123
Net assets value per share (cents)	11.78	13.05	11.09	12.23	12.40

Director's Profile

HENRY LIM YONG CHOON
EXECUTIVE CHAIRMAN
CHIEF EXECUTIVE OFFICER & PRESIDENT
Achieva Limited

Mr. Henry Lim Yong Choon is the President and Chief Executive Officer of the Group. He is also a co-founder of Achieva and has founded several other companies including Hexon Technology Pte Ltd, where he is a concurrent Managing Director. He has also been the Deputy Managing Director of Eagle Aero Pte Ltd and a Staff Officer with the Republic of Singapore Navy. Mr. Lim graduated from the then Nanyang University in Singapore with a Bachelor of Science degree.

WILLIAM POK TAM SOON
CHIEF OPERATING OFFICER
Achieva Limited

Since January 2000, Mr. Pok Tam Soon has held the role of Chief Operating Officer within the Achieva Group. Prior to co-founding the Company, Mr. Pok was previously employed as the Managing Director of Yosure Singapore Pte Ltd ("Yosure"), a distributor of electronic components. Prior his engagement at Yosure, Mr. Pok was the Managing Director of Hamilton Electronics Pte. Ltd., an electronic components distributor and a company he co-founded. Before embarking on the entrepreneurial path of founding companies, Mr. Pok held various management positions at ST Microelectronics (formerly known as SGS-Thomson), including General Manager of its Taiwan branch. Mr. Pok holds a Bachelor of Science and a Masters degree in Electrical Engineering from the United Kingdom as well as a Graduate Diploma in Marketing Management.

RAYMOND HO CHEW THIM
CHIEF FINANCIAL OFFICER
Achieva Limited

Mr. Raymond Ho Chew Thim joined the Company as the Chief Financial Officer in July 2004 and was appointed as a director of the Company on 25 October 2004. He had previously held various senior financial positions in Poh Tiong Choon Logistics Ltd, China-Singapore Suzhou Development Co., Ltd, Deutsche Bank (Singapore Branch), L&M Group Investments Ltd, United Industrial Corporation Ltd and United Overseas Bank Limited. Mr. Ho holds a Bachelor of Accountancy (First Class Honours) Degree from the University of Singapore.

Director's Profile

LEW SYN PAU
MANAGING DIRECTOR
Stanbridge International Pte Ltd

Mr. Lew Syn Pau was appointed as an Independent non-executive Director of the Company in April 2000. He is also currently the Chairman of Ascendas Pte Ltd and Ascendas-MGM Funds Management Limited; an independent director of Golden Agri-Resources Ltd, Asia Food & Properties Ltd, Food Empire Holdings Ltd, Magnus Energy Group Ltd, Lafe Technology Ltd, Goodpack Limited, Poh Tiong Choon Logistics Ltd, RSH Limited, ArianeCorp Ltd, Guangzhao Industrial Forest Biotechnology Group Ltd and the non-executive director of Vision Century Ltd, Vision Century Corporation Ltd, Pacific Asset Management (S) Pte Ltd and Pairing Assets Ltd. He is also a Director of Capital Connections Pte Ltd. He is currently the President of the Singapore Manufacturers' Federation.

Mr. Lew was previously the General Manager and Senior Country Officer of Banque Indosuez (subsequently renamed Credit Agricole Indosuez). He has also held positions as director in Suez Asia Holdings Pte Ltd, Indosuez Asset Management (S) Ltd and Carr Indosuez Asia (S) Limited.

A Singapore Government scholar, Mr. Lew began his career with the Singapore Civil Service. He holds a Masters of Engineering degree from Cambridge University, United Kingdom and a Masters in Business Administration degree from Stanford University, United States of America. He was a Member of Parliament from 1988 to 2001.

GOH KIAN HWEE
PARTNER
Rajah & Tann

Mr. Goh Kian Hwee has been an Independent non-executive Director of the Company since April 2000. He is also an independent director of Hwa Hong Corporation Ltd, Hotel Negara Limited, MAE Engineering Ltd, Hong Leong Asia Ltd and Japan Land Ltd, Tenet Insurance Company Ltd and Hwa Hong Capital (Pte) Limited. Mr. Goh holds a LLB (Honours) degree from the University of Singapore and has been a practising lawyer since 1980.

PARTICULARS OF DIRECTORS AS AT 31 DECEMBER 2004

NAME OF DIRECTOR	ACEDEMIC & PROFESSIONAL QUALIFICATIONS	BOARD COMMITTEES (CHAIRMAN/ MEMBER)	DIRECTORSHIP: DATE FIRST APPOINTED DATE LAST RE-ELECTED	BOARD APPOINTMENT (EXECUTIVE/ NON-EXECUTIVE)	DUE FOR RE-ELECTION AT NEXT AGM
Mr. Henry Lim Yong Choon	Bachelor of Science	Chairman: Executive Committee Member: Audit Committee Nominating Committee Remuneration Committee	03.11.1993	Executive	–
Mr. William Pok Tam Soon	Bachelor of Science (Physics), Masters (Electrical Engineering) & Graduate Dip. in Marketing Management	Member: Executive Committee	26.02.1994 31.05.2002	Executive	Retirement pursuant to Article 110
Mr. Raymond Ho Chew Thim	B. Acc (1st Class Honours)	Member: Executive Committee	25.10.2004	Executive	Retirement pursuant to Article 120
Mr. Lew Syn Pau	M Sc (Engineering) & MBA	Chairman: Audit Committee Remuneration Committee Member: Nominating Committee	07.04.2000 31.05.2002	Independent	Retirement pursuant to Article 110
Mr. Goh Kian Hwee	LLB (Honours)	Chairman: Nominating Committee Member: Audit Committee Remuneration Committee	07.04.2000 28.04.2004	Independent	–

NOTES

(1) Information on directors' shareholdings in the Company and its related companies is set out on page 28 of the Directors' Report.
(2) Information on directorships or chairmanships in other listed companies and other major appointments is set out on page 13 to 14.

Key Executive's Profile

CHRISTOPHER NG CHEE SENG
SENIOR VICE PRESIDENT
Achieva Components Pte Ltd

Mr. Ng Chee Seng, a co-founder of the Company, joined the Group in 1995. He is the Senior Vice President of Achieva Components Pte Ltd. Prior to Achieva, Mr. Ng was the Marketing Director of Hamilton Electronics Pte. Ltd and Product Marketing Manager of ST Microelectronics (formerly known as SGS-Thomson) for South Asia Pacific.

Prior to ST Microelectronics, he held various engineering positions at AT&T Consumer Products Pte Ltd and Hitachi Consumer Products Pte Ltd. Mr. Ng holds a Diploma in Electrical Engineering and a Graduate Diploma in Business Administration.

MARK SOH ENG KUANG
VICE PRESIDENT
Achieva Electronics Pte Ltd

Mr. Soh Eng Kuang is the co-founder and Vice President of Achieva Electronics Pte Ltd. Before joining the Company in 1994, Mr. Soh was the Sales Manager at Dupont Singapore Pte Ltd Electronics Division (now known as FCI Pte Ltd). He was also a Marketing Executive at Behn Meyer Pte. Ltd. Mr. Soh holds a Bachelor of Science degree from the National University of Singapore and a Master of Business Administration degree from the University of San Francisco.

GUI YOCK MENG
SALES AND MARKETING
VICE PRESIDENT
Achieva Components Pte Ltd

Mr. Gui Yock Meng is a co-founder of Achieva Components Pte Ltd (ACPL) and has been with the Group since 1995. Mr. Gui is responsible for the management of ACPL's sales. He has previously held various positions in AMD Far East Limited, Creative Technology Limited and Hewlett Packard Asia Pacific Limited. Mr. Gui holds a Bachelor of Engineering (Hons) degree.

GARY OH CHON SENG
SENIOR DIRECTOR,
TECHNICAL MARKETING
Achieva Components Pte Ltd

Mr. Gary Oh Chon Seng is a co-founder of Achieva Components Pte Ltd (ACPL) and has been with the Group since 1995. Mr. Oh is responsible for technical marketing and also the technical liaison with the principals. He held prior roles as Sales and Applications Manager at Hamilton Electronics Private Limited and R&D Engineer at Thomson Consumer Electronics. Mr. Oh holds a Bachelor of Science (Hons) degree.

Key Executive's Profile

PHILIP TAN PHUAN LAM
GENERAL MANAGER
Achieva Components Sdn. Bhd.

Mr. Philip Tan Phuan Lam is a co-founder of Achieva Components Pte Ltd (ACPL) and a director of Achieva Components Sdn Bhd (ACSB), a Malaysia subsidiary of ACPL. Since joining the Group in 1996, he has been responsible for managing ACPL's Malaysia-based offices including sales operations, business development and budgeting. Mr Tan is also currently assisting to oversee the operations of Achieva Technology Sdn Bhd, a Malaysia subsidiary of Achieva Technology Pte Ltd.

Prior to joining the Group, Mr. Tan was the Sales Manager in Hamilton Electronics Sdn. Bhd., Malaysia. He was also the Senior Sales Engineer in Uraco Impex and Product Engineer in Texas Instructments Singapore Private Limited. Mr. Tan holds a Diploma in Electronics Engineering and a Master of Science (Electronics) degree.

STEPHEN LEE KAM CHI
GENERAL MANAGER
Achieva Technology Pte Ltd

Mr. Stephen Lee Kam Chi is a co-founder and Director of Achieva Technology Australia Pty Limited, an Australia subsidiary of Achieva Technology Pte Ltd (ATPL). Mr. Lee is currently responsible for the Achieva Technology sub-group operations and business development in the Asia Pacific region. Mr. Lee holds a Master of Business Administration degree and has been with the Group since 1998.

CHOO KWANG BERN
REGIONAL SALES DIRECTOR
Achieva Technology Pte Ltd

Mr Choo Kwang Bern is the Regional Sales Director of Achieva Technology Pte Ltd (ATPL) and a country manager of Achieva Technology Philippines Pte Ltd. He has been with the Group since 1999. Mr Choo is currently responsible for ATPL's products and sales management.

Mr Choo had previously worked in Powermatic Distribution Pte Ltd and Digiland Singapore Pte Ltd where he held various sales positions, the last being Product Manager. Mr Choo holds a Diploma in Sales and Marketing.

MR PETER WANG HUNG-HSIANG
GENERAL MANAGER
Achieva Components Taiwan Co., Ltd

Mr Peter Wang is a co-founder of Achieva Components Taiwan Co., Ltd (ACT), a subsidiary of Achieva Investments Pte Ltd. Mr Wang is currently responsible for the sales operation, business development and budgeting of ACT.

Prior to joining the Group, Mr Wang was a Director of Delta Electronics. He was also the General Manager of Tans Co., Ltd and the Sales Manager of ST Microelectronics Taiwan (formerly known as SGS-Thomson Taiwan). Mr Wang holds a Bachelor of Electrical Engineering Degree and has been with the Group since 2002.

Financial Contents

Achieva Limited is committed to maintaining a high standard of Corporate Governance so as to ensure greater transparency and protect the interests of its shareholders. This statement highlights the corporate governance practices with specific reference to the Code of Corporate Governance ("the Code") as prescribed by the Singapore Exchange Securities Trading Limited (SGX-ST)

The Board comprises the following members:

Mr. Henry Lim Yong Choon	(Executive Chairman, President & CEO)
Mr. William Pok Tam Soon	(Chief Operating Officer)
Mr. Raymond Ho Chew Thim	(Chief Financial Officer)
Mr. Lew Syn Pau	(Independent Director)
Mr. Goh Kian Hwee	(Independent Director)

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

Board of Directors and Attendance

The Board's statutory responsibility is to protect and enhance long-term shareholder value. The Board meets regularly to oversee the business affairs of the Group, supervise and approve the Group's strategic directions and financial objectives, major investments and funding decisions, review interested person transactions and monitors standard of performance, both directly and through specialized committees set up by the Board.

The number of Board meetings held in the year and meetings of specialized committees established by the Board are as follows:

MEETINGS	MAIN BOARD	AUDIT COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE
NO. OF MEETINGS HELD	4	4	1	1
		DIRECTOR'S ATTENDANCE		
Henry Lim Yong Choon	4	4	1	1
William Pok Tam Soon	4	NA	NA	NA
Raymond Ho Chew Thim *	1	NA	NA	NA
Allan Yong Heng Chong #	1	NA	NA	NA
Lew Syn Pau	4	4	1	1
Goh Kian Hwee	4	4	1	1

* Appointed as Executive Director on 25 October 2004.
\# Retired and did not offer himself for re-election during the AGM on 28 April 2004.

Internal Guidelines for Board Approval

The Board reviews and approves major financial transactions. Such transactions include the following:

- commitments to lines of credit from banks;
- revaluation of properties; and
- joint ventures, new businesses and alliances.

Training for Board Members

Board members are encouraged to attend seminars on these new laws and regulations.

With the exception of the independent directors, all the Board members made visits to a number of overseas operations during the year.

Principle 2: Board Composition and Balance

Under the Code, it is recommended that there should be a strong and independent element on the Board, with independent directors making up at least one-third of the Board. The Board currently consists of 5 members of whom the Board considers 2 as independent. Given the active participation of the Independent Directors on various committees set up by the Board, the Board believes its composition is appropriate and that its current size is reasonably effective and efficient considering the nature and size of the Group's activities. The Board will continually review the size of the Board to ensure compliance with the Code.

The Board has reviewed, and is satisfied that the Independent Directors are independent within the meaning of the Code, and no individual or small group of individuals dominate the Board's decision-making process.

The Board is of the view that the current Board comprises persons who as a group, provides core competencies necessary to meet the Group's objectives.

Key information on the Directors' academic and professional qualifications and other appointments are set out on page 13 to 15 of the annual report.

During the financial year, the Company and its related companies did not employ any immediate family members of a Director or the CEO.

Principle 3: Chairman and Chief Executive Officer

Mr. Henry Lim Yong Choon is both the Chairman and Chief Executive Officer ("CEO"). The Board is of the opinion that the separation of both roles is not necessary at this point in time after having considered the size and history of the Company.

The Chairman and CEO is responsible to the Board for the overall management and functioning of the Company.

SPECIALISED COMMITTEES

Principle 4: Board Membership

Nominating Committee

The Nominating Committee ("NC"), formed in November 2001, comprises 3 directors, 2 including the Chairman are independent and non-executive. The members are: Messrs Goh Kian Hwee (Chairman), Lew Syn Pau and Henry Lim Yong Choon.

The terms of reference of the NC are as follows:

- review of the Board structure, size and composition;
- recommend appointment and re-nominations and re-election of Directors;
- develop criteria for evaluating the performance of the Board as a whole and the individual Directors; and
- perform all other functions and responsibilities of the NC under the provisions of the Code.

Currently, the Directors submit themselves for re-nomination and re-election at regular intervals of at least once every 3 years.

Pursuant to Article 110 of the Company's Articles of Association, one third of the Directors for the time being (other than the Managing Director), or, if their number is not 3 or a multiple of 3, then the number nearest one-third, shall retire from office at the Company's Annual General Meeting ("AGM").

Retiring Directors are selected on the basis of those who have been longest in office since their last election, failing which they shall be selected by agreement or by lot.

Directors are allowed to hold directorships in companies outside the Group. The Board, based on recommendation from the NC, is of the view that the current level of multiple board representations by the directors does not hinder their ability to carry out their duties as directors of the Company. Furthermore, the Board felt that with multiple board representation, the directors are able to bring with them the experience and knowledge obtained from such board representation in other companies.

Principle 5: Board Performance

The Board has through its NC implemented formal assessments of the Board's performance as a whole and the contributions of individual Directors.

The Board annually evaluates the effectiveness of the Board and its individual directors.

The assessment for the Board's performance includes a review of the areas in which the NC believes the Board can make a better contribution to the governance of the Group e.g. in strategic planning, business decisions and financial matters.

Each Director completes an assessment form and the results are collated. The Board has met in executive session to discuss these assessments. The NC will utilize the results of the Board evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board.

For evaluation of individual Director's performance, each Director in addition to a peer assessment on a "no-name" basis is required to perform a self-assessment. Assessment criteria include Board attendance, preparedness, participation, candor and other contributions during Board meetings. The results of the peer assessment and self-assessment will be used for further development of each Director.

Board's performance criteria had not and would not change from year to year unless circumstances deemed it necessary and the onus would be on the Board to justify the decision on such change.

Principle 6: Access to information

Board members have complete access to senior management, who may be invited to attend Board meetings when deemed appropriate.

Prior to each meeting, the proposed agenda is circulated to each Board member. In addition, to the extent feasible and appropriate, information and data important to the members' understanding of the matters to be considered, including background summaries of presentations to be made at the meeting, will be distributed in advance of the meeting.

Currently, there is no formal procedure for the Directors to take independent and professional advice to discharge their duties. However, the Directors may on a case-to-case basis, propose to the Board on such a need at the Group's expense.

The Company Secretary attends all Board meetings, whose role includes inter alia, ensuring that Board procedures, applicable rules and regulations are complied with.

REMUNERATION MATTERS
Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

The Remuneration Committee ("RC"), formed in November 2001, comprises 3 directors, 2 including the Chairman are independent and non-executive. The members are: Messrs Lew Syn Pau (Chairman), Goh Kian Hwee and Henry Lim Yong Choon. Mr. Lew Syn Pau is the managing director of Stanbridge International Pte Ltd, which is a recruitment and consultancy firm.

All three members of the RC are experienced and knowledgeable in the field of executive compensation.

In consultation with the Chairman of the Board, this Committee:

- recommends to the Board a framework of remuneration for the Board members and key executives;
- determines the specific remuneration package for each executive Director and the CEO (if the CEO is not an executive director); and
- considers whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive schemes).

In setting remuneration packages, the RC takes into account the performance of the Group, as well as individual directors and key executives, aligning their interests with those of shareholders, and linking rewards to corporate and individual performance. The RC also considers pay and employment conditions within the industry and in comparable companies.

Executive Directors do not receive Director's fees. The non-executive Directors are paid Director's fees, subject to approval at the AGM. RC recommends to the Board non-executive Directors' fees that are appropriate to the level of contribution, taking into account factors such as effort and time spent, responsibilities of Directors and comparison of non-executive Directors' fees of companies with similar scale of operation and industry.

The breakdown of Executive Directors' remuneration and the remuneration of the top 5 executives of the Group (in addition to the remuneration of the Executive Directors) are not disclosed in the annual report due to confidentiality and avoidance of poaching of the Company's key staff.

AUDIT COMMITTEE
Principle 11: Audit Committee
Principle 12: Internal Controls
Principle 13: Internal Audit

The Audit Committee ("AC") comprises 3 directors, 2 including the Chairman are independent and non-executive. The members are: Messrs Lew Syn Pau (Chairman), Goh Kian Hwee and Henry Lim Yong Choon. The Board is of the view that given the current size and history of the Company, it is deemed not necessary to appoint another non-executive Director as the third member of the AC.

The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities.

During the financial year ended 31 December 2004 the Committee held 4 meetings. All the members were in attendance at each of these meetings. The internal auditor of the Company attended 3 of the AC meetings. The external auditors attended 2 of these meetings.

The terms of reference of the Committee include the following reviews:

- interim and annual financial statements and financial announcements;
- the audit plan, the external auditors' management letter, any reservations arising from the interim and final audits, and the scope and results of the external audit;
- independence and objectivity of the external auditors, consideration of their appointment, and their audit fee;
- the nature and extent of non-audit services performed by the external auditors;
- adequacy of the internal audit function, scope of internal audit work and audit program, and the co-ordination between the internal and external auditors;
- major findings of the internal auditors, management's responses and difficulties encountered during the course of the internal audit;
- effectiveness of the Company's material internal controls, on an annual basis, with management and the internal and/or external auditors;

- suspected fraud or irregularity, or suspected infringement of any Singapore law, rule and regulation, of which the Committee is aware, which has or is likely to have a material impact on the Company's or Group's operating results and/or financial position, and the findings of any internal investigations, and management's response thereto; and
- Interested Persons Transactions

The AC reviewed all non-audit services to the Group by the external auditors, and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. Independence of the external auditors is reviewed by the AC annually.

The Committee is also tasked to perform all other functions and responsibilities of an audit committee that may be imposed by the Companies Act (Cap 50), SGX-ST including the Code, and other relevant laws and regulations.

The Directors are responsible for the Group's system of internal controls, including financial controls, which is designed to provide reasonable assurance regarding:

- the maintenance of proper accounting records and the reliability of financial information used within or published by the Group; and
- the safeguarding of the Group's assets against unauthorised use or loss.

In reviewing the effectiveness of the system of internal controls, the Board has taken into account the results of all the work carried out to audit and review the activities of the Group.

The key features of the control environment are as follows:

- terms of reference for the Board and each of its committees;
- clear organisational structure, with documented delegation of authority from the Board to executive management;
- code of Business Conduct which conveys ethical values and establishes the norms of business behaviours throughout the Group;
- defined procedures for the approval of major transactions; and
- regular liaison between executive directors and operational management.

The Board has reviewed the effectiveness of the Group's internal control systems and believes that, in the absence of any evidence to the contrary, the system of internal controls maintained by the Group's management and that was in place throughout the year to which these financial statements apply and up to and as of the date of their approval, is adequate to meet the needs of the Group in its current business environment.

The system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

However, the Board notes that no system of internal controls could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The internal auditor performs financial audits and audits of other management processes. Tests are conducted to verify the Group's assets and liabilities and to check compliance with the Company's system of internal financial controls.

The internal auditor's primary line of reporting is to the Chairman of the AC.

The Internal Auditor would normally issue a summary of its findings and reports to the Audit Committee at least 4 times a year, and sends copies of its detailed reports to the Chairman of the Board. The internal auditor meets the professional standards set out in the Code.

COMMUNICATIONS WITH SHAREHOLDERS

Principle 10: Accountability and Audit
Principle 14: Communication with Shareholders
Principle 15: Promoting Greater Participation by Shareholders

The Board of Director is accountable to the shareholders and while the Management of the Company is accountable to the Board. The Company currently holds a media and analysis briefing upon release of its half-year and full-year results. The Company did not adopt quarterly reporting due to the waiver of mandatory quarterly reporting by the Singapore Stock Exchange for company with market capitalization less than S$75 million as at 31 March 2003.

The Company has appointed on a retainer basis a public relations firm to assist in its communications with the shareholders. The CEO, CFO and the public relations firm communicate regularly with analysts and the public relations firm monitors the dissemination of material information to ensure that it is disclosed to the market in a timely manner and a non-selective basis. It has a corporate website http://www.achieva.com.sg where corporate news, announcements and press releases are posted.

All shareholders of the Company receive a copy of the annual report and notice of AGM. The notice is also advertised in the newspaper and made available on the website. At AGMs, shareholders are given the opportunity to air their views and ask Directors or management questions regarding the Company.

The Articles allow a shareholder of the Company to appoint proxy/proxies to attend and vote at all general meetings on his/her behalf.

The Board and the external auditors are present and available to address questions at the Company's General Meetings.

DEALINGS IN SECURITIES

The Company has in place a policy on securities transactions by officers of the Company and its subsidiaries, which are set out in the Group's intranet. All officers of the Group are reminded not to deal during the period commencing one month before the announcement of the Company's annual or half-year results, as the case may be, and ending on the date of the announcement of the relevant results.

RISK MANAGEMENT

The Group is exposed to a number of possible risks, which may arise from economic, business, market and financial factors, and developments that may have adverse impact on the Group's future performance. These risks may be summarized as follows:

Dependence on Key Personnel

The Group's success has been largely due to the contributions from certain key management personnel. Particulars of the key management executives are set out on page 16 to 17 of the Directors' Report.

These key management executives are expected to continue to play an important role in the continuing development and growth of the Group.

The loss of their services may cause some disruptions to the Group's operations and affect adversely the Group's profitability as they are instrumental in securing new and maintaining existing distributorship and sales representatives agreements or arrangements.

The Group manages the risk of loss of services of key personnel by providing remuneration packages which are competitive within the industry, offering a challenging and stimulating work environment and implementing human resource programs designed to build corporate loyalty.

Country Risks

As the group has operations in countries including Australia, Malaysia, Singapore, Taiwan, Korea, India, Vietnam, Thailand, Philippines, Indonesia, and the People's Republic of China (including Hong Kong), it is extremely dependent on the economic growth and political stability in these countries. Any adverse change in the economic, political, legal or regulatory environments in these countries may have an adverse effect on the Group's performance, financial conditions and results of operations.

The Group manages the risk on international operations through diversification of countries in which it operates.

Changes in Technologies

The electronics industry is subject to technological changes, which may render the products distributed by the Group uncompetitive or obsolete.

The Group manages the risk of technology obsolescence by investing and encouraging the relevant management staff to attend product related technical training so as to keep abreast of market developments.

In addition to the above, the financial risk management is disclosed in Note 28 to the financial statements.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Company's interested person transactions.

The Audit Committee reviewed the interested person transactions conducted during the financial year ended 31 December 2004. These transactions were transacted at arm's length.

Disclosure according to Rule 907 of the SGX-ST in respect of interested person transactions for the financial year ended 31.12.2004 is stated in the following table:-

Interested Person Transactions

NAME OF INTERESTED PERSON	AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS DURING THE FINANCIAL YEAR UNDER REVIEW (EXCLUDING TRANSACTIONS LESS THAN S$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 (EXCLUDING TRANSACTIONS LESS THAN S$100,000)	
	YEAR 2004 S$'000	YEAR 2003 S$'000	YEAR 2004 S$'000	YEAR 2003 S$'000
Henry Lim Yong Choon	147	1,128	–	–

Except as disclosed above, there are no material contracts entered by the Company or its subsidiaries involving the interest of the CEO, directors or controlling shareholders either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous year.

In year 2004, the Board adopted the Shareholders' Mandate in relation to Interested Person Transactions.

The Shareholders' Mandate is to allow the Group to enter into interested person transactions with the Interested Persons as the corporate relationship between the Group and the Interested Persons allows the Group to better assess the creditworthiness of the Interested Persons, as well as the reliability of the supplies and sales of products and services by the Interested Persons.

The obtaining of the Shareholders' Mandate and the renewal of the same on an annual basis would eliminate the need for the Company to announce, or to announce and convene separate general meetings from time to time to seek Shareholders' prior approval as and when potential Interested Person Transactions with the Interested Persons arise, thereby reducing substantially administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Company and/or adversely affecting the business opportunities available to the Achieva Group. In addition, this will considerably improve administrative efficacy.

The Shareholders' Mandate is intended to facilitate transactions in the normal course of business of the Achieva Group which are transacted from time to time with the Interested Persons, provided that they are carried out at arm's length and on the Achieva Group's normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

CODE OF BUSINESS CONDUCT

The directors, officers and employees are required to observe and maintain high standards of integrity, as are in compliance with the law and the regulations, and company policies.

The Directors present their report together with the audited financial statements of Achieva Limited (the "Company") and its subsidiary companies (the "Group") for the year ended 31 December 2004.

1. DIRECTORS

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

Henry Lim Yong Choon	(Executive Chairman)
William Pok Tam Soon	
Raymond Ho Chew Thim	(appointed on 25.10.2004)
Lew Syn Pau	(Independent Director)
Goh Kian Hwee	(Independent Director)

In accordance with Article 110 of the Company's Articles of Association, William Pok Tam Soon and Lew Syn Pau retire and, being eligible, offer themselves for re-election.

In accordance with Article 120 of the Company's Articles of Association, Raymond Ho Chew Thim retires and, being eligible, offers himself for re-election.

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described in paragraph 5 below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, the following Directors of the Company who held office at the end of the financial year had an interest in the shares of the Company and related corporations as stated below:

	HOLDING REGISTERED IN THE NAMES OF DIRECTORS		
NAME OF DIRECTOR	AT 1.1.2004	AT 31.12.2004	AT 21.1.2005
THE COMPANY	ORDINARY SHARES OF $0.05 EACH		
Achieva Limited			
Henry Lim Yong Choon	106,412,009	109,357,009	110,862,009
William Pok Tam Soon	33,638,397	33,638,397	33,638,397
SUBSIDIARY COMPANY	ORDINARY SHARES OF NT$10.00 EACH		
Achieva Components Taiwan Co., Ltd			
William Pok Tam Soon	200,000	200,000	200,000

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

Except as disclosed above, there was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2005.

By virtue of Section 7 of the Companies Act, Cap. 50, Mr. Henry Lim Yong Choon with the above shareholdings is deemed to have interests in shares of the subsidiaries of the Company.

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

4. DIRECTORS CONTRACTUAL BENEFITS

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

5. OPTIONS

(a) Achieva Share Option Agreement

On 19 May 2000, the Company entered into an agreement with 10 selected employees of the Group, namely the Achieva Share Option Agreement (the "SOA"), pursuant to which options to subscribe for an aggregate of 2,100,000 shares were granted to 10 selected employees of the Group on a one-off basis at a consideration of $1.00 for each employee.

The options were granted with an exercise price of $0.10 per share. Such exercise price is approximately equal to the net tangible asset per share as at 31 December 1999.

The employees may exercise the options to subscribe for not more than 40% of the shares under such options on or after the date falling 2 years from the date of the Company being admitted to the Official List of SGX-ST (1 June 2000) and may exercise the options to subscribe for the remaining shares on or after the date falling 3 years from 1 June 2000, provided that:

(i) no options shall be exercisable after 31 May 2004; and

(ii) the exercising employee remains an employee on the date of the exercise.

The Directors who have been appointed to administer the SOA are Mr. Henry Lim Yong Choon and Mr. William Pok Tam Soon who are not participants of the SOA.

At the end of the financial year, no options were outstanding.

5. **OPTIONS** (cont'd)

DATE OF GRANT	BALANCE AT 1.1.2004	CANCELLED	EXERCISED	BALANCE AT 31.12.2004	EXERCISE PRICE	EXPIRY DATE
	NUMBER OF UN-ISSUED ORDINARY SHARES OF $0.05 EACH					
19.5.2000	100,000	–	100,000	–	$0.10	31.5.2004

(b) ***Share Options Scheme***

The Share Options Scheme ("SOS") for the Non-Executive Directors and all employees of the Group was approved by the members of the Company at an Extraordinary General Meeting held on 31 May 2001. Pursuant to the SOS, all the options granted will have a maximum term of 10 years from the date of the grant. The exercise price is at:

(i) a price which is equivalent to the Market Price or the nominal value of the Shares at the date of grant, whichever is greater; or

(ii) a price which is set at a discount to the market price, or the nominal value of the shares at the date of grant, whichever is greater, provided that the maximum discount shall not exceed 20% of the market price.

The options will vest one year after the date of grant.

The Committee administrating the scheme comprises the following Directors:

Henry Lim Yong Choon
Lew Syn Pau (Independent Director)
Goh Kian Hwee (Independent Director)

During the financial year, in consideration of the payment of $1.00, offer of options was granted to an employee pursuant to the scheme in respect of 900,000 un-issued ordinary shares of $0.05 each in the Company at an offering price of $0.19 per share.

At the end of the financial year, options to take up 26,710,451 un-issued ordinary shares of $0.05 each in the Company were outstanding:

DATE OF GRANT	BALANCE AT DATE OF GRANT/ 1.1.2004	CANCELLED	EXERCISED	BALANCE AT 31.12.2004	EXERCISE PRICE	EXPIRY DATE
	NUMBER OF UN-ISSUED ORDINARY SHARES OF $0.05 EACH					
18.10.2001	8,495,000	1,989,000	1,765,000	4,741,000	$0.1240	18.10.2011
28.06.2002	900,000	–	–	900,000	$0.1330	28.06.2012
30.12.2002	14,008,000	1,907,000	2,443,500	9,657,500	$0.0933	30.12.2012
04.06.2003	1,500,000	–	–	1,500,000	$0.0925	04.06.2013
22.08.2003	11,016,951	2,005,000	–	9,011,951	$0.1300	22.08.2013
10.05.2004	900,000	–	–	900,000	$0.1900	10.05.2014
	36,819,951	5,901,000	4,208,500	26,710,451		

5. **OPTIONS** (cont'd)

These options do not entitle the holders to participate, by virtue of the options, in any share issue of any other corporation.

The details of options granted and exercised under the SOS are as follows:

NAME OF PARTICIPANTS	OPTIONS GRANTED DURING THE FINANCIAL YEAR UNDER REVIEW	AGGREGATE OPTIONS GRANTED SINCE COMMENCEMENT OF SCHEME TO END OF FINANCIAL YEAR UNDER REVIEW	AGGREGATE OPTIONS EXERCISED SINCE COMMENCEMENT OF SCHEME TO END OF FINANCIAL YEAR UNDER REVIEW	OPTIONS LAPSED	AGGREGATE OPTIONS OUTSTANDING AT END OF FINANCIAL YEAR UNDER REVIEW
Directors of the Company					
Henry Lim Yong Choon	900,000	3,300,000	–	–	3,300,000
William Pok Tam Soon	–	1,210,000	–	–	1,210,000
Lew Syn Pau	–	440,000	–	–	440,000
Goh Kian Hwee	–	440,000	–	–	440,000
Controlling shareholder of the Company					
Henry Lim Yong Choon	900,000	3,300,000	–	–	3,300,000

The following employees received 5% or more of the total number of options granted under the SOS:

Henry Lim Yong Choon	900,000	3,300,000	–	–	3,300,000
Ng Chee Seng	–	3,630,000	–	–	3,630,000
Gui Yock Meng	–	2,820,000	950,000	–	1,870,000

Saved as disclosed above, no employee has received 5% or more of the total number of options available under the SOS.

No option has been granted at a discount since implementation of the Scheme.

(c) ***Subscription agreement***

The Company entered into a subscription agreement with Mr Michael Loh on 20 October 2003, pursuant to which the Company granted an option to Mr Michael Loh to subscribe for up to 39,000,000 new ordinary shares of $0.05 each in the Company at an exercise price of $0.23 per share. The option may be exercised by Mr Michael Loh at any time and from time to time during a period of 2 years commencing from the date of the subscription agreement in accordance with the terms thereof. No options have been exercised or cancelled and no additional options have been granted during the year.

6. AUDIT COMMITTEE

The Audit Committee performed the functions specified in the Companies Act. The functions performed are detailed in the Report on Corporate Governance.

7. AUDITORS

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

On behalf of the Board,

Henry Lim Yong Choon
Director

Raymond Ho Chew Thim
Director

Singapore
18 March 2005

Statement by Directors
Pursuant to Section 201(15)

We, Henry Lim Yong Choon and Raymond Ho Chew Thim, being two of the Directors of Achieva Limited, do hereby state that, in the opinion of the Directors:

(a) the accompanying balance sheets, profit and loss accounts, statement of changes in equity and consolidated cash flow statement together with the notes thereto, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2004, the results of the business and changes in equity of the Company and of the Group, and the cash flows of the Group for the year then ended, and

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

On behalf of the Board,

Henry Lim Yong Choon
Director

Raymond Ho Chew Thim
Director

Singapore
18 March 2005

Auditors' Report

to the Members of Achieva Limited

We have audited the accompanying financial statements of Achieva Limited (the "Company") and its subsidiary companies (the "Group") set out on pages 35 to 80 for the year ended 31 December 2004. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the financial statements of the Group and of the Company are properly drawn in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2004, the results and changes in equity of the Company and of the Group, and the cash flows of the Group for the financial 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 subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
18 March 2005

(In Singapore dollars)

Profit and Loss Accounts
for the financial year ended 31 December 2004

	NOTE	GROUP 2004 $'000	GROUP 2003 $'000	COMPANY 2004 $'000	COMPANY 2003 $'000
Revenue	3	583,924	521,297	820	625
Cost of sales		(551,893)	(500,580)	–	–
		32,031	20,717	820	625
Other revenue	4	1,716	2,752	651	534
Personnel expenses		14,619	12,200	1,148	1,135
Facilities expenses		1,545	1,312	176	190
Selling expenses		4,484	3,260	–	–
Administrative expenses		3,657	4,301	648	301
Operating expenses		(24,305)	(21,073)	(1,972)	(1,626)
Profit/(loss) before provisions		9,442	2,396	(501)	(467)
Provision for doubtful debts, net	14	(4,873)	(1,434)	–	–
Write back of provision for diminution in value of note receivable	15	–	965	–	–
(Provision for)/write back of stock obsolescence, net	13	(785)	140	–	–
Profit/(loss) from operating activities	5	3,784	2,067	(501)	(467)
Financial (expenses)/gain, net	6	(2,145)	1,781	(554)	(288)
Gain on change of interest in subsidiary companies, net	10	75	85	–	–
Gain on dilution of interest in an associated company	11	110	–	–	–
Gain on liquidation of a subsidiary company		43	25	–	–
Share of profits/(losses) of associated companies	11	2,159	(655)	–	–
Profit/(loss) before taxation		4,026	3,303	(1,055)	(755)
Taxation	7	(614)	(874)	–	(35)
Profit/(loss) after taxation		3,412	2,429	(1,055)	(790)
Minority interests		(939)	301	–	–
Profit/(loss) for the financial year		2,473	2,730	(1,055)	(790)
Basic earnings per share (in cents)	8	0.50	0.60		
Diluted earnings per share (in cents)	8	0.49	0.60		

The accounting policies and explanatory notes on pages 42 to 80 form an integral part of the financial statements.

Balance Sheets
as at 31 December 2004

(In Singapore dollars)

	NOTE	GROUP 2004 $'000	GROUP 2003 $'000	COMPANY 2004 $'000	COMPANY 2003 $'000
Non-current assets					
Property, plant and equipment	9	1,916	2,225	904	1,153
Investment in subsidiary companies	10	–	–	27,124	27,124
Investment in associated companies	11	5,653	3,818	–	–
Other investment		168	–	–	–
Loans to subsidiary companies	16	–	–	8,180	–
Goodwill	12	2,128	2,128	–	–
Deferred tax assets	22	789	51	–	–
		10,654	8,222	36,208	28,277
Current assets					
Stocks	13	52,734	35,775	–	–
Trade debtors	14	69,810	67,757	–	–
Other debtors	15	4,913	5,994	396	226
Amounts due from subsidiary companies	16	–	–	15,138	25,053
Amounts due from related parties	17	41	66	41	–
Fixed deposits	24	6,228	4,348	4,583	400
Cash and bank balances	24	18,458	13,843	1,419	798
		152,184	127,783	21,577	26,477
Deduct : Current liabilities					
Amounts due to bankers, unsecured	18	31,169	35,747	–	–
Trade creditors		51,742	30,200	–	–
Other creditors and accruals	19	7,103	5,946	364	542
Amounts due to subsidiary companies (non-trade)	16	–	–	4,314	6,865
Amounts due to related parties (non-trade)	17	43	1	–	–
Obligations under finance lease contracts	20	105	113	60	84
Provision for taxation		1,458	864	–	–
		91,620	72,871	4,738	7,491
Net current assets		60,564	54,912	16,839	18,986

(In Singapore dollars)

Balance Sheets
as at 31 December 2004

	NOTE	GROUP 2004 $'000	GROUP 2003 $'000	COMPANY 2004 $'000	COMPANY 2003 $'000
Non-current liabilities					
Obligations under finance lease contracts	20	131	158	10	94
Convertible bond	21	5,922	–	5,922	–
Deferred tax liabilities	22	49	56	39	39
		(6,102)	(214)	(5,971)	(133)
		65,116	62,920	47,076	47,130
Equity					
Share capital	23	24,957	24,589	24,957	24,589
Reserves		36,955	35,564	22,119	22,541
		61,912	60,153	47,076	47,130
Minority interests		3,204	2,767	–	–
		65,116	62,920	47,076	47,130

The accounting policies and explanatory notes on pages 42 to 80 form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2004

(In Singapore dollars)

	SHARE CAPITAL $'000	SHARE PREMIUM $'000	CAPITAL RESERVE $'000	ACCUMULATED PROFITS/ (LOSSES) $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	TOTAL $'000
Group						
Balance at 31 December 2002	22,383	20,682	502	5,629	433	49,629
Gain/(loss) not recognised in the profit and loss account						
- Foreign currency translation	–	–	–	–	(773)	(773)
- Fee received for options granted during the year	–	–	390	–	–	390
Issue of shares at a premium	2,206	5,971	–	–	–	8,177
Profit for the financial year	–	–	–	2,730	–	2,730
Balance at 31 December 2003	24,589	26,653	892	8,359	(340)	60,153
Gain/(loss) not recognised in the profit and loss account						
- Foreign currency translation	–	–	–	–	(1,715)	(1,715)
Issue of shares at a premium	368	546	–	–	–	914
Convertible bond – equity component	–	–	87	–	–	87
Profit for the financial year	–	–	–	2,473	–	2,473
Balance at 31 December 2004	24,957	27,199	979	10,832	(2,055)	61,912

(In Singapore dollars)

Statements of Changes in Equity

for the financial year ended 31 December 2004

	SHARE CAPITAL $'000	SHARE PREMIUM $'000	CAPITAL RESERVE $'000	ACCUMULATED PROFITS/ (LOSSES) $'000	TOTAL $'000
Company					
Balance at 31 December 2002					
Gain/(loss) not recognised in the profit and loss account	22,383	20,682	–	(3,712)	39,353
- Fee received for options granted during the year	–	–	390	–	390
Issue of shares at a premium	2,206	5,971	–	–	8,177
Loss for the financial year	–	–	–	(790)	(790)
Balance at 31 December 2003	24,589	26,653	390	(4,502)	47,130
Issue of shares at a premium	368	546	–	–	914
Convertible bond – equity component	–	–	87	–	87
Loss for the financial year	–	–	–	(1,055)	(1,055)
Balance at 31 December 2004	24,957	27,199	477	(5,557)	47,076

The accounting policies and explanatory notes on pages 42 to 80 form an integral part of the financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2004

(In Singapore dollars)

	2004 $'000	2003 $'000
Cash flows from operating activities :		
Profit before taxation	4,026	3,303
Adjustments for :		
Share of (profits)/losses of associated companies	(2,159)	655
Depreciation	860	968
Amortisation of goodwill	–	816
Gain on liquidation of a subsidiary company	(43)	(25)
Gain on change of interest in subsidiary companies, net	(75)	(85)
Write back of provision for diminution in value of note receivable	–	(965)
Property, plant and equipment written off	45	2
Gain on dilution of interest in an associated company	(110)	–
Losses of a subsidiary company diluted to an associated company	–	501
Gain on disposal of property, plant and equipment	(13)	(10)
Interest expense	1,038	867
Interest income	(334)	(327)
Currency realignment	(1,458)	(672)
Operating income before reinvestment in working capital	1,777	5,028
Increase in stocks	(16,959)	(8,043)
Increase in debtors	(1,753)	(17,148)
Increase in creditors and trust receipts	18,226	4,135
Cash provided by/(used in) operations	1,291	(16,028)
Interest paid	(1,022)	(867)
Interest received	461	200
Income taxes paid	(865)	(1,375)
Net cash used in operating activities	(135)	(18,070)
Cash flows from investing activities :		
Purchase of property, plant and equipment	(510)	(546)
Proceeds from sale of property, plant and equipment	26	182
Fees paid for liquidation of a subsidiary company	–	(48)
Repayment of note receivable	745	179
Investment in an associated company	–	(311)
Net cash provided by/(used in) investing activities	261	(544)

(In Singapore dollars)

	2004 $'000	2003 $'000
Cash flows from financing activities :		
Repayment of finance lease	(155)	(114)
Advances from/(repayment to) related parties	67	(292)
Proceeds from issuance of shares of subsidiary companies	–	202
Option fee received	–	390
Proceeds from issuance of convertible bond	6,000	–
Proceeds from issuance of shares of the Company pursuant to the options scheme	457	8,177
Net cash provided by financing activities	6,369	8,363
Net increase/(decrease) in cash and cash equivalents	6,495	(10,251)
Cash and cash equivalents at beginning of year	18,191	28,442
Cash and cash equivalents at end of year (note 24)	24,686	18,191

The assets and liabilities of the associated company and subsidiary companies diluted and liquidated are not disclosed as they are not material.

The accounting policies and explanatory notes on pages 42 to 80 form an integral part of the financial statements.

1. CORPORATE INFORMATION

Achieva Limited is a public limited liability company listed on the Singapore Exchange, which is incorporated and domiciled in the Republic of Singapore.

The registered office of the company is located at 240 MacPherson Road, #02-03/04 Pines Industrial Building, Singapore 348574.

The principal activities of the Company are those of investment holding and provision of management services. The activities of the subsidiary companies are disclosed in note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

As of the financial year ended 31 December 2004, the Group and the Company employed 364 and 14 (2003: 327 and 12) employees respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act, Cap. 50.

The financial statements have been prepared on a historical cost basis.

The preparation of the financial statements in conformity with FRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

The accounting policies applied by the Company and the Group are consistent with those used in the previous financial year, except for the changes in accounting policies discussed in (c) and (p) below.

The financial statements are presented in Singapore Dollars (SGD or $).

(b) *Principles of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies, after the elimination of all material intragroup transactions and resulting unrealised profits. Unrealised losses resulting from intragroup transactions are also eliminated unless costs cannot be recovered.

Subsidiary companies are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which the group cease to have control of the subsidiaries. Acquisitions of subsidiary companies are accounted for using the purchase method of accounting.

The financial statements of the subsidiary companies are prepared for the same reporting period as the parent company, using consistent accounting policies.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(c) Goodwill

Prior to 1 January 2004

Any excess of the consideration paid over the fair values of the identifiable net assets of businesses acquired (positive goodwill) is included in goodwill and is amortised on a straight line basis over 5 years. Goodwill is stated at cost less accumulated amortisation and any impairment losses.

Any excess of fair values of the identifiable net assets acquired over the consideration paid (negative goodwill) is recorded as follows:

(i) to the extent that negative goodwill relates to expectation of future losses, it is recognised as income in the profit and loss account when those future losses occur; and

(ii) to the extent that negative goodwill does not relate to expectation of future losses, the amount not exceeding the fair values of identifiable non-monetary assets acquired is recognised as income in the profit and loss accounts on a systematic basis over the remaining weighted average useful life of those non-monetary assets. Any amount in excess of identifiable non-monetary assets is recognised as income immediately.

Change in accounting policies

With effect from 1 January 2004, the Group has changed its accounting policy to early adopt FRS 103 Business Combinations. The early adoption of FRS 103 also requires the early adoption of revised FRS 36 Impairment of Assets and revised FRS 38 Intangible Assets.

The early adoption of the above FRSs resulted in a change in the accounting treatment for goodwill. FRS 103 requires goodwill acquired in a business combination to be measured at cost less any accumulated impairment losses. Goodwill shall no longer be amortised, instead, impairment is tested annually, or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The adoption of FRS 103 has resulted in the Group ceasing annual goodwill amortisation and to test for impairment annually at the cash-generating unit level (unless an event occurs during the year which requires the goodwill to be tested more frequently) from 1 January 2004. The transitional provisions of FRS 103 have required the Group to eliminate the carrying amount of the accumulated amortisation of $1,862,000 by netting off the amount against the cost of goodwill as well as the cessation of goodwill amortisation charge to the consolidated profit and loss account of $793,000 for the year. The amount of goodwill amortisation charged to the consolidated profit and loss account for 2003 was $816,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) *Subsidiary companies*

A subsidiary company is a company in which the group, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less impairment loss.

(e) *Associated companies*

An associated company is defined as a company, not being a subsidiary, in which the Group has a long term interest of not less than 20% nor more than 50% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

The Group's investments in associated companies are accounted for using equity method. The Group's investments in associated companies include goodwill (net of amortisation) on acquisition, which is treated in accordance with the accounting policy for goodwill stated in (c) above.

The most recent available audited financial statements of the associated companies are used by the Group in applying the equity method. In the company's separate financial statements, investments in associated companies are accounted for at cost less impairment losses.

(f) *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss accounts.

When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Depreciation

Depreciation is calculated on the straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Office equipment, computer, furniture and fittings	-	2 - 5	years
Motor vehicle	-	5	years
Renovation	-	3 - 5	years
Freehold property	-	100	years
Machinery and tools	-	3 - 5	years

Fully depreciated assets are retained in the financial statements until they are no longer in use. No further charge for depreciation is made in respect of these assets.

(h) Leased assets

(i) Finance lease

Where assets are financed by lease agreements that give rights approximating to ownership (finance leases), the assets are capitalised under property, plant and equipment as if they had been purchased outright at the values equivalent to the present values of total rental payable during the periods of the leases and the corresponding lease commitments are included under liabilities.

Lease payments are treated as consisting of capital and interest elements and the interests are charged to the profit and loss account.

Depreciation on the relevant assets is charged to profit and loss account on the basis outlined in paragraph 2(g).

(ii) Operating lease

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases.

Annual rental on operating leases is charged to the profit and loss account.

(i) Other investment

Investments held on a long-term basis are stated at cost. Provision is made for any diminution in value other than temporary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) *Stocks*

Stocks held for resale are stated at the lower of cost and net realisable value. Cost is arrived at on the first-in, first-out basis. Net realisable value is the estimated selling price less anticipated cost of disposal and after making allowance for damaged, obsolete and slow-moving items.

(k) *Trade and other debtors*

Trade and other debtors are recognised and carried at original invoiced amount less an allowance for any un-collectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from subsidiary companies and related parties are recognised and carried at cost less an allowance for any un-collectible amounts.

(l) *Cash and cash equivalents*

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

Short-term deposits, which are held to maturity, are carried at amortised cost.

For the purpose of the statement of cash flows, cash and cash equivalents are shown net of outstanding bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

(m) *Trade and other creditors*

Trade and other creditors are carried at cost, which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Payables to subsidiary companies and related parties are carried at cost.

(n) *Loans and borrowings*

All loans and borrowings are recognised at cost, being the fair value of the consideration received and includes associated acquisition charges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) *Income taxes*

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiary companies and associated companies, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax losses and unabsorbed capital allowances, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax losses and unused tax credits can be utilised.

At each balance sheet date, the Group re-assess unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

(p) *Foreign currencies*

The Company's measurement currency is the Singapore dollar (SGD), which reflects the economic substance of the underlying events and circumstances of the Company.

Transactions in currencies other than SGD are treated as transactions in foreign currencies and are recorded at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at the transaction dates. All resultant exchange differences are recognised in the profit and loss account.

Assets and liabilities of entities whose measurement currency is not SGD are translated into SGD equivalents at exchange rate ruling at balance sheet date. Revenues and expenses are translated at average rates for the year, which approximate the exchange rates at the dates of transactions. All resultant exchange differences are taken directly to equity. On disposal of the entity, accumulated exchange differences are recognised in the profit and loss account as a component of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the acquiring entity and are recorded at the exchange rates ruling at the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Foreign currencies (cont'd)

Change in accounting policy

The Group has adopted revised FRS 21 The Effects of Changes in Foreign Exchange Rates with effect from 1 January 2004. In accordance with FRS, early adoption is encouraged, and must be applied retrospectively from 1 January 2004.

The early adoption of revised FRS 21 resulted in a change in the accounting treatment for exchange differences arising on monetary items that are deemed to be quasi equity. The revised FRS 21 requires exchange differences arising from such quasi equity to be recognised in the profit or loss in the Company's financial statements and be included in a separate component of equity in the Group's financial statements.

The adoption of revised FRS 21 has resulted in the Company recognising an exchange loss of $385,000 in the Company's profit and loss account for the current year. There is no impact on the Group's and the Company's financial statements for the comparative period resulting from the change in the accounting policy.

(q) Revenue recognition

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

Revenue from commission, marketing and management fees and interest income are recognised on accrual basis.

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

(r) Employee benefits

The Company has in place the Achieva Limited Share Option Scheme for the granting of share options to eligible employees of the Group to subscribe for ordinary shares in the Company. There is no charge to the profit and loss statement upon the grant or exercise of the options as the exercise price approximates the market value of the shares at the date of grant. Details of the Scheme are disclosed in note 23 to the financial statements.

Defined contribution plan

As required by law, the companies in Singapore make contributions to the state pension scheme, the Central Provident Fund (CPF). Certain of the Group's companies outside Singapore make contributions to their respective countries' pension scheme. Such contributions are recognised as compensation expenses in the same period as the employment that gives rise to the contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) *Employee benefits* (cont'd)

Employee leave entitlement

Liabilities for annual leave are recognised and are measured as the amount unpaid at the balance sheet date at current pay rates in respect of employee's services up to that date.

Employee entitlements expected to be settled within one year together with entitlement arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

(s) *Borrowing costs*

Borrowing costs are charged to the profit and loss account when incurred.

(t) *Impairment of assets*

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the profit and loss account.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

(u) *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) where as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(w) *Convertible bonds*

When convertible bonds are issued, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is shown as a non-current liability on the amortised cost basis until extinguished on conversion or maturity of bonds. The remainder of the proceeds is allocated to the conversion option which is recognised at fair value and included in shareholders' equity; the value of the conversion option is not changed in subsequent periods.

3. REVENUE

Revenue of the Company represents management fee income and dividend income. Revenue of the Group represents the invoiced value of goods supplied and services rendered to customers less returns and discounts, and sales commission income.

Transactions within the Group have been excluded from the Group's revenue.

	GROUP		COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Sale of goods	583,337	520,466	–	–
Commission income	587	831	–	–
Management fees received from subsidiary companies	–	–	–	192
Dividend income received from subsidiary companies	–	–	820	433
	583,924	521,297	820	625

4. OTHER REVENUE

	GROUP		COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Interest income:				
- bank	302	200	36	1
- subsidiary companies	–	–	445	308
- other	32	127	–	–
	334	327	481	309
Marketing fees received	1,003	744	–	–
Management fees received	39	387	–	–
Rental income	44	34	136	157
Gain on disposal of property, plant and equipment	13	10	–	–
Service fees received	36	–	–	–
Other miscellaneous income	247	1,250	34	68
	1,716	2,752	651	534

5. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

	GROUP		COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Profit/(loss) from operating activities is stated after charging :				
Auditors' remuneration:				
- auditors of the Company:				
- current year	134	115	60	50
- under provision in prior year	4	7	3	5
- other auditors	83	57	–	–
Non-audit fees paid to:				
- other auditors	49	53	48	–
Professional fees paid to a firm of which a director is a member	20	–	20	–
Directors' emoluments:				
- CPF	36	54	21	37
- salaries, bonus and other costs	780	995	456	581
Staff cost (excluding Directors):				
- CPF and other defined contributions	850	934	65	68
- salaries, bonus and other costs	12,728	10,085	600	448
Amortisation of goodwill	–	816	–	–
Rental expense	1,213	1,001	129	156
Property, plant and equipment written off	45	2	–	–

For the financial years ended 31 December 2004 and 2003, no non-audit fees were paid to the auditors of the Company.

6. FINANCIAL EXPENSES/(GAIN), NET

	GROUP		COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Interest expense:				
- bank trust receipts	936	808	–	–
- bank overdraft interest	–	21	–	–
- hire purchase	18	18	9	11
- subsidiary companies	–	–	104	97
- convertible bonds	38	–	38	–
- other	46	20	46	20
	1,038	867	197	128
Bank charges	835	577	1	1
Net exchange loss/(gain)	272	(3,225)	356	159
	2,145	(1,781)	554	288

7. TAXATION

	GROUP 2004 $'000	GROUP 2003 $'000	COMPANY 2004 $'000	COMPANY 2003 $'000
Taxation in respect of profit for the year:				
- current taxation	1,453	1,040	–	–
- deferred taxation	(641)	(34)	3	–
	812	1,006	3	–
(Over)/underprovision in respect of previous years:				
- current taxation	(94)	(132)	–	35
- deferred taxation	(100)	–	–	–
Effect of reduction in statutory tax rate	(4)	–	(3)	–
	614	874	–	35

A reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the statutory tax rates for the years ended 31 December was as follows:

	GROUP 2004 $'000	GROUP 2003 $'000	COMPANY 2004 $'000	COMPANY 2003 $'000
Profit/(loss) before taxation	4,026	3,303	(1,055)	(755)
Taxation at statutory tax rate of 20% (2003 : 22%)	805	727	(211)	(166)
Adjustments:				
Income not subject to tax	(853)	(1,279)	(35)	(23)
Group Relief	–	–	59	69
Expenses not deductible for tax purposes	831	997	165	82
Difference in effective tax rates of other countries	61	(199)	–	–
(Over)/underprovision in previous years	(194)	(132)	–	35
Effect of reduction in statutory tax rate	(4)	–	(3)	–
Deferred tax assets not recognised	569	913	25	39
Utilisation of tax losses brought forward	(523)	(127)	–	–
Others	(78)	(26)	–	(1)
Taxation charge	614	874	–	35

A loss-transfer system of group relief (Group relief system) for companies was introduced in Singapore with effect from year of assessment 2003. Under the group relief system, a company belonging to a Group may transfer its current year unabsorbed capital allowances, current year unabsorbed trade losses and current year unabsorbed donations (loss items) to another company belonging to the same group, to be deducted against assessable income of the latter company.

7. **TAXATION** (cont'd)

The Company intends to transfer unabsorbed capital allowances of approximately $40,000 (2003 : $48,000) and trading losses of approximately $255,000 (2003 : $267,000) to subsidiary companies under the Group relief system, subject to compliance with the relevant rules and procedures and agreement of Inland Revenue Authority of Singapore.

8. **EARNINGS PER SHARE**

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

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. The Group has two categories of dilutive potential ordinary shares: share options and convertible bond. For the purpose of computation of diluted earnings per share, the convertible bond is assumed to have been converted into ordinary shares and the profit for the financial year attributable to ordinary shareholders is adjusted to eliminate the interest expense.

The following reflects the income and share data used in the basic and diluted earnings per share computations for the years ended 31 December:

	GROUP	
	2004 $'000	2003 $'000
Group earnings used for the calculation of EPS:		
Profit for the financial year	2,473	2,730
Interest expense on convertible bond	38	–
Profit used to determine diluted earnings per share	2,511	2,730

	2004 '000	2003 '000
Number of shares used for the calculation of EPS:		
Basic EPS:		
Weighted average number of ordinary shares in issue during the year	495,806	452,351
Effect of dilutive securities:		
- Share options	9,541	4,401
- Convertible bonds	7,306	–
Adjusted weighted average number of shares applicable to diluted earnings per share	512,653	456,752

(In Singapore dollars)

9. PROPERTY, PLANT AND EQUIPMENT

	OFFICE EQUIPMENT, COMPUTER, FURNITURE AND FITTINGS $'000	MOTOR VEHICLES $'000	RENOVATION $'000	FREEHOLD PROPERTY $'000	MACHINERY AND TOOLS $'000	TOTAL $'000
Group						
Cost:						
As at 1 January 2004	3,558	1,026	860	1,228	85	6,757
Currency realignment	(112)	(35)	(27)	–	17	(157)
Additions	383	160	28	–	59	630
Disposals/written off	(173)	(120)	(6)	–	(1)	(300)
As at 31 December 2004	3,656	1,031	855	1,228	160	6,930
Accumulated depreciation and impairment:						
As at 1 January 2004	2,707	505	711	544	65	4,532
Currency realignment	(83)	(26)	(24)	–	(3)	(136)
Charge for the year	535	222	68	8	27	860
Disposals/written off	(155)	(84)	(3)	–	–	(242)
As at 31 December 2004	3,004	617	752	552	89	5,014
Charge for 2003	585	158	201	8	16	968
Net book value:						
As at 31 December 2004	652	414	103	676	71	1,916
As at 31 December 2003	851	521	149	684	20	2,225

During the financial year, the Group acquired motor vehicle with cost of $120,000 by means of finance lease.

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	OFFICE EQUIPMENT, COMPUTER, FURNITURE AND FITTINGS $'000	MOTOR VEHICLES $'000	RENOVATION $'000	FREEHOLD PROPERTY $'000	TOTAL $'000
Company					
Cost:					
As at 1 January 2004	895	420	136	1,228	2,679
Additions	27	–	–	–	27
Disposals	(2)	(120)	–	–	(122)
As at 31 December 2004	920	300	136	1,228	2,584
Accumulated depreciation and impairment:					
As at 1 January 2004	615	242	125	544	1,526
Charge for the year	155	72	5	8	240
Disposals	(2)	(84)	–	–	(86)
As at 31 December 2004	768	230	130	552	1,680
Charge for 2003	179	86	43	8	316
Net book value:					
As at 31 December 2004	152	70	6	676	904
As at 31 December 2003	280	178	11	684	1,153

	GROUP 2004 $'000	GROUP 2003 $'000	COMPANY 2004 $'000	COMPANY 2003 $'000
(a) Net book value of motor vehicles includes assets under finance leases of	218	272	70	178

(b) The Group's property as at 31 December 2004 is:

DESCRIPTION	LOCATION	TENURE/AREA
Flatted factory unit	37 Kallang Pudding Road #09-03 Tong Lee Building Blk B, Singapore 349314	Freehold Built-in area: 2,820 sq ft

10. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	2003 $'000	2002 $'000
Balance as at 1 January	29,448	19,448
Purchase of additional shares in a subsidiary company	–	10,000
Balance as at 31 December	29,448	29,448
Provision for impairment loss	(2,324)	(2,324)
	27,124	27,124

During the financial year, Achieva Technology Pte Ltd transferred 66,666 shares in Achieva Technology Philippines Pte Ltd ("ATPPL") to its founders involved in the establishment and business operations of this subsidiary company, pursuant to the Achieva Limited Founders' Share Scheme. Accordingly, the shareholding in this subsidiary had been diluted from 86.67% to 80%. The 20% minority interest in ATPPL was subsequently acquired by the Group. This was satisfied through the issue of 3,043,520 ordinary shares at par value of $0.05 and a premium of $0.10 per share, in the capital of the Company. The price of the shares issued was determined based on the volume-weighted average price of the Company's shares for five consecutive market days immediately preceding the date of agreement. These two transactions reulted in a net gain of $75,000 which was taken to the profit and loss account during the year.

During the financial year, Achieva Technology Australia Pty Ltd issued 7,700,000 ordinary shares of A$1 each at par for additional working capital. The consideration for the allotment of shares was satisfied via capitalisation of part of the loans owing from Achieva Technology Australia Pty Ltd to its immediate holding company, Achieva Technology Pte Ltd.

During the financial year, the Group incorporated and acquired the following subsidiary companies :

(a) Achieva Components Korea Ltd was incorporated by subscription of 10,000 ordinary shares of Korean Won 5,000 each at par for cash. Subsequently, the company issued an additional 50,000 ordinary shares of Korean Won 5,000 each at par for cash for additional working capital.

(b) Achieva Components International Trading (Shanghai) Co., Limited was incorporated by subscription of 200,000 ordinary shares of US$1 each at par for cash.

(c) A 70% equity interest in Astone Holdings Pty Ltd was acquired by the purchase of 140,000 ordinary shares at A$1 each in the company.

The effect of the above incorporation and acquisition of subsidiary companies on the financial position of the Group at 31 December 2004 and its results for the year is shown below :

	$'000
Total assets at 31 December 2004	826
Total liabilities at 31 December 2004	189
Contributions to the Group for the year :	
- turnover	22
- profit before taxation	(336)
- profit after taxation	(336)

10. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

The subsidiary companies as at 31 December are:

NAME OF COMPANY (COUNTRY OF INCORPORATION)	PRINCIPAL ACTIVITIES (PLACE OF BUSINESS)	COST OF INVESTMENT TO COMPANY 2004 $'000	COST OF INVESTMENT TO COMPANY 2003 $'000	PERCENTAGE OF EFFECTIVE EQUITY INTEREST HELD BY THE GROUP 2004 %	PERCENTAGE OF EFFECTIVE EQUITY INTEREST HELD BY THE GROUP 2003 %
Held by Achieva Limited					
Achieva Electronics Pte Ltd (Singapore)	Distributor and commission agent of electronic inter-connectivity devices and structured cabling and premise wiring (Singapore)	500	500	100	100
Achieva Components Pte Ltd (Singapore)	Distributor and manufacturers' representative of electronic components and related products (Singapore)	800	800	100	100
Achieva Technology Pte Ltd (Singapore)	Distributor of information technology computer peripherals, components and software (Singapore)	16,650	16,650	100	100
Stacks Holdings Sdn. Bhd. (Malaysia)	Dormant (Malaysia)	438	438	100	100
Achieva Investments Pte Ltd (Singapore)	Investment holding (Singapore)	11,060	11,060	100	100
		29,448	29,448		
Held through Achieva Electronics Pte Ltd					
Achieva Electronics Sdn. Bhd. (Malaysia)	Distributor and commission agent of electronic inter-connectivity devices and structured cabling products (Malaysia)	–	–	100	100

10. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

NAME OF COMPANY (COUNTRY OF INCORPORATION)	PRINCIPAL ACTIVITIES (PLACE OF BUSINESS)	COST OF INVESTMENT TO COMPANY		PERCENTAGE OF EFFECTIVE EQUITY INTEREST HELD BY THE GROUP	
		2004 $'000	2003 $'000	2004 %	2003 %
Held through Achieva Components Pte Ltd					
Achieva Components Sdn. Bhd. (Malaysia)	Distributor and manufacturers' representative of electronic components (Malaysia)	–	–	100	100
Achieva Components (India) Private Limited (Singapore)	Importers and exporters of electronic components and related products (Singapore)	–	–	65	65
Held through Achieva Technology Pte Ltd					
Achieva Technology Sdn. Bhd. (Malaysia)	Distribution of information technology computer peripherals parts, software and related products (Malaysia)	–	–	100	100
EA Tech Pte Ltd (Singapore)	Distribution of information technology computer peripherals parts, software and related products (Singapore)	–	–	100	100
Achieva Technology Australia Pte Ltd (Singapore)	Dormant (Singapore)	–	–	100	100
Achieva Technology Australia Pty Ltd (Australia)	Distributor of information technology computer peripherals parts, software and related products (Australia)	–	–	100	100

10. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

	NAME OF COMPANY (COUNTRY OF INCORPORATION)	PRINCIPAL ACTIVITIES (PLACE OF BUSINESS)	COST OF INVESTMENT TO COMPANY 2004 $'000	COST OF INVESTMENT TO COMPANY 2003 $'000	PERCENTAGE OF EFFECTIVE EQUITY INTEREST HELD BY THE GROUP 2004 %	PERCENTAGE OF EFFECTIVE EQUITY INTEREST HELD BY THE GROUP 2003 %
	Held through Achieva Technology Pte Ltd					
	Achieva Technology Philippines Pte Ltd (Singapore)	Distributor of information technology computer peripherals parts, software and related products (Singapore)	–	–	100	86.67
	Achieva Technology Indonesia Pte Ltd (Singapore)	Distributor of information technology computer peripherals parts, software and related products (Singapore)	–	–	86.67	86.67
	Achieva Technology China Ltd (Hong Kong)	Distribution of information technology computer peripherals, components and software (Hong Kong)	–	–	65	65
*	PT Atikom Mega Protama (Indonesia)	Distribution of information technology computer peripherals, components and software (Indonesia)	–	–	86.67	86.67
*	ATP Peripherals Inc. (Philippines)	Distribution of information technology computer peripherals, components and software (Philippines)	–	–	100	86.67
	Held through Achieva Technology Sdn. Bhd.					
	Achieva Service Centre Sdn. Bhd. (Malaysia)	Dormant (Malaysia)	–	–	80	80

(In Singapore dollars)

10. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

NAME OF COMPANY (COUNTRY OF INCORPORATION)	PRINCIPAL ACTIVITIES (PLACE OF BUSINESS)	COST OF INVESTMENT TO COMPANY 2004 $'000	COST OF INVESTMENT TO COMPANY 2003 $'000	PERCENTAGE OF EFFECTIVE EQUITY INTEREST HELD BY THE GROUP 2004 %	PERCENTAGE OF EFFECTIVE EQUITY INTEREST HELD BY THE GROUP 2003 %
Held through Achieva Technology Australia Pty Ltd					
Astone Holdings Pty Ltd (Australia)	Distributor of information technology computer peripherals parts, software and related products (Australia)	–	–	70	–
Held through Stacks Holdings Sdn. Bhd.					
Stacks Technology Sdn. Bhd. (Malaysia)	Dormant (Malaysia)	–	–	100	100
Mangrove Networks Sdn. Bhd. (Malaysia)	Dormant (Malaysia)	–	–	100	100
Stacks System Sdn. Bhd. (Malaysia)	Liquidated during the year (Malaysia)	–	–	–	100
Held through Achieva Investments Pte Ltd					
Newtech Electronics Pte Ltd (Singapore)	Importers and exporters of all types of mechanical, electrical and electronic machines, components and goods (Singapore)	–	–	100	100
Achieva Components China Ltd (Hong Kong)	Distributor of all types of, mechanical, electrical and electronics components and goods (Hong Kong)	–	–	100	100

10. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

NAME OF COMPANY (COUNTRY OF INCORPORATION)	PRINCIPAL ACTIVITIES (PLACE OF BUSINESS)	COST OF INVESTMENT TO COMPANY 2004 $'000	COST OF INVESTMENT TO COMPANY 2003 $'000	PERCENTAGE OF EFFECTIVE EQUITY INTEREST HELD BY THE GROUP 2004 %	PERCENTAGE OF EFFECTIVE EQUITY INTEREST HELD BY THE GROUP 2003 %
Held through Achieva Investments Pte Ltd					
Achieva Components (Taiwan) Co., Ltd (Taiwan)	Wholesaler of electronics components including data networking, telecommunications and multimedia applications (Taiwan)	–	–	80	80
Achieva Investments (China) Pte Ltd (Singapore)	Investment holding and trading of computers, peripherals and other IT related products (Singapore)	–	–	70	70
Achieva Components Korea Ltd (Korea)	Distributor of all types of mechanical, electrical, electronics components and goods (Korea)	–	–	100	–
Held through Achieva Components China Ltd					
Achieva Components International Trading (Shanghai) Co., Ltd (People's Republic of China, Shanghai)	Distributor of all types of mechancial, electrical electronics components and goods (People's Republic of China, Shanghai)	–	–	100	–

* The Group does not hold shares in these companies. The Directors consider that the Group has full control and authority over all financial and operating policies and activities of these companies. The consolidated financial statements include the results and assets and liabilities of these companies.

10. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

All subsidiary companies that are required to be audited under the law of country of incorporation are audited by Ernst & Young, Singapore except for the following:

NAME OF SUBSIDIARY COMPANY	NAME OF ACCOUNTING FIRM
Achieva Components Sdn. Bhd.	Horwath Mok & Poon
Achieva Electronics Sdn. Bhd.	Horwath Mok & Poon
Achieva Technology Australia Pty Ltd	JCKL Pty Ltd
Stacks Holdings Sdn. Bhd.	KCK & Associates
Stacks Technology Sdn. Bhd.	KCK & Associates
Mangrove Networks Sdn. Bhd.	KCK & Associates
Achieva Technology China Ltd	K.M. Chu
Achieva Components China Ltd	K.M. Chu
Achieva Components Taiwan Co., Ltd	Morison Moon & Concord CPAs
Achieva Technology Sdn. Bhd.	Ernst & Young, Malaysia
Achieva Service Centre Sdn. Bhd.	Ernst & Young, Malaysia
Achieva Components Korea Ltd	Jungdong Accounting Corporation
Achieva Components International Trading (Shanghai) Co., Ltd	Shanghai LSC CPAs
Astone Holdings Pty Ltd	Not required to be audited as the company has not commenced activities

11. INVESTMENT IN ASSOCIATED COMPANIES

	GROUP 2004 $'000	GROUP 2003 $'000
Unquoted shares, at cost		
Balance as at 1 January	5,880	5,880
Dilution of interest	(173)	–
	5,707	5,880
Currency realignment	(638)	(367)
Share of post-acquisition reserves	584	(1,695)
Balance as at 31 December	5,653	3,818

During the financial year, Achieva Networks Pte Ltd ("ANPL") issued an additional 864,500 ordinary shares of $1.00 each at par for working capital purposes. The Group did not subscribe for these additional shares and consequently its interest in ANPL was diluted from 27.5% to 15.6%.

11. INVESTMENT IN ASSOCIATED COMPANIES (cont'd)

The details of the movement in the investment in associated companies are shown below :

	GROUP 2004 $'000	GROUP 2003 $'000
Balance as at 1 January	3,818	4,727
Share of profits/(losses) of associated companies	2,159	(655)
Currency realignment	(266)	(427)
Gain on dilution of interest in an associated company	110	–
Transfer of carrying value of an associated company to long-term investment	(168)	–
Additional investment in an associated company	–	173
Balance as at 31 December	5,653	3,818

Details of the associated companies are as follows: -

	NAME OF COMPANY (COUNTRY OF INCORPORATION)	PRINCIPAL ACTIVITIES (PLACE OF BUSINESS)	COST OF INVESTMENT 2004 $'000	COST OF INVESTMENT 2003 $'000	PERCENTAGE OF EQUITY HELD BY THE GROUP 2004 %	PERCENTAGE OF EQUITY HELD BY THE GROUP 2003 %
#	Dexcel Electronics Designs Private Limited (India)	Design centre to provide design and other consultancy services (India)	254	254	25	25
*	Beijing Stone Computer Co. Ltd (China)	Design, manufacturer and distribution of computer peripherals, components and software (China)	5,453	5,453	34.3	34.3
@	Achieva Networks Pte. Ltd. (Singapore)	Distribution of data convergences solutions and service provider for VoIP products (Singapore)	–	173	–	27.5
			5,707	5,880		

\# Audited by Varma & Varma
* Audited by Beijing Wanlong Song De Certified Public Accountants Co., Ltd
@ Audited by Ernst &Young, Singapore

(In Singapore dollars)

12. GOODWILL

	GROUP	
	2004 $'000	2003 $'000
Cost		
Balance as at 1 January, as previously reported	3,990	4,718
Impact of changes in accounting policy	(1,862)	–
Balance as at 1 January, as restated	2,128	4,718
Currency realignment	–	(71)
Liquidation of a subsidiary company	–	(657)
Balance as at 31 December	2,128	3,990
Accumulated amortisation and impairment:		
Balance as at 1 January, as previously restated	1,862	1,740
Impact of changes in accounting policy	(1,862)	–
Balance as at 1 January, as restated	–	1,740
Currency realignment	–	(37)
Amortisation for the year	–	816
Liquidation of a subsidiary company	–	(657)
Balance as at 31 December	–	1,862
Net carrying amount as at 31 December	2,128	2,128

13. STOCKS

	GROUP 2004 $'000	2003 $'000
Stocks are stated after deducting provision for stock obsolescence of	1,019	970
Analysis of provision for stock obsolescence:		
Balance as at 1 January	970	1,986
Currency realignment	12	141
Charge to profit and loss account	717	171
Stocks written off against provision	(664)	(801)
Written back to profit and loss account	(16)	(527)
Balance as at 31 December	1,019	970
Stocks written off directly to profit and loss account	84	216
Stocks at balance sheet date are as follows:		
At cost	50,594	34,222
At net realisable value	2,140	1,553
Total stocks	52,734	35,775

14. TRADE DEBTORS

	GROUP 2004 $'000	2003 $'000
Trade debtors are stated after deducting provision for doubtful debts of	6,809	2,235
Analysis of provision for doubtful debts:		
Balance as at 1 January	2,235	1,883
Currency realignment	(171)	24
Charge to profit and loss account	4,931	1,411
Written back to profit and loss account	–	(7)
Bad debts written off against provision	(186)	(1,076)
Balance as at 31 December	6,809	2,235
Bad debts (recovered from)/written off directly to profit and loss account, net	(58)	30

Please refer to note 28 to the financial statements for discussion on credit risk.

15. OTHER DEBTORS

	GROUP 2004 $'000	GROUP 2003 $'000	COMPANY 2004 $'000	COMPANY 2003 $'000
Deposits	365	787	46	47
Prepayments	531	483	13	16
Tax recoverable	424	324	317	154
Insurance claims	778	807	–	–
Note receivable	–	881	–	–
Others	2,815	2,712	20	9
	4,913	5,994	396	226
Analysis of provision for doubtful debts arising from other debtors:				
Balance as at 1 January	–	1,496	–	–
Bad debts written off against provision	–	(1,452)	–	–
Currency realignment	–	(44)	–	–
Balance as at 31 December	–	–	–	–
Analysis of provision for diminution in note receivable :				
Balance as at 1 January	–	965	–	–
Write back to profit and loss account	–	(965)	–	–
Balance as at 31 December	–	–	–	–

Note receivable relates to a convertible note, which could have been converted into preferred stock and warrants of the borrower, in accordance with the terms of the note. It bore interest at 7% per annum and was receivable at US$50,000 per month. During the financial year, the note receivable was fully repaid.

16. LOANS AND AMOUNTS DUE FROM/(TO) SUBSIDIARY COMPANIES

	COMPANY 2004 $'000	2003 $'000
Loans to subsidiary companies:		
- non-trade	8,180	–
Short-term amounts receivable:		
- trade	–	418
- non-trade (interest-free)	2,885	3,091
- non-trade (interest-bearing)	14,282	23,573
	25,347	27,082
Provision for doubtful debts	(2,029)	(2,029)
Amounts due from subsidiary companies	23,318	25,053
Analysis of provision for doubtful debts:		
Balance as at 1 January	2,029	2,087
Written back to profit and loss account	–	(58)
Balance as at 31 December	2,029	2,029

Trade amounts receivable and payable from/(to) subsidiary companies are interest-free, unsecured and have no fixed terms of repayment.

Non-trade short-term amounts receivable from subsidiary companies are unsecured and have no fixed terms of repayment. The interest-bearing short-term amounts receivable bear interest at 0.45% to 3.64% (2003: 0.44% to 3.44%) per annum.

Amounts payable to subsidiary companies are unsecured, have no fixed terms of repayment and bear interest at 1.60% to 2.39% (2003: 1.49% to 1.78%) per annum.

The Company considered the loans to subsidiary companies of $8,180,000 (2003 : Nil), as part of its net investment in subsidiary companies. These loans are unsecured, have no fixed terms of repayment and bear interest at 2.05% to 2.75% (2003 : 2.01% to 2.61%) per annum.

17. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	GROUP		COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Amounts receivable:				
- trade	–	66	–	–
- non-trade	41	–	41	–
	41	66	41	–

The amounts due from/(to) related parties are unsecured, interest-free and have no fixed terms of repayment.

Related parties refer to companies in which a Director of the Company is a common director and substantial shareholder.

18. AMOUNTS DUE TO BANKERS, UNSECURED

The amounts due to bankers relate to trust receipts and bear interest at between 2.19% to 3.89% (2003: 2.26% to 2.95%) per annum.

19. OTHER CREDITORS AND ACCRUALS

	GROUP		COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Accruals	6,123	4,485	296	271
Sundry creditors	980	1,216	68	271
Amounts due to directors	–	245	–	–
	7,103	5,946	364	542

The amounts due to directors are unsecured, interest-free and have no fixed terms of repayment.

20. OBLIGATIONS UNDER FINANCE LEASE CONTRACTS

The Group and Company lease motor vehicles under non-cancellable lease arrangements and expire at various dates until 2011. The leases, with purchase options, contain provisions to restrict the Group to further leasing and sub-leasing. The average discount rate implicit in the leases range from 2.20% to 3.75% per annum. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows: -

	MINIMUM PAYMENTS 2004 $'000	PRESENT VALUE OF PAYMENTS 2004 $'000	MINIMUM PAYMENTS 2003 $'000	PRESENT VALUE OF PAYMENTS 2003 $'000
Group				
Within one year	120	105	129	113
After one year but not more than five years	150	131	180	158
Total minimum lease payments	270	236	309	271
Less amounts representing finance charges	(34)	–	(38)	–
Present value of minimum lease payments	236	236	271	271
Company				
Within one year	68	60	95	84
After one year but not more than five years	11	10	106	94
Total minimum lease payments	79	70	201	178
Less amounts representing finance charges	(9)	–	(23)	–
Present value of minimum lease payments	70	70	178	178

21. CONVERTIBLE BOND

On 13 October 2004, the Company issued a convertible bond due 2007 at par value of $6 million. The bond carries interest at 3-month SIBOR plus 0.75% per annum and is convertible by the holder into new ordinary shares of $0.05 each in the capital of the Company at the conversion price of $0.18 for each new ordinary share to be issued subject to adjustments in certain events at any time on or after 13 October 2004. The holder is also granted a put option exercisable between 14 April 2006 and 13 October 2006, giving the holder the right to sell the bond in full to the Company on 11 January 2007. Unless previously redeemed the convertible bond matures on 13 October 2007. The redemption price is equal to the par value of the convertible bond being redeemed.

The fair values of the liability component and the equity conversion component were determined at the issuance of the bond. The fair value of the liability component, included in non-current borrowings, was estimated using the market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity under capital reserves.

In subsequent periods, the liability component continues to be carried at amortised cost, until extinguished on conversion or maturity of the bonds. The equity conversion component is determined on the issue of the bonds and is carried at cost.

The effective interest rate of the convertible bond was 2.97% per annum for the financial year.

The convertible bond is recognised in the balance sheet as follows :

	GROUP AND COMPANY	
	2004 $'000	2003 $'000
Face value of convertible bond issued on 13 October 2004	6,000	–
Equity conversion component	(87)	–
Liability component on initial recognition at 13 October 2004	5,913	–
Amortisation of discount	9	–
Liability component at 31 December	5,922	–

The unamortised discount of the convertible bond amounts to $78,000 at 31 December 2004.

22. DEFERRED TAX (ASSETS)/LIABILITIES

	GROUP		COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Balance as at 1 January	5	39	39	39
(Written back)/provided during the year	(741)	(34)	3	–
Effect of reduction in statutory tax rate	(4)	–	(3)	–
Balance as at 31 December	(740)	5	39	39
Gross deferred tax liabilities:				
Excess of net book value over tax written down value of property, plant and equipment	49	56	39	39
Gross deferred tax assets :				
Recognition of unutilised tax losses	(789)	(51)	–	–
Net deferred tax (assets)/liabilities	(740)	5	39	39

The Group has recognised deferred tax assets on unutilised tax losses arising in subsidiary companies of $3,950,000 (2003 : $232,000) to the extent that it is probable that future taxable profits will be available against which these tax losses can be utilised.

The Group has unabsorbed tax losses of approximately $12,476,000 (2003: $7,217,000) and unabsorbed capital allowances of approximately $705,000 (2003: $352,000) available for offset against future taxable income subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The benefits of these losses and capital allowances have not been recognised in the financial statements as there is no reasonable assurance of their realisation.

23. SHARE CAPITAL

	GROUP AND COMPANY 2004 $'000	2003 $'000
Authorised:		
600,000,000 ordinary shares of $0.05 each	30,000	30,000
Issued and fully paid:		
Balance at beginning of year 491,782,176 (2003: 447, 673,176) ordinary shares of $0.05 each	24,589	22,383
Issue of 100,000 (2003: 1,050,000) ordinary shares of $0.05 each at $0.10 per share on exercise of share options	5	53
Issue of 1,765,000 (2003: 4,059,000) ordinary shares of $0.05 each at $0.124 per share on exercise of share options	88	203
Issue of 2,443,500 (2003: nil) ordinary shares of $0.05 each at $0.0933 per share on exercise of share options	122	–
Issue of nil (2003: 39,000,000) ordinary shares of $0.05 each at $0.195 per share on exercise of share options	–	1,950
Issue of 3,043,520 (2003: nil) ordinary shares of $0.05 each at $0.15 per share, pursuant to the acquisition of the 20% minority interest in Achieva Technology Philippines Pte Ltd	153	–
Balance at end of year 499,134,196 (2003: 491,782,176) ordinary shares of $0.05 each	24,957	24,589

The Achieva Share Options Scheme ("SOS") grants options to the Non-Executive Directors and employees of the Group. Options are granted for terms of 10 years to purchase the shares of the Company at exercise prices ranging from $0.0925 to $0.19. The options are exercisable on the first anniversary from the date the options are granted.

The Achieva Share Option Agreement ("SOA") grants options to 10 selected employees of the Group. The employees may exercise the options to subscribe for not more than 40% of the shares under such options on or after the date falling 2 years from 1 June 2000 and may exercise the options to subscribe for the remaining shares on or after the date falling 3 years from 1 June 2000 provided the exercising employee remains an employee on that date of exercise. No options should be exercisable after 31 May 2004.

(In Singapore dollars)

23. SHARE CAPITAL (cont'd)

The Company entered into a subscription agreement with Mr Michael Loh on 20 October 2003, pursuant to which the Company granted an option to Mr Michael Loh to subscribe for up to 39,000,000 new ordinary shares of $0.05 each in the Company at an exercise price of $0.23 per share. The option may be exercised by Mr Michael Loh at any time and from time to time during a period of 2 years commencing from the date of the subscription agreement in accordance with the terms thereof. No options have been exercised or cancelled and no additional options have been granted during the year.

Information with respect to the number of options granted under the SOS and SOA is as follows:

	COMPANY			
	SOS		SOA	
	2004	2003	2004	2003
Outstanding as at 1 January	35,919,951	28,089,000	100,000	1,250,000
Granted	900,000	12,516,951	–	–
Exercised	(4,208,500)	(4,059,000)	(100,000)	(1,050,000)
Cancelled	(5,901,000)	(627,000)	–	(100,000)
Outstanding as at 31 December	26,710,451	35,919,951	–	100,000
Exercisable as at 31 December	25,810,451	23,403,000	–	100,000

During the financial year, in consideration of the payment of $1.00, offer of options was granted to an employee pursuant to the scheme in respect of 900,000 un-issued ordinary shares of $0.05 each in the Company at an offering price of $0.19 per share.

Terms of share options outstanding as at 31 December 2004:

EXERCISE PERIOD	EXERCISE PRICE $	NUMBER OUTSTANDING	NUMBER EXERCISABLE
SOS			
18.10.2002-18.10.2011	0.1240	4,741,000	4,741,000
28.06.2003-28.06.2012	0.1330	900,000	900,000
30.12.2003-30.12.2012	0.0933	9,657,500	9,657,500
04.06.2004-04.06.2013	0.0925	1,500,000	1,500,000
22.08.2004-22.08.2013	0.1300	9,011,951	9,011,951
10.05.2005-10.05.2014	0.1900	900,000	–
Total number of options outstanding/ exercisable		26,710,451	25,810,451

24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

	GROUP 2004 $'000	GROUP 2003 $'000
Fixed deposits	6,228	4,348
Cash and bank balances	18,458	13,843
	24,686	18,191

25. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, significant related party transactions entered into by the Group and the Company on terms agreed between the parties were as follows:

	GROUP		COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Related parties				
Sale of goods	–	395	–	–
Purchase of goods	(799)	(2,027)	–	–
Interest expense	(22)	–	–	–
Rental income	30	30	–	–
Subsidiary companies				
Rental income	–	–	106	123

Key executives' remuneration

Key executives' remuneration other than executive directors totalled $2,076,000 (2003: $1,872,000).

26. COMMITMENTS

(a) Commitments in respect of forward exchange contracts

	GROUP 2004 $'000	2003 $'000
Commitments in respect of forward exchange contracts placed (Note 28)	6,637	5,510

(b) Operating lease commitments

The Group has the following non-cancellable operating leases contracted for:-

Not later than one year	524	614
Later than one year but not later than five years	312	858
	836	1,472

The Group has entered into operating lease agreements for rental of office and warehouse space. These non-cancellable leases have lease terms of between 1 to 3 years.

27. CONTINGENT LIABILITIES

A former director of a subsidiary company has brought a case against the subsidiary company for defamation during the year. The Group has sought legal advice on the matter and is of the opinion that the action is without merit. Accordingly, no provision has been made in the Group's financial statements as at 31 December 2004.

Unsecured corporate guarantees given to banks in connection with trade financing facilities granted to subsidiary companies amounted to approximately $101,072,000 (2003: $74,004,000). Unsecured corporate guarantees given to suppliers in connection with trade purchases made by the subsidiary and associated companies amounted to approximately $18,873,000 (2003: $16,170,000). As at 31 December 2004, approximately $61,683,000 (2003: $49,064,000) of the facilities granted to the subsidiary and associated companies were utilised.

As at 31 December 2004, bills discounted with a bank amounted to approximately $450,000 (2003: $1,700,000).

28. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The main risks faced by the Group are foreign currency risks, interest rate risks, liquidity risks and credit risks that arise through its normal operations.

Foreign currency risks

Foreign currency risk is the risk to earnings and value of financial assets and liabilities caused by fluctuations in exchange rates. The Group has an exposure to foreign exchange risk as a result of transactions denominated in currencies other than the measurement currency. The Group relies on natural hedging as a risk managment tool.

It also has an exposure arising from the net asset values of its subsidiary and associated companies whose measurement currency is not in SGD. It is the Group's policy not to hedge exposures arising from such foreign currency translation.

The Group's subsidiary company in Australia uses foreign currency forward exchange contracts with settlement period within one month to manage foreign currency exposures arising from normal trading activities. The outstanding forward exchange contracts are disclosed in note 26 to the financial statements.

Interest rate risks

Interest rate risk is the risk that changes in interest rates will have an adverse financial effect on the Group's financial conditions and/or results. The primary source of the Group's interest rate risk is its borrowings from and placement of excess funds to banks and other financial institutions in Singapore and overseas. The Group is a net borrower of funds and has net interest expense during the year.

The Group ensures that it obtains borrowings and places out fixed deposits at competitive interest rates under the most favourable terms and conditions. Where necessary, the Group uses derivative instruments to hedge the interest rate risks. This may include interest rate swaps and interest rate caps. As at 31 December 2004, the Group has no outstanding interest rate related derivative instruments.

Liquidity risks

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, bonds and hire purchase contracts, to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

28. FINANCIAL INSTRUMENTS (cont'd)

Credit risks

Credit risk is the risk that companies and other parties will be unable to meet their obligations to the Group resulting in financial loss to the Group. It is the Group's policy to enter into transactions with a diversity of credit-worthy counterparties to mitigate any significant concentration of credit risk. The Group and Company ensure that sales of products and services are made to customers with appropriate credit history and have internal mechanisms to monitor the granting of credit and management of credit exposures. The Group and Company have made provisions for potential losses on credits extended. The Group's and Company's maximum exposure to credit risk in the event the counterparties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amounts of those assets as indicated in the balance sheet.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to a group of debtors.

Fair values of financial assets and financial liabilities

Forward exchange contracts
The fair value of foreign currency forward exchange contracts is the estimated amount which the Group would expect to pay or receive on the termination of the outstanding position arising from such contracts. At the end of the financial year, the fair value of such contracts is determined by reference to the current forward exchange rate for contracts of similar maturity profiles. The estimated fair value of the forward exchange contracts placed as at 31 December 2004 amounts to a loss of $93,000 (2003 : loss of $132,000).

Convertible bond
The fair values of the liability component and the equity conversion component were determined on the issue of the bond. The fair value of the liability component, included in non-current borrowings, was calculated using the market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in capital reserves. As at 31 December 2004, the carrying value of the bond does not materially defer from its fair value.

Others
The carrying amounts of trade and other debtors, cash and cash equivalents, trade and other creditors, amounts due to bankers and amounts due from/to related parties approximate their fair values due to their short-term nature.

29. GROUP SEGMENT INFORMATION

Business segments: For management purposes, the Group is organised into two major sub-groups. The sub-groups are the basis on which the Group reports its primary segment information. Revenue of the other segment relates to that of the Company and represents principally management fee income and dividend income from the sub-groups, which had been eliminated on a group basis. Financial information about business segments is presented as follows:

	PERIPHERALS		ELECTRONIC COMPONENTS		OTHERS		ELIMINATIONS		CONSOLIDATED	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000	2004 $'000	2003 $'000	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Revenue										
External revenue	401,372	404,434	182,552	116,303	–	560	–	–	583,924	521,297
Intersegment revenue	–	–	12,997	12,350	820	625	(13,817)	(12,975)	–	–
Total	401,372	404,434	195,549	128,653	820	1,185	(13,817)	(12,975)	583,924	521,297
Result										
Segment result	(2,900)	(3,853)	8,260	6,653	(1,090)	(559)	(820)	(501)	3,450	1,740
Interest income									334	327
Profit from operating activities									3,784	2,067
Financial (expenses)/gain, net									(2,145)	1,781
Share of profit/(losses) of associated companies									2,159	(655)
Gain on change of interest in subsidiary companies									75	85
Gain on dilution of interest in an associated company									110	–
Gain on liquidation of a subsidiary company									43	25
Profit before taxation									4,026	3,303
Taxation									(614)	(874)
Minority interests									(939)	301
Profit for the financial year									2,473	2,730
Segment assets	82,878	81,929	69,034	54,866	7,916	4,585	(4,024)	(9,568)	155,804	131,812
Investment in associated company									5,653	3,818
Other investment									168	–
Unallocated assets									1,213	375
Total assets									162,838	136,005
Segment liabilities	38,067	20,255	24,112	23,405	2,925	4,152	(6,216)	(11,665)	58,888	36,147
Unallocated liabilities									38,834	36,938
Total liabilities									97,722	73,085
Other information:										
Capital expenditure	193	288	410	228	27	30	–	–	630	546
Depreciation	350	368	270	284	240	316	–	–	860	968
Amortisation of goodwill	–	816	–	–	–	–	–	–	–	816
Write back of impairment loss	–	–	–	–	–	(965)	–	–	–	(965)

29. GROUP SEGMENT INFORMATION (cont'd)

Geographical segments:

Through the sub-groups, the Group operates in eleven principal countries. Each company in the Group is classified by the key market(s) that each was set up to serve, irrespective of its country of incorporation or operations. The markets are defined by reference to the billing address rather than the shipping destination of goods.

An analysis of geographical segment information is as follows:

	REVENUE		SEGMENT ASSETS		CAPITAL EXPENDITURE	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Singapore	85,082	81,379	77,438	58,177	246	153
Malaysia	91,314	108,546	17,192	22,494	42	56
Australia	156,243	160,079	25,214	22,994	57	126
Vietnam	19,158	15,169	3,509	2,057	3	21
PRC (including Hong Kong)	135,766	83,667	17,505	13,586	150	116
Philippines	30,956	21,166	6,938	5,746	75	29
Indonesia	29,672	23,614	4,976	4,913	16	12
India	3,547	4,879	705	681	10	10
Korea	22	–	141	–	23	–
Taiwan	25,117	22,798	9,220	5,357	8	23
Thailand	7,047	–	–	–	–	–
Total	583,924	521,297	162,838	136,005	630	546

30. ADDITIONAL INFORMATION REQUIRED BY THE SGX-ST

(a) The number of Directors of the Company whose emoluments fall within the following bands:

	2004			2003		
	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS	TOTAL	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS	TOTAL
$250,000 to $499,999	2	–	2	2	–	2
Below $250,000	1	2	3	1	2	3
	3	2	5	3	2	5

(b) No material contract has been entered into by the Company and its subsidiary companies involving the interests of the Chief Executive Officer, each Director or controlling shareholder.

31. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2004 were authorised for issue in accordance with a resolution of the Directors on 18 March 2005.

Statistics of Shareholdings
as at 15 March 2005

Authorised Share Capital	:	S$30,000,000		
Issued and Fully Paid-up Capital	:	S$25,000,334.80		
Class of Shares	:	Ordinary shares of S$0.05 each fully paid up		
Voting Rights	:	On a show of hands	:	1 vote
	:	On a poll	:	1 vote

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	3	0.08	983	0.00
1,000 - 10,000	1,956	50.61	9,811,708	1.96
10,001 - 1,000,000	1,882	48.69	114,631,685	22.93
1,000,001 and above	24	0.62	375,562,320	75.11
Total	3,865	100.00	500,006,696	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	Merrill Lynch (Singapore) Pte Ltd	183,223,231	36.64
2	DBS Nominees Pte Ltd	42,155,000	8.43
3	Ng Chee Seng	24,232,116	4.85
4	Grand Folk Limited	15,886,011	3.18
5	Gui Yock Meng	13,052,752	2.61
6	Lo Ju Jie	12,805,815	2.56
7	Huang Ting-Chu @ Tim Huang	12,737,826	2.55
8	CLSA Singapore Pte Ltd	11,350,000	2.27
9	Phillip Securities Pte Ltd	9,642,000	1.93
10	Citibank Consumer Nominees Pte Ltd	6,481,851	1.30
11	Tan Phuan Lam	5,752,756	1.15
12	OCBC Securities Private Ltd	5,267,000	1.05
13	United Overseas Bank Nominees Pte Ltd	4,497,000	0.90
14	DBS Vickers Securities (S) Pte Ltd	4,076,000	0.82
15	UOB Kay Hian Pte Ltd	3,707,000	0.74
16	Cheng Chee Khon	3,188,546	0.64
17	Tee Fee Chin	3,163,667	0.63
18	Choo Kwang Bern	3,043,520	0.61
19	OCBC Nominees Singapore Pte Ltd	2,656,000	0.53
20	Kim Eng Securities Pte. Ltd.	2,288,740	0.46
	Total	369,206,831	73.85

SUBSTANTIAL SHAREHOLDERS

NO.	NAME	DIRECT INTEREST NO. OF SHARES	%	DEEMED INTEREST NO. OF SHARES	%
1	Henry Lim Yong Choon	110,862,009	22.17	–	–
2	Loh Soon Gnee Michael	39,000,000	7.80	–	–
3	William Pok Tam Soon	33,638,397	6.73	–	–

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

63.30% of the issued share capital of the Company is held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

Notice is hereby given that the Eleventh Annual General Meeting of Achieva Limited will be held at 240 MacPherson Road, #02-03/04 Pines Industrial Building, Singapore 348574 on Tuesday, 26 April 2005 at 2.30 p.m. for the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended 31 December 2004. **(Resolution 1)**

2. To approve the payment of Directors' Fees. **(Resolution 2)**

3. To re-elect Mr William Pok Tam Soon as a Director retiring under Article 110 of the Articles of Association of the Company. **(Resolution 3)**

4. To re-elect Mr Lew Syn Pau as a Director retiring under Article 110 of the Articles of Association of the Company. **(Resolution 4)**

5. To re-elect Mr Raymond Ho Chew Thim as a Director retiring under Article 120 of the Articles of Association of the Company. **(Resolution 5)**

6. To reappoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration. **(Resolution 6)**

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following Resolutions with or without any modification as Ordinary Resolutions:

(a) "That the authorised share capital of the Company be increased from S$30,000,000 divided into 600,000,000 ordinary shares of S$0.05 each ("Shares") to S$50,000,000 divided into 1,000,000,000 Shares by the creation of an additional 400,000,000 Shares and that, in connection therewith, the first sentence of Clause 5 of the Memorandum of Association of the Company be deleted and the following be substituted therefor:-

> "The authorised share capital of the Company is S$50,000,000 divided into 1,000,000,000 ordinary shares of S$0.05 each." **(Resolution 7)**

(b) "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to issue shares and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise or in pursuance of any offer, agreement or option made or granted by the Directors during the continuance of this authority which would or might require shares or convertible securities to be issued during the continuance of this authority or thereafter) at any time to such persons and upon such terms and conditions and for such purposes as the Directors

may in their absolute discretion deem fit (notwithstanding that such issue of shares pursuant to the offer, agreement or option or the conversion of the convertible securities may occur after the expiration of the authority contained in this Resolution), provided that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution shall not exceed fifty (50) per cent. of the issued share capital of the Company, and the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty (20) per cent. of the issued share capital of the Company, and for the purpose of this Resolution, the percentage of issued share capital shall be based on the Company's issued share capital at the time this Resolution is passed (after adjusting for (a) new shares arising from the conversion or exercise of convertible securities, (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST and (c) any subsequent consolidation or subdivision of shares), and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier."
(Resolution 8)

(c) "That authority be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the Achieva Limited Share Option Scheme approved by Shareholders in general meeting on 31 May 2001 and as may be amended from time to time (the "2001 Scheme"), and pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of the options under the 2001 Scheme (notwithstanding that such allotment and issue may occur after the conclusion of the next or any ensuing Annual General Meeting of the Company), provided always that the aggregate number of shares to be issued pursuant to the 2001 Scheme shall not exceed fifteen (15) per cent. of the issued share capital of the Company from time to time." **(Resolution 9)**

(d) "That authority be and is hereby given to the Directors pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the conversion of the floating rate convertible bonds due 2007 under the subscription agreement dated 24 September 2004 between the Company and OCBC Capital Investment Pte Ltd as the same may be amended from time to time." **(Resolution 10)**

(e) "That the Directors be and are hereby authorised to make purchases (whether by way of market purchases or off-market purchases on an equal access scheme) from time to time of ordinary shares of S$0.05 each (or such other nominal value for the time being) up to ten (10) per cent. of the issued ordinary share capital of the Company as at the date of this Resolution at the price of up to but not exceeding the Maximum Price (as defined in the Company's Addendum to Shareholders dated 11 April 2005 (being an addendum to the Annual Report of the Company for the financial year ended 31 December 2004) (the "Addendum")), in accordance with the "Guidelines on Share Purchases" set out in the Appendix on pages 11 to 13 of the Circular to Shareholders dated 12 November 2001, and this 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 or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier." **(Resolution 11)**

(f) "That:-

(i) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and target associated companies (as defined in the Addendum), or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions, particulars of which are set out in the Addendum, with any person who falls within the classes of Interested Persons described in the Addendum, provided that such transactions are made on normal commercial terms and in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Addendum (the "IPT Mandate");

(ii) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the next Annual General Meeting of the Company is held or is required by law to be held;

(iii) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by the SGX-ST from time to time; and

(iv) the Directors of the Company be and are hereby authorised to do all such acts and things (including, without limitation, 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 IPT Mandate and/or this Resolution." **(Resolution 12)**

8. Any other ordinary business, which may be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Adrian Chan Pengee / Leong Shiao Yee
Joint Company Secretaries
11 April 2005

NOTES:

A member of the Company entitled to attend and vote at the above Meeting may appoint not more than two proxies to attend and vote in his stead.

Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.

The instrument appointing a proxy must be deposited at the registered office of the Company not less than 48 hours before the time appointed for holding the Meeting.

If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorized.

EXPLANATORY NOTES:

Resolution 3

Mr William Pok Tam Soon, if re-elected, will remain as a member of the Interested Person Transactions Monitoring Committee.

Resolution 4

Mr Lew Syn Pau, if re-elected, will remain as the Chairman of the Audit and Remuneration Committees and will be considered an independent Director.

Resolution 5

Mr Raymond Ho Chew Thim, if re-elected, will remain as a member of the Interested Person Transactions Monitoring Committee.

Resolution 7

Resolution 7 above, if passed, increases the authorised share capital of the Company from S$30,000,000 divided into 600,000,000 Shares to S$50,000,000 divided into 1,000,000,000 Shares.

Resolution 8

Resolution 8 above, if passed, empowers the Directors, from the date of the above Meeting until the next Annual General Meeting, to allot and issue shares and convertible securities in the Company, without seeking any further approval from Shareholders in general meeting but within the limitation imposed by the Resolution, for such purposes as the Directors may consider would be in the best interests of the Company. The number of shares and convertible securities that the Directors may allot and issue under the Resolution would not exceed fifty (50) per cent. of the issued share capital of the Company at the time of the passing of the Resolution. For issues of shares and convertible securities other than on a pro rata basis to all Shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty (20) per cent. of the issued share capital of the Company at the time of the passing of the Resolution.

Resolution 9

Resolution 9 above, if passed, empowers the Directors to offer and grant options and to issue shares in connection with the 2001 Scheme. This authority will, unless previously revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier. This authority is in addition to the general authority to issue shares sought under Resolution 8 and the authority to issue shares pursuant to the subscription agreement dated 24 September 2004 between the Company and OCBC Capital Investment Pte Ltd (the “Bonds Subscription Agreement”) under Resolution 10.

Resolution 10

Resolution 10 above, if passed, empowers the Directors to issue shares in connection with the conversion of the floating rate convertible bonds due 2007 under the Bonds Subscription Agreement. This authority will, unless previously revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier. This authority is in addition to the general authority to issue shares sought under Resolution 8 and the authority to issue shares pursuant to the 2001 Scheme under Resolution 9. A copy of the Bonds Subscription Agreement is available for inspection by Shareholders during normal office hours at the Company's registered office at 240 MacPherson Road, #02-03/04 Pines Industrial Building, Singapore 348574.

Resolution 11

Resolution 11 above, if passed, empowers the Directors of the Company to make purchases (whether by way of market purchases or off-market purchases on an equal access scheme) from time to time of up to ten (10) per cent. of the issued ordinary share capital of the Company as at the date of the above Meeting at the price up to but not exceeding the Maximum Price (as defined in the Addendum) (the "Share Purchase Mandate").

The rationale for the Share Purchase Mandate, the source of funds to be used for the Share Purchase Mandate (including the amount of financing), the impact of the Share Purchase Mandate on the Company's financial position, the implications arising as a result of the Share Purchase Mandate under the Singapore Code on Take-overs and Mergers and on the listing of the Company's Shares on the SGX-ST, as well as the number of Shares purchased by the Company in the previous twelve (12) months are set out in the Addendum.

Resolution 12

Resolution 12 above, if passed, renews the IPT Mandate authorising the Directors of the Company to enter into certain interested person transactions with persons who are considered "interested persons" (as defined in Chapter 9 of the Listing Manual of the SGX-ST).

The Audit Committee of the Company has confirmed that the guidelines and review procedures for Interested Person Transactions have not changed since the approval of the IPT Mandate on 28 April 2004 and that such guidelines and review procedures are adequate to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and/or its minority shareholders.

Further information regarding the IPT Mandate are set out in the Addendum.

ACHIEVA LIMITED

(Company No: 1993-07251-M)
(Incorporated in the Republic of Singapore)

Proxy Form
Annual General Meeting

IMPORTANT
1. For investors who have used their CPF monies to buy Achieva Limited shares, this Annual Report is sent to them at the request of their CPF Approved Nominees **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.

*I/We ____

of ____

being *a Member/Members of Achieva Limited (the "Company"), hereby appoint

NAME	ADDRESS	NRIC/PASSPORT NUMBER	PROPORTION OF SHAREHOLDING	
			NO. OF SHARES	%
* and/or				

or failing *him/them, the Chairman of the meeting, 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 Eleventh Annual General Meeting of the Company to be held at 240 MacPherson Road, #02-03/04 Pines Industrial Building, Singapore 348574 on 26 April 2005 at 2.30 p.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 Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the *proxy/proxies may vote or abstain as *he/they may think fit on any matter arising at the Annual General Meeting.)

NO.	RESOLUTION RELATING TO	FOR	AGAINST
1	Adoption of Directors' Report and Audited Accounts		
2	Approval of Directors' fees		
3	Re-election of Director - Mr William Pok Tam Soon		
4	Re-election of Director - Mr Lew Syn Pau		
5	Re-election of Director - Mr Raymond Ho Chew Thim		
6	Appointment of Auditors and authorising Directors to fix their remuneration		
7	Increase in authorised share capital		
8	Authority to issue and allot shares pursuant to Section 161 of the Companies Act, Cap. 50		
9	Authority to issue and allot shares pursuant to the exercise of options under the Achieva Limited Share Option Scheme		
10	Authority to issue and allot shares pursuant to the conversion of convertible bonds under the Subscription Agreement dated 24 September 2004		
11	Authority to purchase shares pursuant to the Share Purchase Mandate		
12	Authority to conduct interested person transactions pursuant to the Interested Person Transactions Mandate		
13	Any other business		

Signed this __________ day of __________ 2005.

TOTAL NUMBER OF SHARES HELD

____

Signature(s) of member(s) or Common Seal

Important: Please read notes printed on the reverse.

* Delete as appropriate

NOTES:

1. A Member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. Such proxy need not be a Member of the Company.

2. Where a Member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.

3. This instrument appointing a proxy or proxies must be signed by the appointor or his/her duly authorised attorney. Where this instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

4. A Member which is a body corporate may also appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50, to attend and vote for and on behalf of such body corporate.

5. 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, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all the shares held by you.

6. This instrument appointing a proxy or proxies, duly executed, must be deposited at the Registered Office of the Company at 240 MacPherson Road #02-03/04 Pines Industrial Building, Singapore 348574 at least 48 hours before the time fixed for holding the meeting.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

GENERAL

The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on this instrument appointing a proxy or proxies. In addition, in the case of Members whose shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company may reject any instrument appointing a proxy or proxies lodged if such Members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the meeting as certified by CDP to the Company.