LINKHI

LINK HI HOLDINGS LIMITED

ANNUAL REPORT 2006

CORPORATE Profile

Link Hi is a leading manufacturer of precision steel tubing in the People's Republic of China (PRC)

Operating through our wholly-owned subsidiary, Wuxi Fastube, we produce a wide range of precision welded steel tubing for the oil and gas, machinery and equipment and automotive industries.

Our high-end precision steel tubing are crafted to meet the exacting standards and quality demanded for sensitive engineering applications such as tubing and casings used in the oil extraction process, as motor casings in machinery and equipment and as housings for shock absorber systems, drive shafts and exhaust systems in vehicles.

Apart from the PRC, our steel tubing products are exported to markets such as the United States, Canada, Sweden and India. To cater to the oil and gas sector, Wuxi Fastube has obtained certification by the American Petroleum Institute.

Over the last couple of years, demand from the non-automotive sectors and from overseas markets has shown strong growth, with export sales constituting some 47% of total sales in FY2006, compared to 16% in FY2005. Growth in export sales was some 300% in FY2006 from FY2005.

In anticipation of future demand, we are installing an additional production line to supplement our existing six production lines and to raise the total indicative production capacity from the current 74,000 tonnes per year to between 134,000 and 174,000 tonnes per year. It will also allow for the production of larger sized welded steel pipes.

Embarking on our expansion strategy, Link Hi is acquiring a 55% interest in a cold-drawn seamless steel pipe manufacturer, Wuxi Dingyuan Precision Cold-Drawn Steel Pipe Co., Ltd (Dingyuan). Expected to be earnings accretive, Dingyuan's seamless steel pipes are used for a wide range of applications in petrochemical, boiler, mechanical, construction, shipbuilding and textile industries. Dingyuan has an indicative production capacity of 100,000 tonnes per year.

To further raise our value add, we undertake the processing of steel pipes and tubing through our newly incorporated subsidiary, Wuxi Fastube Energy Development Technology Co., Ltd (WF-EDT). Our future plans for WF-EDT include research and development, design, manufacture and sale of steel pipes for use in oil exploration.

Listed on the SGX-SESDAQ in May 2006, Link Hi's operations are located in Wuxi which is located in the centre of the Yangtze River Delta, an economically thriving region served by a good transportation network with easy access to the major cities of Shanghai, Suzhou and Hangzhou. Group-wide, Link Hi employs some 450 staff.

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MILESTONES

30 MARCH 2006

Name of Company was changed to Link Hi Holdings Limited to signal the conversion of a private company limited by shares into a public limited company.

9 MAY 2006

Link Hi launched its initial public offering (IPO) through the issue of 25 million new shares priced at S$0.25 per share. Of the total invitation shares, 23 million shares were allocated as placement shares, 0.5 million shares as reserved shares and the remainder 1.5 million shares for public offer.

10 MAY 2006

Offer for Link Hi's shares opened.

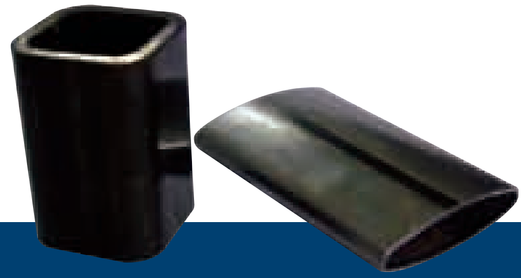
18 MAY 2006

Link Hi's public offer closed at noon, receiving 8,114 applications for a total of approximately 490 million shares, giving a subscription rate of 19.6 times.

Subscription for the public tranche of the IPO, representing 1.5 million shares, was 307 times, while 23.5 million shares under private placement were fully taken up.

22 MAY 2006

Link Hi made its trading debut on the Official List of the Stock Exchange of Singapore Dealing and Automated Quotation System (SGX-SESDAQ).



JULY 2006

Link Hi's wholly-owned subsidiary, Wuxi Fastube Industry Co., Ltd, obtained American Petroleum Institute (API) certification.

OCTOBER 2006

Link Hi acquired Fit Result Enterprises Limited ("Fit Result") and Often More Limited ("Often More"), both incorporated in the British Virgin Islands. The principal activity of Fit Result is that of investment-holding while that of Often More is the trading of steel pipes.

Both are currently dormant, and each has a paid-up capital of US$1.00 of one ordinary share.

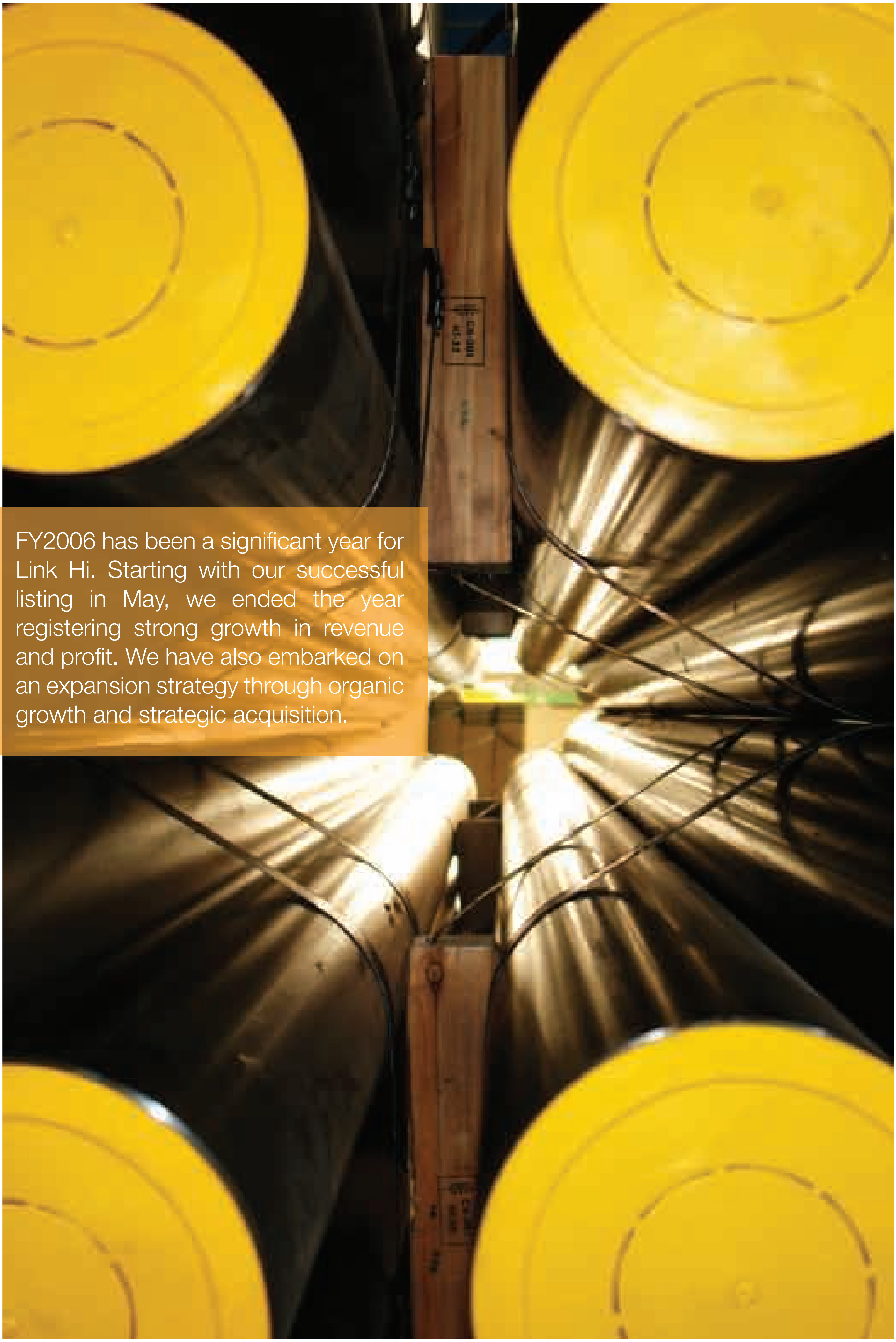
DECEMBER 2006

Link Hi incorporated Wuxi Fastube Energy Development Science and Technology Co., Ltd, renamed Wuxi Fastube Energy Development Technology Co., Ltd ("WF-EDT"), whose principal activities are in research and development, design, manufacture and sale of steel pipes, equipment and facilities for use in oil exploration. WF-EDT has a registered and paid-up capital of RMB10,000,000 (approximately S$2 million).

JANUARY 2007

Link Hi announced its proposed acquisition of a 55% interest in Wuxi Dingyuan Precision Cold-Drawn Steel Pipe Co., Ltd ("Dingyuan"), a company incorporated in the PRC which is in the business of manufacture and sales of cold-drawn seamless steel pipes applied in the industries of petrochemical, boiler, mechanical, construction, chain, electric power, shipbuilding, bridge, decoration and textile etc.

The acquisition was transacted via a conditional Sale and Purchase Agreement to acquire the capital of Total Boost Enterprises Limited ("TBEL"), a company incorporated in the British Virgin Islands. TBEL is an investment holding company of the 55% interest in Dingyuan.



FY2006 has been a significant year for Link Hi. Starting with our successful listing in May, we ended the year registering strong growth in revenue and profit. We have also embarked on an expansion strategy through organic growth and strategic acquisition.

LETTER TO Shareholders

DEAR SHAREHOLDERS

FY2006 has been a significant year for Link Hi. Starting with the successful listing of our Company on the Stock Exchange of Singapore Dealing and Automated Quotation System (SGX-SESDAQ) on 22 May 2006, we ended the year registering strong growth in sales and profitability.

We have also embarked on an expansion strategy through organic growth and strategic acquisition.

FY2006 revenue up 38%, profit up 23%

Our Company recorded total revenue of RMB333.7 million for the year ended 31 December 2006, representing an increase of 38 per cent over total revenue of RMB241.8 million in FY2005. Profit after tax attributable to shareholders rose to RMB23 million, a rise of 23 per cent from RMB18.8 million over the comparable period.

This is a good set of results, considering that steel prices in FY2006 declined in the first half of the year which affected the average selling prices of our products. The total volume of steel pipes and raw materials sold during the year amounted to 74,000 tonnes, a rise of approximately 26,600 tonnes or 56.1% over FY2005.

Our profit would have been 35% higher had there not been a one-time expensing of RMB2.3 million for a portion of costs related to our initial public offering.

There were no provisions for taxation in FY2006 and FY2005. As a newly-formed wholly-owned foreign enterprise in the PRC, our operating subsidiary, Wuxi Fastube enjoyed 100 per cent tax exemption for the first two profit-making years in FY2005 and FY2006. However, it is expected to start paying taxes in FY2007 albeit with a 50% reduction in income tax payable.

Export sales rose 300% year-on-year, constituting 47% of revenue in FY2006 compared to 16% the year before. Sales to the oil and gas sector rose 291% to contribute 28% of Group revenue. This shows we have successfully executed our strategy of channeling more resources to these markets.

Higher sales from overseas markets, oil and gas sector

We made a number of notable achievements in the year:

- Sales from overseas markets rose 300% to RMB156.8 million from RMB39.1 million in FY2005. In terms of contribution, export sales constituted 47% of FY2006 revenue, compared to 16% the year before. The United States and Canada remained our largest overseas market as we were able to make further progress penetrating these markets. Other key export markets include Sweden and India.

- Sales to the non-automotive sectors contributed 77% of total revenue, compared to 65% in FY2005. Revenue from the oil and gas sector rose 291% year-on-year to RMB93.9 million, while the machinery/equipment sector saw revenue rising 12.3% to RMB162.8 million.
- The strong growth in export sales and in sales to the oil and gas and machinery/equipment sectors shows that we have successfully executed our strategy of channeling more resources to these markets.

We operated at close to optimum levels throughout FY2006 with most of our six production lines running at two eight-hour shifts a day, seven days a week. To a certain extent, sales output levels were constrained by our already stretched production resources which had a combined indicative capacity of 74,000 tonnes per annum.

Our acquisition of a 55% interest in Dingyuan is expected to boost our revenue and profits and enable us to offer an expanded product range to our domestic PRC market and for export.

Growth drivers going forward

Moving into FY2007, we intend to grow our revenue and profit by:

- Raising output through increasing production capacity;
- Offering a wider product range and value-added services to our customers;
- Our acquisition of a majority equity stake in a seamless steel tubing manufacturer.

The expansion in production capacity will enable us to ride on the anticipated increase in demand from the overseas markets and from the oil and gas as well as machinery / equipment sectors.

We have been receiving enquiries from existing customers and prospective customers on our expanded production capacity and products.

In our last Annual Report, we mentioned the installation of a new manufacturing line (Line 355) which will be used mainly to cater to the oil and gas sector. Line 355 has an indicative production capacity of between 60,000 tonnes and 100,000 tonnes per year. While there has been a slight delay, line 355 is on schedule to start production in March 2007.

When in full operation, Line 355 is expected to almost double our current indicative production capacity of 74,000 tonnes.

Acquisition to be earnings accretive

In January this year, we announced an acquisition of a 55 per cent interest in Wuxi Dingyuan Precision Cold-Drawn Steel Pipe Co., Ltd (Dingyuan), a seamless steel pipe manufacturer for approximately RMB23.8 million (S$4.7 million). Its products are used in a wide range of applications for industries such as petrochemical, boiler, mechanical, construction, electric power, textile, and more.

Dingyuan is a profitable company. Its profit after tax for the first six months ended 30 June 2006 was RMB13.1 million, while FY2005 profit was RMB10 million. The acquisition is therefore expected to enhance Link Hi's earnings base.

In addition, it will diversify our Group's product offerings beyond welded steel pipes to seamless steel pipes and raise our Group's total indicative production capacity further.

Raising our value-add

With the incorporation of a new wholly-owned subsidiary, Wuxi Fastube Energy Development Technology Co., Ltd (WF-EDT), we will be providing additional services that will add further value to our products. For now, we undertake the processing of the steel pipes and tubing produced by Wuxi Fastube and Dingyuan.

However, we have exciting plans for WF-EDT – including the expansion into research and development, design, manufacture and sale of steel pipes for use in oil exploration. We are budgeting some RMB40 million in capital investment in FY2007 that will in turn generate an additional stream of income for our Group in FY2008.

Investing for the long term

Our total bank borrowings in FY2006 stood at RMB80 million, of which RMB50 million were long-term bank borrowings. The majority of the loans comprised funding for Line 355.

We expect our Group's borrowings to rise in FY2007 as we embark on our expansion phase through acquisition and through capacity expansion. These investments are necessary for the long-term sustainable growth of our Group.

However we will have prudent measures in place to ensure a comfortable level of gearing for our Group.

As our Group is at the expansion stage, our Directors have decided to re-invest our profits in FY2006 for our future growth.

In summary

We expect demand for our precision steel tubing to grow as we continue to actively engage in the PRC oil and gas and machinery/equipment sectors as well as overseas markets.

Given the plans that we have which are in the process of being implemented, and barring unforeseen circumstances, we are confident that profitability will improve in FY2007.

A word of thanks

We would like to acknowledge the efforts of all who have contributed to the success of our Group. To our Directors, we want to thank you for your invaluable guidance during the past year. To our suppliers and customers, thank you, and we look forward to your continued support. To our staff, your hard work has reaped success for our Group. And not least of all to our shareholders, thank you for your patience. We are totally committed to building a bigger and stronger Link Hi.

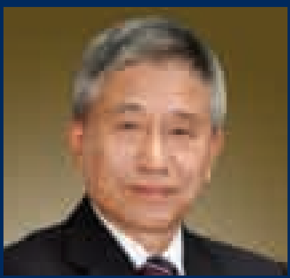
GONG HAITAO
CHAIRMAN

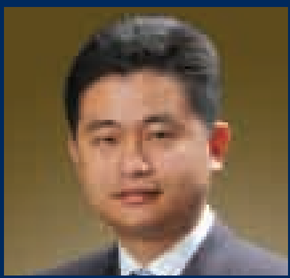
GONG YUCAI
CHIEF EXECUTIVE OFFICER

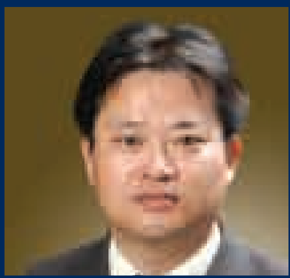
DIRECTORS' Profile

01 GONG HAITAO is our Chairman and Non-Executive Director. He was appointed a Director of our Company on 30 June 2005. He founded the Sujia Group Co in 1986 and is currently the chairman of the Sujia Group Co. He is responsible for the overall management of the Sujia Group Co. Mr Gong is a senior high school graduate. He holds the technical title of a senior economist.

02 GONG YUCAI is our Chief Executive Officer and was appointed our Director on 22 October 2004. Mr Gong is responsible for establishing the strategic directions of our Group as well as the overall management and operation of our business. He was the general manager overseeing the overall operation of Sujia Trading Est. a company incorporated in the United Arab Emirates for the period from 1997 to 1999. Thereafter, he left Sujia Trading Est. to pursue further studies in Canada. In 2001, he returned to the PRC and was appointed to the position of director in Wuxi Sujia. Mr Gong is a permanent resident of Canada. He graduated from York University, Canada with a Master's Degree in Business Administration.







01 02 03
04 05

03 XUE HAOXIN is our Non-Executive Director. He was appointed a Director of our Company on 30 June 2005. Mr Xue started his career as a chief accountant with Wuxi Taihu Refractory Stock Co., Ltd from 1988 to 1998. He joined Jianghai Wood Industry in 1998 as its chief accountant and was the manager of the internal audit department of Wuxi Little Swan Sales Co. from 1999 to 2004. Mr Xue was the finance manager of Wuxi Wanfang Automotive Sales Service Co., Ltd. in 2004. He joined Sujia Group Co as its accounting manager in February 2005 and was subsequently deployed to Sujia Trading as its chief accountant in January 2006. Mr Xue holds a Degree in Accountancy from the Jiangsu Broadcasting College.

04 LIM CHIN TONG is our Lead Independent Director. He was appointed a Director of our Company on 30 June 2005. He is currently an Executive Director of Jiaxinda Printing Group (S) Pte Ltd, a subsidiary of an established printing group in PRC. Mr Lim also sits on the Boards of several other SGX-listed companies such as FibreChem Technologies Ltd, Manufacturing Integration Technology Ltd, Metal Component Engineering Ltd and Valuetronics Holdings Ltd. In the academic arena, Mr Lim serves on the Board of Governors of Nanyang Polytechnic and School Advisory Committee of Ahmad Ibrahim Primary School. Mr Lim has a Bachelor of Science (Honours) degree from the University of Leeds (UK) and a Diploma in Business Administration from NUS. In addition, he attended the Program for Management Development at the Harvard Business School.

05 SEOW HAN CHIANG, WINSTON is our Independent Director. He was appointed a Director of our Company on 30 June 2005. Mr Seow is currently a partner with KS Chia Gurdeep & Param, a Singapore law firm. He was called to the Singapore Bar in 1995 and has been a practising advocate and solicitor of the Supreme Court of Singapore since then. He holds a Bachelor of Law (Honours) degree from the National University of Singapore.

EXECUTIVES' Profile

SHEN WEIMING, re-designated as the Vice General Manager - Production and Equipment (Old Lines), is responsible for the production functions of our group. He started his career as a welder in 1984 with Shunte Steel Pipe Co. Ltd and was the chief manager of the production and technical department of Weilida Welded Pipe and Shaped-steel Factory in 1994. He was the chief production supervisor of Bianguoliang Cold-shaped Steel Factory from 1995 to 1997. He joined Wuxi Sujia in 1997 as a steel pipe welder, was promoted to a leader of production line 114 in 1998, after which he was promoted to various positions during the years of his services. He was subsequently promoted to a vice general manager of Wuxi Sujia in charge of production in 2004. He joined us in October 2004. Mr Shen is a middle school graduate.

ZHOU YUFENG is the Vice General Manager in charge of our Sales Department. He is responsible for the sales and marketing functions of our Group. He joined Wuxi Sujia in 1998 as a salesman and was promoted to assistant vice general manager in 2003. He was appointed vice general manager in 2004. He joined us in October 2004. Mr Zhou holds a degree in Trade Economy from the Nanjing Economy College.

PAN ZHIKUN has been re-designated as the Vice General Manager - Equipment Department. He was a product designer and was subsequently promoted a chief designer with a state owned enterprise from 1972 to 1996. He joined Wuxi Sujia in 1996 as a chief manager of the equipment department and was promoted to a vice general manager in charge of new projects in 2002. He was placed in charge of the research and development center of Wuxi Sujia in 2004. He joined us in October 2004. Mr Pan holds a degree in Machinery Design and Manufacture from the Mechanical Engineer Advanced Studies College.

WU JIAQI is our Vice General Manager Finance. He is responsible for overseeing the financial and accounting functions of our Group operations in the PRC and reports to our Chief Financial Officer. He joined Wuxi Sujia in 2003 as an accountant. He was appointed as our Vice General Manager Finance in 2004. He holds a finance degree from Jiangsu University. Wu Jiaqi is a cousin of our Chief Executive Officer, Gong Yucai.

JIANG ZHIHONG is our Chief Financial Officer. He took over the role from Ms Tam Yok Mui with effect from 1 January 2007. Mr Jiang is responsible for the overall financial, accounting, risk management and internal control functions of Link Hi and its subsidiary (the "Group"). He is assisted by Ms Tam who is in charge of the Group's accounts. Mr Jiang, who has a Master of Economics from Renmin University of China, is also a qualified Certified Public Accountant, Certified Internal Auditor and a Registered Tax Agent in the PRC. Before joining Link Hi, he was Chief Investment Officer of the Sujia Group Co., Ltd in Wuxi, PRC where he was responsible for investment and financial matters. Mr Jiang started his career in 1992 as an accountant in a traditional Chinese medicine manufacturing company and moved on to become an audit manager and subsequently the Head of Internal Audit in a number of securities, brokerage and asset management companies in the PRC.

TAM YOK MUI is our Finance Manager and is responsible for the Group's Accounts. She has more than 13 years experience in group accounts and reporting. She was an auditor with Deloitte & Touche for the period 1992 to 1995 and a Financial Analyst with IBM Singapore Pte Ltd for the period 1996 to 1997. She was the Accounting Manager of Teamsphere Limited (now known as Delong Holdings Limited, a public company listed on the SGX-ST) for five years before she joined Ecolab Pte Ltd as a Financial Controller in February 2003. She joined us in October 2005. Ms Tam holds a Bachelor of Accountancy from Nanyang Technological University. She is a certified public accountant with the Institute of Certified Public Accountants of Singapore (ICPAS) and a certified Systems Applications Products consultant.

CHEN WEINAN is the General Sales Manager of Wuxi Fastube Industry Co.,Ltd. He is responsible for the sales department of Fastube. He started his career as a doctor in 1982 with No.86317 Air Force Hospital and was the head of employee hospital of Jiangsu Xixing Group from 1991-2003. He joined the Sujia Group as a Vice General Manager in 2004. Mr Chen holds a degree in Clinical Medicine from Beijing Military Medical College.

XUE HONGCHAO is the Vice General Sales Manager in charge of the Sales Department of Wuxi Fastube Industry Co.,Ltd. He was the sales manager of Hongbeng Group from 2000 to 2005, after which he was promoted to Vice General Manager of Hongbeng Group. He joined Fastube in 2006. Mr Xue holds a degree in Business Management from Xian Industrial College.

CHEN GE is the General Production Manager of Wuxi Fastube Industry Co.,Ltd (355 Line). He was the General Manager of Jinghua Cold-drawn Steel Equipment Co., Ltd from 1995 to 2005. He joined Sujia Group in 2005 working as a project manager and was promoted to General Production Manager in charge of 355 Line. Mr Chen holds a diploma in Wireless Application from Nanjing South Eastern University.

SHAO YI is the Vice General Production Manager of Wuxi Fastube Industry Co., Ltd (355 Line). He is responsible for the production functions of 355 Line. He started his career as a technician with Baoji Steel Pipe Factory in 1997. He was the Vice Chief Engineer of Zhonghai Petroleum Jingzhou Pipe Co., Ltd in 2006. He joined Fastube in 2006 and was put in charge of the production department of Wuxi Fastube Industry Co.,Ltd. Mr Shao holds a degree in Metal Processing from Chongqing Steel College and a master's degree (Network Education) in Business Administration from Shanghai Jiaotong University.

LIN YUNGENG is the General Production Manager of Wuxi Fastube Industry Co.,Ltd (Old Lines). He joined Fastube in 2006. He started his career as a technician with Wuxi Little Swan Co., Ltd in 1990, after which he was promoted to various leadership positions during the years of his service. Mr Lin graduated from Nanjing South Eastern University in 1994 and holds a degree in Electrical Engineering.

Demand for our tubing products is expected to grow as we continue to actively engage in the PRC oil and gas and machinery/equipment sectors as well as overseas markets.

CORPORATE Information

BOARD OF DIRECTORS

Gong Haitao
Chairman and Non-Executive Director
Gong Yucai
Chief Executive Officer
Xue Haoxin
Non-Executive Director
Lim Chin Tong
Independent Director
Seow Han Chiang, Winston
Independent Director

AUDIT COMMITTEE

Lim Chin Tong
Chairman
Seow Han Chiang, Winston
Xue Haoxin

PRINCIPAL PLACE OF BUSINESS

Wuxi Fastube Industry Co., Ltd
Xizhang Village
Qianqiao Town
Huishan District
Wuxi City
Jiangsu Province
PRC 214151

PRINCIPAL BANKERS

United Overseas Bank Limited
Industrial and Commercial Bank of China Singapore Branch
Agricultural Bank of China
Bank of Communications
China Citic Industrial Bank
China Construction Bank

NOMINATING COMMITTEE

Lim Chin Tong
Chairman
Seow Han Chiang, Winston
Gong Haitao

REMUNERATION COMMITTEE

Seow Han Chiang, Winston
Chairman
Lim Chin Tong
Gong Haitao

COMPANY SECRETARIES

Tam Yok Mui, CPA
Hazel Chia Luang Chew, FCIS
(appointed on 1 September 2006)

REGISTERED OFFICE

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Singapore Chinese Chamber of Commerce & Industry Building
Singapore 179365

Partner in charge: Yeo Boon Chye
(appointed since FY2005)

SHARE REGISTRAR

Lim Associates (Pte) Ltd
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Samsung Hub
Singapore 049483

LEGAL ADVISER

Straits Law Practice LLC
36 Robinson Road
18th Floor
City House
Singapore 068877

The initial public offering of the shares in the capital of Link Hi Holdings Limited was sponsored by NRA Capital Pte. Ltd

Revenue rises 38%

In FY2006, Group revenue grew 38% to RMB333.7 million despite a decline in the prices of steel during the year compared to FY2005. In all, the Group sold a total of 74,000 tonnes of welded steel tubing and pipes and raw materials, a rise of approximately 26,000 tonnes or 56.1% over FY2005. Average selling prices were lower due to the lower steel prices.

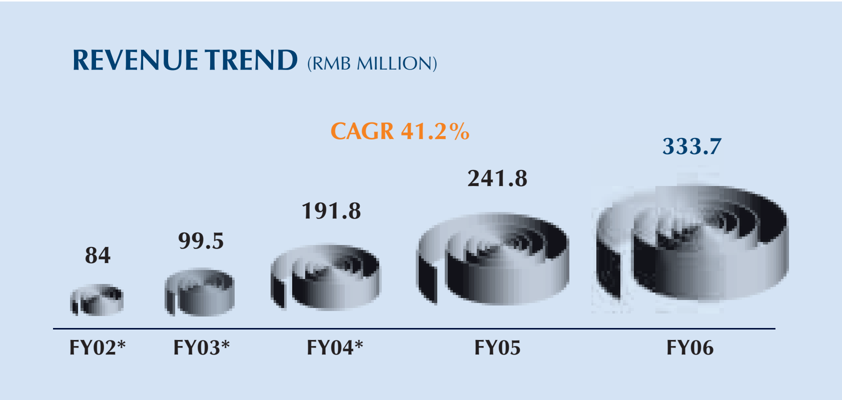
The United States together with Canada was the Group's largest export market, contributing 40% of total revenue. Other key export markets included Sweden and India.

Similar to FY2005, the machinery/equipment sector was the largest contributor to Group revenue. The machinery/equipment sector grew 12.3% to RMB162.8 million.

Tubing and casings used for the oil extraction process, whether in on-shore or offshore oil wells, are sold mainly to the US and Canadian markets via distributors as well to the domestic PRC market.

To meet the requirements of its customers, the Group's precision welded steel tubing conform to the internationally known standards such as the American Petroleum Institute (API), ISO, American Society for Testing and Materials (ASTM) and the Chinese National Standards (GB). At the beginning of 2007, it has also been qualified as Approved Supplier by Sinopec, the PRC's second largest oil company.

Sales to the automotive sector showed a corresponding reduction in revenue contribution from 31% in FY2005 to 21% in FY2006, as sales declined 5.5% from RMB75.7 million to RMB71.5 million. Automotive sales made up 45% of Group revenue in FY2004.

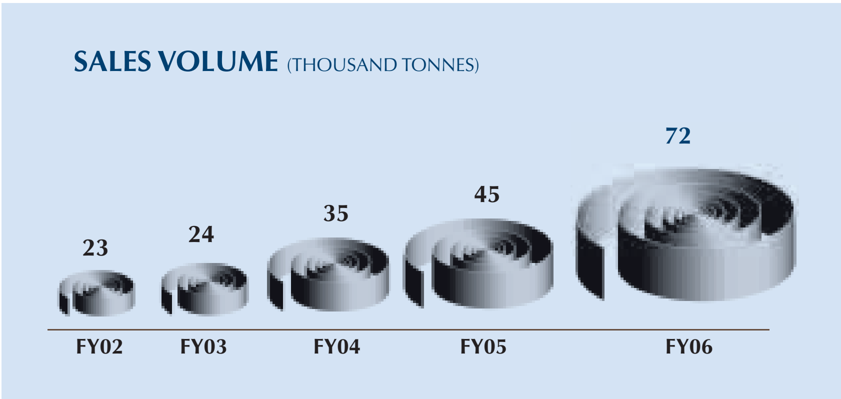


* Proforma
CAGR Compound Annual Growth Rate

The growth in revenue was due mainly to a strong increase in export sales as well as higher sales to the non-automotive industry comprising oil and gas and machinery and equipment sectors. This was the result of the successful execution of the Group's strategy in channeling more resources to cater to the non-automotive sectors and to the overseas markets.

Export sales rise 300%; contributes 47% of revenue

Increased marketing focus on the overseas markets and on the oil and gas sector drove export sales up by 300% to RMB156.8 million from RMB39.1 million in FY2005. Export sales contributed 47% of total revenue in FY2006 compared to 16% in FY2005. In FY2004 when marketing to overseas markets started in October, export sales contributed a negligible 0.3% to revenue.



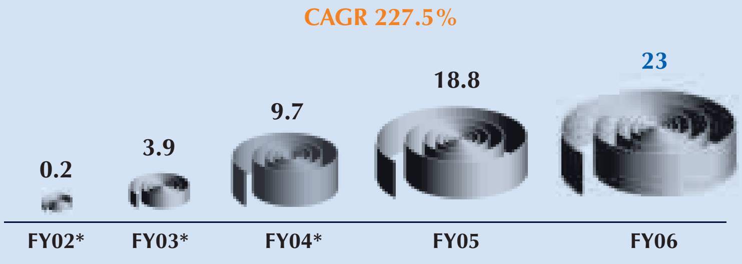
\# Sales volume numbers exclude sale of raw materials

Oil and gas sector registers 291% increase

However, the largest increase was registered by the oil and gas sector where sales rose 291% to RMB93.9 million in FY2006 from about RMB24.2 million in FY2005.

Sales of raw materials (namely steel rolls) fell 41% to RMB5.5 million in FY2006 from RMB9.3 million in FY2005 as the Group instituted a "just-in-time" production policy to cut down on inventory levels. Such a policy also reduced its exposure to the fluctuations in steel prices.

NET PROFIT AFTER TAX TREND (RMB MILLION)



* Proforma
CAGR Compound Annual Growth Rate

In FY2006, Wuxi Fastube operated at close to optimal levels most of the year, working two eight-hour shifts a day, seven days a week.

Profit up 23% to RMB23 million

Gross profit rose 21.3% from RMB25.9 million to RMB31.4 million on the back of stronger sales, while gross profit margin declined by 1.3 percentage points to 9.4%. The gross margin decline was the result of a shift in classification of certain freight costs to Cost of Sales from Distribution Expenses. Had there been no reclassification of freight costs in FY2006, the gross margin would have instead been 12.3%, a rise of 1.6 percentage points from 10.7% in FY2005.

Other Operating Income rose 105% to RMB9.4 million, which was attributable largely to the sales of scrap materials. This increase was in line with the higher sales generated during the year.

Higher administrative expenses amounting to RMB10.6 million were incurred during the year. In FY2005, administrative expenses were RMB4.1 million. The increase in administrative costs were from a one-time expense of RMB2.3 million for a portion of Link Hi's listing costs, running costs of the newly set-up Singapore office and the increased headcount and other expenses at the subsidiaries level.

Finance costs too went up to about RMB3.3 million from RMB1.6 million previously due to the increase in bank borrowings to finance Line 355 and a new factory to house the new line.

As a wholly-owned foreign enterprise in China, Link Hi enjoys tax-exemption status for the first two profit-making years and 50% discounted tax for three years thereafter. As such, the Group was not required to pay any taxes for FY2006, just as it was not subject to tax in FY2005. It will however be expected to pay a 50% reduction in income tax payable in FY2007.

The result was a 23% rise in net profit for FY2006 to RMB23.0 million from RMB18.8 million in FY2005.

The year ahead

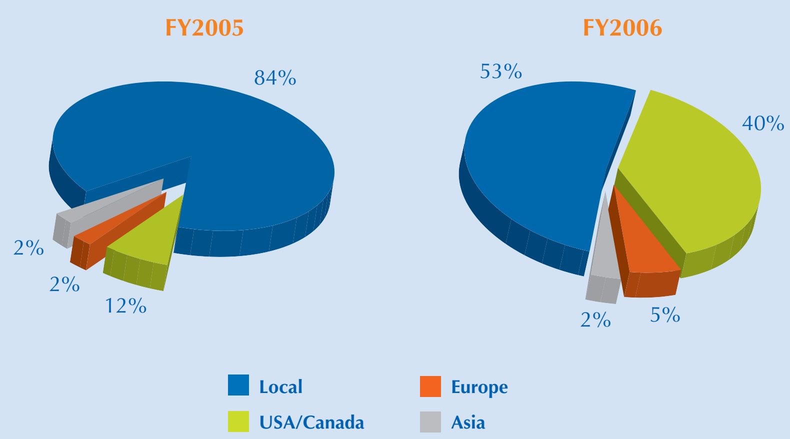
FY2007 looks set to be an exciting year of growth for Link Hi as its expansion plans gain momentum. These plans include:

- Expanding production capacity to meet the anticipated increase in demand for its steel tubing products;
- Expanding its product offerings, such as larger-sized welded steel tubing and pipes and seamless steel tubing and pipes;
- Raising the value of its products through the processing of steel pipes; and
- Increasing sales to the oil and gas sector from both the domestic PRC and overseas markets.

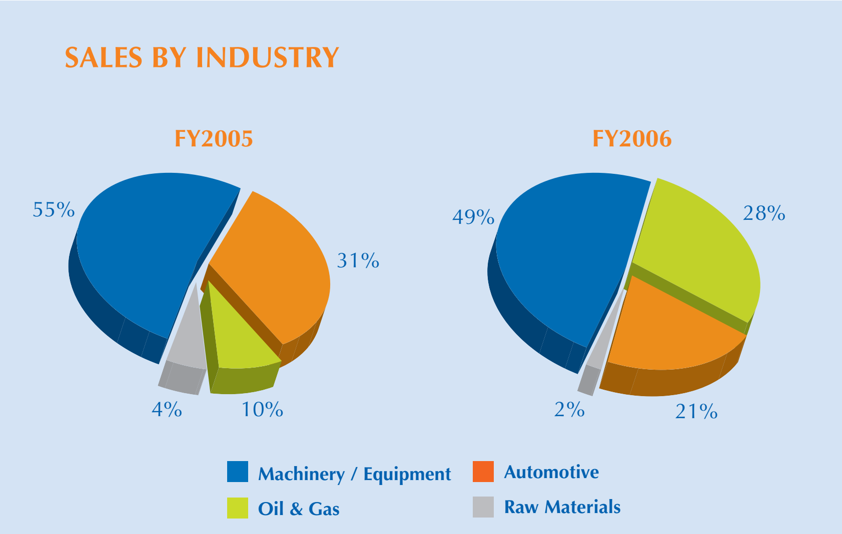
Production capacity to double in FY2007

At end-March 2007, operating subsidiary Wuxi Fastube will commission production from its new Line 355. This line, which will be used mainly to manufacture welded steel tubing and pipes for the oil and gas market, has an indicative production capacity of 60,000 tonnes to 100,000 tonnes per year, thereby doubling the Group's production capacity from its current 74,000 tonnes per year. The Group will also now be able to manufacture rounded welded steel pipes of diameters between 114 mm and 355 mm and rectangular welded steel pipes measuring up to 400 mm X 200 mm.

SALES BY REGION



BUSINESS & FINANCIAL Review



Diversification into seamless steel tubing

The Group's acquisition of Total Boost Enterprises Ltd, which is incorporated in the British Virgin Islands, will provide Link Hi with a 55% equity stake in Wuxi Dingyuan Precision Cold-Drawn Steel Pipe Co., Ltd. The acquisition, which is scheduled for completion in the second quarter, is expected to boost Link Hi's revenue and earnings base in FY2007. Dingyuan's net profit for the six months ended 30 June 2006 was RMB13.1 million, while its FY2005 net profit was RMB10.0 million.

The acquisition of Dingyuan will augment the Group's current production capacity and product range as well as provide access to new markets and customers. Dingyuan manufactures and sells cold-drawn seamless steel pipes and cold-drawn special-section seamless pipes which are widely used in industries such as petrochemical, boiler, mechanical, construction, electric power, shipbuilding, textile, and more. The company currently has an indicative production capacity of 100,000 tonnes per year.

Although Dingyuan started to export its products overseas in FY2005, export sales comprised 30% of total sales in FY2006. Sales to the domestic PRC market were mainly to the oil and gas sector.

Processing to raise value-add

Moving up the technology ladder to produce higher-margin products, the Group incorporated a wholly-owned subsidiary, Wuxi Fastube Energy Development Technology Co., Ltd (WF-EDT), which currently engages in the processing of pipes for Wuxi Fastube and Dingyuan. This will provide an additional revenue stream to the Group, although this is not expected to be significant in FY2007.

There are plans to expand its scope to include research and development activities, design, manufacture and sale of steel pipes for use in oil exploration. Some RMB40 million has been budgeted in FY2007 for new manufacturing lines and factory buildings to house the lines. The Group targets to have two lines installed in the second half of FY2007.

WF-EDT is part of the Group's plan to build a sustainable earnings base for the long term.

Increased focus on oil and gas market

According to the International Energy Outlook 2006, world oil demand is slated to grow from 80 million barrels a day in 2003 to 98 million barrels a day in 2015 to 118 million barrels a day in 2030. China is one of the countries with increasingly high demand for energy from oil and gas, given its continued industrial development and unabated economic expansion.

Demand for oil and gas is likely to drive exploration and extraction activities both in the PRC and in other oil and gas producing countries.

The Group is therefore optimistic of its growth prospects and will devote more resources to increase sales to the oil and gas sector in the domestic and overseas markets. With its ability to provide a wide range of welded and seamless steel tubing and pipes, Link Hi is well-positioned to ride on this growth trend.

GROUP Structure

- Operating subsidiaries shown only
- In October 2006, Link Hi acquired Fit Result Enterprises Limited and Often More Limited, both incorporated in the British Virgin islands. Both companies are currently dormant.

Listed Entity
Business Lines
Investment Holding Company
Operating Subsidiaries

FINANCIAL Highlights

INCOME STATEMENT HIGHLIGHTS	FY2006 RMB'000	FY2005 RMB'000
Revenue	333,727	241,801
Gross profit	31,433	25,904
Gross profit margin	9.4%	10.7%
Profit before tax	23,015	18,759
Profit after tax attributable to shareholders	23,015	18,759
Net profit margin	6.9%	7.8%
BALANCE SHEET HIGHLIGHTS		
Non-current assets	78,730	19,447
Current assets	149,965	118,746
Total assets	228,695	138,193
Non-current liabilities	50,000	-
Current liabilities	61,539	116,292
Equity	117,157	21,901
CASH FLOW HIGHLIGHTS		
Cash Flows from Operating Activities	1,862	26,476
Cash Flows used in Investing Activities	(61,210)	(5,720)
Cash Flows from Financing Activities	58,570	10,447
Net (decrease)/increase in cash and cash equivalents	(769)	31,203
Cash and cash equivalents at end of year	40,970	41,677
KEY STATISTICS		
Earnings per share(1) (RMB cents)	24.42	18.76
Net tangible assets per share(2) (RMB cents)	124.31	66.73
Return on assets(3)	10.1%	13.6%
Return on equity(4)	19.6%	27.6%
Current ratio(5)	2.44 times	1.66 times
Gearing ratio(6)	0.68 times	0.66 times
Weighted average number of shares(7)	94,246,576	100,000,000

(1) Earnings per share is computed based on net profit attributable to the Group divided by the weighted average number of shares

(2) Net tangible assets per share is computed based on the Shareholders' Equity(8) divided by the weighted average number of shares

(3) Return on assets is defined as net profit after tax divided by total assets

(4) Return on equity is defined as net profit after tax divided by total equity(8)

(5) Current ratio is defined as total current assets divided by total current liabilities(8)

(6) Gearing ratio is defined as total liabilities(8) divided by total equity(8)

(7) For FY2005, the pre-invitation share capital of 100,000,000 shares is used

(8) For FY 2005, these are adjusted for the capitalisation of director's loans amounting to S$9,240,925.80 by the allotment and issue of 99,999,997 ordinary shares

CORPORATE Governance Report

The Board is committed to maintaining a high standard of corporate governance within the Group.

This report describes the Company's corporate governance practices with specific reference to the principles of the Code of Corporate Governance 2005 ("the Code"). The Company confirms that it has adhered to the principles and guidelines as set out in the Code, where applicable, and has specified and explained the areas of non-compliance.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The Board of Directors (the "Board") oversees the business and corporate affairs of the Group.

The Board's role includes:

(i) reviews and approval of strategic plans, major objectives, investing and funding activities
(ii) approval of compensation policies for senior management; and
(iii) reviews and monitors the Group's performance

The Board objectively makes decisions in the interests of the Company. To assist in the execution of its responsibilities, the Board has established an Audit Committee, a Remuneration Committee and a Nominating Committee.

The Board conducts regular scheduled meetings at least twice a year to review the strategic policies of the Group, significant business transactions, performance of the business and approve the release of the Group's interim and year-end results As and when required, additional Board meetings are also held to address significant transactions or issues that arise.

The Company's articles provide for meetings to be held via telephone and video-conferencing through which all persons participating in the meetings can communicate with each other simultaneously and instantaneously.

The approval of the Board is required for any matters which is likely to have a material impact on the Group's operating units and/or financial positions as well as matters other than in the ordinary course of business.

Details of Board and Board committee meetings held during the financial year ended 31 December 2006 are summarized in the table below:

Meeting	Board	Audit Committee	Nominating Committee	Remuneration Committee
Total held in FY2006	**2**	**2**	**1**	**1**
Gong Haitao	2	NA	1	1
Gong Yucai	2	NA	NA	NA
Xue Haoxin	2	2	NA	NA
Lim Chin Tong	2	2	1	1
Seow Han Chiang, Winston	2	2	1	1

Directors are kept informed of the relevant new laws, regulations and changing commercial risks, from time to time. Newly appointed directors would be provided with information on the Group's history, business operations and policies.

Principle 2: Board Composition and Guidance

The Board comprises:

Executive Director

Gong Yucai (Chief Executive Officer)

Non-Executive Directors

Gong Haitao (Non-executive Chairman)
Xue Haoxin (Non-independent)
Lim Chin Tong (Independent)
Seow Han Chiang, Winston (Independent)

The Nominating Committee reviews the independence of directors on an annual basis, adopts the Code of what constitutes an independent director.

The Board is of the view that its current size of five directors is appropriate, taking into account the scope and nature of the operations of the Group. The current board comprises persons who as a group provide core competencies necessary to meet the Company's objectives.

Non-executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management's proposals or, decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.

Principle 3: Chairman and Chief Executive Officer

The Group's Chairman, Mr Gong Haitao, is the father of Mr Gong Yucai, the CEO of the Group.

The CEO, assisted by the senior management, is responsible for the day to day operations of the Group. He also executes the strategic plans set out by the Board and ensures that the Directors are kept updated and informed of the Group's business.

The Chairman, ensures that board meetings are held when necessary, sets the board agenda (in consultation with the CEO), and ensures that Directors are provided with complete, adequate and timely information. He also assists in ensuring compliance with the Company's guidelines on corporate governance.

Notwithstanding the relationship between the Chairman and the CEO, the Directors are of the view that there are sufficient safeguards and checks to ensure that the decision making process of the Board is independent and based on collective decision of the Directors, without any individual exercising any considerable concentration of power or influence. Furthermore, all Board committees are chaired by independent directors. In line with the recommendations in the Code, Mr Lim Chin Tong has been appointed Lead Independent Director of the Company to address the concerns, if any, of the Company's shareholders.

Principles 4 & 5 : Board Membership & Performance

The NC, regulated by a set of written terms of reference, comprises mainly independent directors. The Chairman is Mr Lim Chin Tong, an independent director, who is not, or who is not directly associated with, a substantial shareholder. The members of the NC are as follows:

Lim Chin Tong (Chairman)
Seow Han Chiang, Winston
Gong Haitao

The principal functions of the NC are:

- review nominations for the appointment and re-appointment to the Board;
- ensure that all directors submit themselves for re-nomination and re-election at regular intervals;
- evaluate the performance of the Board as a whole;
- review and evaluate whether or not a director is able to and has been adequately carrying out his/her duties as director of the Company, particularly when he/she has multiple Board representations;
- review on an annual basis the independence of directors.

For the year under review, the NC had initiated a Board evaluation to assess the effectiveness of the Board as a whole by having the directors complete a questionnaire. The assessment process examines factors such as Board composition, information flow to the Board, Board procedures, Board accountability, assessment of the CEO and standards of conduct of the Board members.

The NC has also adopted a process for selecting and appointing of new directors subsequent to financial year 2006. In selecting potential new directors, the NC will seek to identify the competencies required to enable the Board to fulfill its responsibilities. The Curriculum Vitae and other particulars/documents of the nominee or candidate will be reviewed by the NC. The NC will evaluate the suitability of the nominee or candidate based on his qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board.

All directors shall submit themselves for re-nomination and re-election at least once every three years. Pursuant to Article 89 of the Company's Articles of Association, one-third of the directors are to retire from office by rotation at the Company's Annual General Meeting ("AGM"). Article 85 provides that the CEO shall not be subject to retirement by rotation. Article 88 of the Company's Articles of Association provides that a director appointed during the year will hold office only until the next AGM and will be eligible for re-election.

Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as director.

Key information regarding the directors:

Name/Designation	**Academic & Professional Qualifications**	**Date of 1st appointment**	**Date of last re-election**
Gong Haitao Non-Executive Chairman	Senior High School graduate	30 June 2005	21 July 2006
Gong Yucai Chief Executive Officer	Master degree in Business Administration	22 October 2004	-
Xue Haoxin Non-executive Director	Degree in Accountancy	30 June 2005	21 July 2006
Lim Chin Tong Lead Independent Director	Bachelor of Science (Honours) Degree in Mechanical Engineering Diploma of Business Administration	30 June 2005	21 July 2006
Seow Han Chiang, Winston Independent Director	Bachelor of Law (Honours) degree	30 June 2005	21 July 2006

In accordance with the Company's Articles of Association, Mr Gong Haitao and Mr Lim Chin Tong are due to retire at the Company's forthcoming AGM and will be eligible for re-election.

Principle 6: Access to Information

The Board has independent and separate access to the senior management and Company Secretaries. The Management provides the Board with adequate and timely information and updates on initiatives and developments for the Group's business whenever possible. The Company Secretary attends all Board meetings and meetings of the committees and ensures that the meetings are conducted in accordance with the Memorandum and Articles of Association of the Company and applicable rules and regulations are complied with. When necessary, the Board may seek independent professional advice at the expense of the Company.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The RC, regulated by a set of written terms of reference, comprises entirely the following non-executive directors:

– Seow Han Chiang, Winston (Chairman)
– Lim Chin Tong
– Gong Haitao

The RC is responsible for recommending to the Board a framework of remuneration for the Directors and senior management, and determines the remuneration package for the CEO. The recommendations of the RC will be submitted to the entire Board for approval. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind shall be covered by the RC. Each member of the RC shall abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the RC in respect of his remuneration.

Principle 8: Level and Mix of Remuneration

In setting remuneration packages, the Company considers the pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual director.

The non-executive directors receive directors' fees, in accordance with their contributions, taking into account factors such as effort and time spent responsibilities of the non-executive directors and the need to pay competitive fees to attract, retain and motivate such directors. Directors' fees are recommended by the Board for approval at the Company's AGM.

The executive directors do not receive directors' fees. The remuneration for the executive directors and the key senior executives comprises a basic salary component and a variable component, an annual bonus, based on the performance of the Group as well as their individual performance.

The service contract entered into with the CEO took effect from 1 January 2006 for an initial period of three years. Upon the expiry of the initial period, the appointment shall automatically continue for an indefinite period until terminated by either party giving not less than six months' notice in writing to the other.

The annual review of the CEO and senior management's remuneration packages are carried out by the RC to ensure that their remuneration commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group.

Principle 9: Disclosure on Remuneration

The level and mix of each individual director's remuneration band for the year ended 31 December 2006 is as follows:

	Directors' fees	Salary	Bonus	Benefits	Total
Below S$250,000					
Mr Gong Yucai[1]	–	100%	–	–	100%
Mr Gong Haitao	100%	–	–	–	100%
Mr Xue Haoxin	100%	–	–	–	100%
Mr Lim Chin Tong	100%	–	–	–	100%
Mr Seow Han Chiang, Winston	100%	–	–	–	100%

Note 1 : Mr Gong Yucai is the son of Mr Gong Haitao.

Directors' fees are subject to approval by shareholders at the Company's forthcoming AGM.

For the financial year ended 31 December 2006, the remuneration of top 5 executives of the Group is as follows:

Below S$250,000
Pan Zhikun
Shen Weiming
Tam Yok Mui
Zhou Yufeng
Wu Jiaqi

Other than disclosed above, there are no employees of the Group who are immediate family members of a director or the CEO and whose remuneration exceeds S$150,000 during the year.

The Company does not have a long-term incentive or share option scheme in place.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Management is accountable to the Board and presents to the Board the interim and full-year results and the Audit Committee reports on the results for review and approval. The Board approved the results and authorized the release of results to the SGX-ST and the public via SGXNET.

The Company ensures that price sensitive information is publicly released, either before the Company meets any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced or issued within the mandatory period.

In presenting the annual financial statements and interim announcements to shareholders, the Board ensures that there are detailed analyses, explanation and assessment of the Group's financial position and prospects.

Principle 11: Audit Committee ("AC")

The AC comprises three members, all of whom are non-executive directors:

Lim Chin Tong (Chairman)
Seow Han Chiang, Winston
Xue Haoxin

The AC members have numerous years of experience in senior management positions and have sufficient financial management expertise to discharge their responsibilities.

The AC meets at least twice a year and as and when deemed appropriate to carry out its functions.

The AC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Group.

The AC's functions are as follows:

(a) review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response;

(b) review the Group's financial results and announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;

(c) review the internal control procedures and ensure co-ordination between the internal and external auditors and the management, and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);

(d) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(e) consider the appointment or re-appointment of the internal and external auditors and matters relating to the resignation or dismissal of the auditors;

(f) review Interested Person Transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;

(g) review potential conflicts of interest, if any;

(h) undertake such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

(i) generally undertake such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time.

The Board has on the recommendation of AC adopted a whistle-blowing procedure to allow employees to confidentially, report possible improprieties which may cause financial or non-financial loss of the Company.

The AC has full access to and co-operation from the Management and full discretion to invite any director or executive officer to attend its meetings, and has been given resources to enable the AC to discharge its functions properly. The external auditors have unrestricted access to the AC.

The AC confirms that it has undertaken a review of all non-audit services provided by the Company's auditor during the year and is satisfied that such services would not, in the AC's opinion, affect the independence of the external auditors. The AC has recommended the re-appointment of Foo Kon Tan Grant Thornton as external auditors at the forthcoming Annual General Meeting of the Company.

Principle 12: Internal Controls

The Board acknowledges that it is responsible for ensuring the Company has in place a sound system of internal controls. It is however, impossible to preclude all errors and irregularities, as a system is designed to manage rather than eliminate risks, and therefore can provide only reasonable and not absolute assurance against material misstatements or losses, errors or misjudgments, fraud or other irregularities.

Principle 13: Internal Audit

The Company has outsourced the internal audit function to, Moore Stephens, a firm of certified public accountants. The Internal Auditor ("IA") will review and test the Group's internal control system for adequacy and effectiveness. The IA will report directly to the AC on internal audit matters and may request from it the necessary resources to adequately perform its functions. Whenever necessary, the IA will also report to the Chairman of AC on administrative matters.

The AC will ensure the adequacy of the internal audit function on an annual basis.

The Board 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 and up to and as at the date of this report, is adequate to meet the needs of the Group in its current business environment.

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

The Company is committed to regular and proactive communication with its shareholders. It is the Board's policy that the shareholders be informed of the major developments that impact the Group.

Information is communicated to shareholders on a timely basis through:

- SGXNet releases and press releases;
- annual reports that are prepared and issued to all shareholders;
- interim and annual financial statements containing a summary of the financial information and affairs of the Group for the period; and
- notices of and explanatory notes for annual general meetings ("AGM") and extraordinary general meetings ("EGM").

Shareholders are encouraged to attend the AGM and EGM to stay informed of the Group's strategies and goals and to voice their concerns and opinions. The Board, including the Chairmen of the NC, AC and RC, external auditors and the Management will be available at the meeting to answer questions that shareholders may have concerning the Group.

SECURITIES TRANSACTIONS

The Company has devised and adopted its own internal compliance code to provide guidance to its officers with regard to dealing in the Company's shares by the directors and executives of the Group. The directors and executives have been informed not to deal in the Company's shares whilst in possession of price sensitive information and during the periods commencing one month prior to the announcement of the Company's interim and full year results and ending on the date of the announcement of the results. Directors and executives are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

MATERIAL CONTRACTS

Save as disclosed under Material Contracts in the Company's Prospectus dated 8 May 2006, there were no material contracts of the Company, or its subsidiary involving the interests of the Chairman, CEO, any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that interested persons transactions are reported in a timely manner to the AC and such transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

In the financial year 2006, the aggregate value of all transactions conducted with interested persons did not exceed S$100,000. The AC and Board had reviewed these transactions and ascertained that these transactions were carried out at arm's length and under normal commercial terms.

RISK MANAGEMENT

The Management, headed by the CEO regularly reviews the Group's operations and activities to identify areas of risks as well as appropriate measures to control and mitigate these risks. Significant matters will be reported to the AC and the Board.

The Group's financial risk management is discussed under Note 22 of the Notes to the Financial Statements, on pages 53-54 of the Annual Report.

FINANCIAL REPORT

DIRECTORS' Report

The Directors submit this annual report to the members together with the audited consolidated financial statements of the group and balance sheet of the Company for the financial year ended 31 December 2006.

NAMES OF DIRECTORS

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

Gong Haitao (Chairman and Non-Executive Director)
Gong Yucai (Chief Executive Officer)
Xue Haoxin (Non-Executive Director)
Lim Chin Tong (Independent Director)
Seow Han Chiang, Winston (Independent Director)

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial year, neither the Company nor its subsidiaries was a party to any arrangement the object of which was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body.

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year was interested in shares of the Company and its related corporations except as follows:

	Shares in which director is deemed to have an interest	
	As at 1.1.2006	**As at 31.12.2006 and 21.1.2007**
The Company - Link Hi Holdings Limited	Number of ordinary shares	
Gong Haitao	1	**10,000,000**[(1)]
Gong Yucai	2	**91,261,000**[(2)]

Notes:

(1) Held by company in which Gong Haitao is deemed interested.
(2) Deemed interest in spouse's deemed interest and deemed interest held by company in which Gong Yucai is deemed interested.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50, except one of the directors is under the employment of a subsidiary.

SHARE OPTIONS

No options were granted during the financial year to take up unissued shares of the company or of its subsidiaries.

No shares were issued by virtue of the exercise of options.

There were no unissued shares under option at the end of the financial year.

AUDIT COMMITTEE

The Audit Committee comprises the following members:

Lim Chin Tong (Chairman)
Seow Han Chiang, Winston
Xue Haoxin

The Audit Committee carried out its functions in accordance with Section 201B of the Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance.

Functions performed by the Audit Committee are described in the report on corporate governance included in the Annual Report.

The Audit Committee has nominated Foo Kon Tan Grant Thornton for re-appointment as auditors of the company at the forthcoming Annual General Meeting.

OTHER INFORMATION REQUIRED BY THE SGX-ST

Material information

Apart from the Employment Agreement between the executive director with the company and a subsidiary, there are no material contract to which the company or its subsidiaries, is a party which involve directors' interests subsisted or have been entered into during the financial year.

Interested person transactions

There were no interested person transactions as defined in Chapter 9 of the SGX-ST Manual conducted during the financial year except as disclosed in Note 19 to the financial statements.

Auditors

The auditors, Foo Kon Tan Grant Thornton, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Directors

....
GONG HAITAO

....
GONG YUCAI

Dated: 23 March 2007

STATEMENT By Directors

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

In the opinion of the directors, the accompanying balance sheets, consolidated income statement, consolidated statement of changes in equity and the consolidated cash flow statement, together with the notes thereon, 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 2006, and of the results of the business, changes in equity and cash flows of the group for the financial year ended on that date and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

On behalf of the Directors

…………………………….
GONG HAITAO

…………………………….
GONG YUCAI

Dated: 23 March 2007

AUDITORS' Report

to the members of Link Hi Holdings Limited

We have audited the accompanying financial statements of Link Hi Holdings Limited ("the company") and its subsidiaries ("the group"), which comprise the balance sheets as at 31 December 2006, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

(a) the consolidated financial statements of the group and the balance sheet of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards 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 2006 and the results, consolidated changes in equity and consolidated cash flows of the group the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan Grant Thornton
Certified Public Accountants

Singapore, 23 March 2007

BALANCE Sheets
for the year ended 31 December 2006

	Note	The Company 31 December 2006 RMB'000	The Company 31 December 2005 RMB'000	The Group 31 December 2006 RMB'000	The Group 31 December 2005 RMB'000
Assets					
Non-Current					
Property, plant and equipment	5	**8**	14	**78,730**	19,447
Subsidiaries	6	**79,300**	41,320	**-**	-
		79,308	41,334	**78,730**	19,447
Current					
Inventories	7	**-**	-	**51,910**	32,062
Trade and other receivables	8	**380**	3,265	**57,074**	45,007
Amount owing by related parties (trade)		**-**	-	**11**	-
Cash and cash equivalents	9	**716**	1,280	**40,970**	41,677
		1,096	4,545	**149,965**	118,746
Total assets		**80,404**	45,879	**228,695**	138,193
Equity					
Capital and Reserves					
Share capital	10	**73,681**	*	**73,681**	*
Retained profits/(accumulated losses)		**5,090**	(311)	**38,699**	18,669
Statutory common reserve		**-**	-	**5,270**	2,285
Exchange fluctuation reserve		**(493)**	947	**(493)**	947
		78,278	636	**117,157**	21,901
Liabilities					
Non-Current					
Bank borrowings	11	**-**	-	**50,000**	-
Current					
Amount owing to related parties	12	**814**	44,831	**1,034**	50,905
Trade and other payables	13	**691**	354	**29,883**	20,328
Provision for directors' fee		**621**	58	**621**	59
Bank borrowings	11	**-**	-	**30,000**	45,000
		2,126	45,243	**61,538**	116,292
Total equity and liabilities		**80,404**	45,879	**228,695**	138,193

* Denotes amount less than RMB1,000.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED Income Statement
for the year ended 31 December 2006

	Note	**Year ended 31 December 2006 RMB'000**	Year ended 31 December 2005 RMB'000
Revenue	4	**333,727**	241,801
Cost of sales		**(302,294)**	(215,897)
Gross profit		**31,433**	25,904
Other operating income	14(a)	**9,427**	4,596
Distribution costs		**(3,984)**	(6,019)
Administrative expenses		**(10,600)**	(4,140)
Finance costs	14(b)	**(3,261)**	(1,582)
Profit before taxation	15	**23,015**	18,759
Taxation	16	**-**	-
Profit after taxation for the year attributable to shareholders		**23,015**	18,759
Earnings per share (RMB cents)	18		
- basic		**24.42**	18.76
- diluted		**24.42**	18.76

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED Statement Of Changes In Equity

for the year ended 31 December 2006

	Share capital RMB'000	Retained profits RMB'000	Statutory common reserve RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000
Balance at 1 January 2005	*	2,195	-	(677)	1,518
Net profit for the year	-	18,759	-	-	18,759
Transferred to statutory common reserve	-	(2,285)	2,285	-	-
Exchange translation difference	-	-	-	1,624	1,624
Balance at 31 December 2005	*	**18,669**	**2,285**	**947**	**21,901**
Issue of shares pursuant to capitalisation of loan owing to a director (Note 10)	**45,927**	**-**	**-**	**-**	**45,927**
Issue of shares pursuant to Initial Public Offering ("IPO") listing (Note 10)	**31,757**	**-**	**-**	**-**	**31,757**
Share issue costs (Note 10)	**(4,003)**	**-**	**-**	**-**	**(4,003)**
Net profit for the year	**-**	**23,015**	**-**	**-**	**23,015**
Transferred to statutory common reserve	**-**	**(2,985)**	**2,985**	**-**	**-**
Exchange translation difference	**-**	**-**	**-**	**(1,440)**	**(1,440)**
Balance at 31 December 2006	**73,681**	**38,699**	**5,270**	**(493)**	**117,157**

* Denotes amount less than RMB1,000.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED Cash Flow Statement

for the year ended 31 December 2006

	Year ended 31 December 2006 RMB'000	Year ended 31 December 2005 RMB'000
Cash Flows from Operating Activities		
Profit before taxation	**23,015**	18,759
Adjustments for:		
Depreciation of property, plant and equipment	**2,062**	1,652
Exchange translation difference	**(507)**	7
Impairment on receivables	**392**	410
Impairment on receivables no longer required	**(256)**	(425)
Interest expense	**3,261**	1,582
Interest income	**(144)**	(60)
Loss on disposal of property, plant and equipment	**-**	29
Operating profit before working capital changes	**27,823**	21,954
(Increase)/decrease in inventories	**(19,848)**	2,899
(Increase)/decrease in operating receivables	**(13,141)**	4,763
Increase/(decrease) in operating payables	**10,289**	(535)
Cash generated from operations	**5,123**	29,081
Interest paid	**(3,261)**	(1,582)
Income tax paid	**-**	(1,023)
Net cash generated from operating activities	**1,862**	26,476
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	**(61,345)**	(5,880)
Interest received	**144**	60
Proceeds from disposal of property, plant and equipment	**-**	100
Net cash used in investing activities	**(61,201)**	(5,720)
Cash Flows from Financing Activities		
Share issue costs	**(2,935)**	-
Proceeds from issue of new shares	**31,757**	-
Advances from/(to) a director	**822**	(976)
Bank loans obtained, net	**35,000**	45,000
Funds to a related party	**(6,074)**	(33,577)
Net cash generated from financing activities	**58,570**	10,447
Net (decrease)/increase in cash and cash equivalents	**(769)**	31,203
Cash and cash equivalents at beginning of year	**41,677**	10,654
Effect of exchange rate change	**62**	(180)
Cash and cash equivalents at end of year (Note 9)	**40,970**	41,677

Note:
The group has three newly incorporated subsidiaries with initial capital of RMB10,000,000 by way of cash.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

1 GENERAL INFORMATION

The financial statements of the company and the group for the year ended 31 December 2006, were authorised for issue in accordance with a resolution of the directors on the date of the Statement By Directors.

The company was incorporated in the Republic of Singapore under the name of Link Hi Holdings Pte. Ltd. on 31 August 2004 as a private limited company under the Companies Act, Cap. 50. The company was converted to a public company on 30 March 2006 and changed its name to Link Hi Holdings Limited. The company was admitted to the Official List of the Stock Exchange of Singapore Dealing and Automated Quotation System (SGX-SESDAQ) on 22 May 2006.

The company is incorporated as a limited liability company and domiciled in the Republic of Singapore.

The registered office is located at 3 Raffles Place, #07-01 Bharat Building, Singapore 048617.

The principal activity of the company is that of investment holding. The principal activities of the subsidiaries are stated in Note 6.

2 RESTRUCTURING EXERCISE

The group was formed as a result of a restructuring exercise ("Restructuring Exercise") undertaken for the purpose of the company's listing on the SGX-SESDAQ. The Restructuring Exercise involved the following:

On 12 October 2004, the company incorporated a wholly-owned subsidiary, Wuxi Fastness Pipe Co., Ltd. ("Fastness"), in the PRC as a wholly-owned foreign enterprise under the laws of the People's Republic of China ("PRC") with an initial registered capital of US$5,000,000. On 21 May 2005, Fastness changed its name to Wuxi Fastube Industry Co., Ltd ("Wuxi Fastube").

Pursuant to a Transfer Agreement dated 15 October 2004, Wuxi Sujia Steel Pipe Joint Stock Limited (formerly known as Wuxi Sujia Steel Pipe Co., Ltd.) ("Wuxi Sujia") agreed to transfer certain of its assets, liabilities and businesses to Wuxi Fastube for a total consideration of RMB56,525,416. The transfer was completed on 28 April 2005 when the Asset Delivery Confirmation Letter was signed between the two parties.

3(A) BASIS OF PREPARATION

The financial information of Link Hi Holdings Limited (the "company") and its subsidiaries (collectively referred to as the "group") set out in the consolidated financial statements for the financial year ended 31 December 2006, are expressed in Renminbi ("RMB"), being the functional and reporting currency of the principal companies within the group.

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations to FRS ("INT FRS") promulgated by the Council on Corporate Disclosure and Governance ("CCDG"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Significant accounting estimates and judgements (cont'd)

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below:

Critical assumptions used and accounting estimates in applying accounting policies

Income tax

The group has exposure to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the group-wide provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 10 years. The carrying amounts of the company's and the group's property, plant and equipment as at 31 December 2006 is RMB 8,000 and RMB78,730,000 respectively. Changes in the expected level of usage could impact the economic useful lives of these assets, therefore future depreciation charges could be revised.

Critical judgements and key sources of estimation uncertainty

In the process of applying the entity's accounting policies, which are described in Note 3(D), management had made the following judgement that have the most significant effect on the amounts recognised in the financial statements:

Impairment of plant and equipment

The group assess annually whether plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

Impairment in investment in subsidiaries

Determining whether investment in subsidiaries is impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investments based on such estimates and is confident that the allowance for impairment is not required.

Allowance for bad and doubtful debts

The group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

3(B) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2006

On 1 January 2006, the company adopted the new or revised FRS and INT FRS that are mandatory for application from that date. Changes to the company's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. This includes the following FRS and INT FRS, which are relevant to the company and the group:

FRS 19 (Amendment)	Employee Benefits
FRS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates
FRS 32 (Amendment)	Financial Instruments: Disclosure and Presentation
FRS 39 (Amendment)	Financial Instruments: Recognition and Measurement
INT FRS 104	Determining whether an Arrangement contains a Lease

The adoption of the above FRS and INT FRS did not result in substantial changes to the group's accounting policies.

3(C) FRS NOT EFFECTIVE

At the date of authorisation of these financial statements, the following FRS and INT FRS were issued but not yet effective:

FRS 1 (Amendment)	Amendments Relating to Capital Disclosure
FRS 32	Financial Instruments: Presentation
FRS 40	Investment Property
FRS 107	Financial Instruments: Disclosures
INT FRS 107	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economics
INT FRS 108	Scope of FRS 102
INT FRS 109	Reassessment of Embedded Derivatives
INT FRS 110	Interim Financial Reporting and Impairment

The directors anticipate that the adoption of these FRS and INT FRS in future periods will have no material impact on the financial statements of the group.

3(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The financial statements of the group include the financial statements of the company and its subsidiaries made up to the end of the financial year. Information on the subsidiaries is given in Note 6.

The consolidated financial statements of the group for the financial year ended 31 December 2005 have been prepared using the historical cost method similar to the "pooling-of-interest" as acquisition of subsidiary is accounted for as reconstructions of businesses. Under the historical cost method, the acquired assets and liabilities are recorded at their existing carrying amounts. The consolidated financial statements include the results of operations, and the assets and liabilities, of the pooled enterprises as part of the group for the whole of the current period.

Other than for accounting of subsidiaries using the historical cost method as disclosed above, the results of the subsidiaries acquired during the financial year are included in the consolidated income statement from the effective date in which control is transferred to the group.

Consolidation (cont'd)

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Where accounting policies of a subsidiary do not conform with those of the company, adjustments are made on consolidation when the amounts involved are considered significant to the group.

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of the assets after deducting the residual value over their estimated useful lives as follows:

Plant and machinery	10 years
Electronic equipment	3 - 5 years
Motor vehicles	10 years

No depreciation is provided for construction-in-progress.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

The residual values and useful lives of property, plant and equipment are reviewed and adjusted as appropriate at each balance sheet date. The useful life and depreciation method are reviewed at each financial year-end to ensure that the method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the terms of property, plant and equipment.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively.

Fully depreciated property, plant and equipment, if any, are retained in the books of accounts until they are no longer in use.

Subsidiary

A subsidiary is defined as a company in which the investing company has a long-term equity interest of more than 50% or over whose financial and operating policy decision the group has control.

Shares in subsidiaries are stated at cost less allowance for any impairment losses.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted-average basis. In the case of manufactured inventories, cost consists of cost of raw materials, direct labour and an appropriate proportion of production overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Financial assets

Financial assets include cash and financial instruments. Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the company and the group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

The company and the group do not have any investments and accordingly, there are no investments to be classified as fair value through profit or loss, held-to-maturity or available-for-sale.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company and the group provide money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets, if any.

Loans and receivables are subsequently measured at amortised cost using the effective interest method less provision for impairment. Any change in their value is recognised in income statement. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date the impairment is reversed. Any reversal is recognised in the income statement.

Receivables are provided against when there is objective evidence that the company and the group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Loans and receivables are included in trade and other receivables, related parties' balances and deposits held in banks.

Leases

Operating lease

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to income statement on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the income statement when incurred.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits with a short maturity of three months or less.

Related parties

Related parties are entities with one or more common direct/indirect shareholders and/or directors and in which one party has the ability to control or exercise significant influence over the other party in financial and operating decision making.

Financial liabilities

The company's and the group's financial liabilities include bank borrowings, trade and other payables and related party balances.

Financial liabilities are recognised when the company and the group become a party to the contractual agreements of the instrument. All interest related charges is recognised as an expense in "finance costs" in the income statement.

Bank borrowings are raised for support of long-term funding of the company's and the group's operations. They are recognised at proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to income statement on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Employee benefits

Pension obligations

The company and the group participate in the defined contribution national pension and other welfare schemes as provided by the laws of the countries each entity in the group operates. The company contributes to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to national pension schemes are charged to the income statement in the period to which the contributions relate.

The subsidiaries participate in the defined contribution national pension and other welfare schemes as provided by the laws in the PRC. The contributions to these schemes are charged to the income statement in the period to which the contributions relate.

Employee benefits (cont'd)

Employee leave entitlements

No provision has been made for employee leave entitlements as any unconsumed annual leave not utilised will be forfeited.

Provisions

Provisions are recognised when the company and the group have a present obligation (legal or constructive) 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.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Income taxes

The liability method of tax effect accounting is adopted by the group. Current taxation is provided at the current taxation rate based on the tax payable on the income for the financial year that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred income tax is provided on all temporary differences arising on investment in subsidiary, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

The statutory tax rates enacted at the balance sheet date are used to determine deferred income tax.

Impairment of assets

The carrying amounts of the company's and the group's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable is defined as the higher of value in use and net selling price.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment of assets (cont'd)

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation.

Any impairment loss is charged to the income statement.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Functional currency

Items included in the financial statements of the company and the group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The consolidated financial statements of the company and the group are presented in RMB, which is also the functional currency of the group.

Conversion of foreign currencies

The accounting records of the companies within the group are maintained in their respective measurement currencies.

The measurement currency of the company and its subsidiaries is RMB. The group's principal operations are predominantly conducted in PRC and thus the financial statements are presented in RMB, being the currency that best reflects the economic substance of the underlying events and circumstances of the group, to the nearest thousand.

Monetary assets and liabilities in foreign currencies are translated into RMB at rates of exchange closely approximately those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximately those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the consolidated income statement in the period in which they arise.

Assets and liabilities of the company are translated into RMB at exchange rates ruling at balance sheet date while share capital, reserves and non-monetary assets are translated at historical rates of exchange. Revenues and expenses are translated at average exchange rates for the period, which approximate the exchange rates at the dates of transactions. All resultant exchange differences are taken directly to equity as exchange fluctuation reserve.

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes value-added tax and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue is recognised when steel pipes and raw materials are sold to customers, which generally coincides with their delivery and acceptance.

Interest income is recognised on a time-apportioned basis using the effective interest method.

Segment reporting

A segment is a distinguishable component of the group within a particular economic environment (geographical segment) and to a particular industry (business segment) which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the group's business and geographical segments. The primary format, business segments, is based on the group's management and internal reporting structure. In presenting information on the basis of business segments, segment revenue is based on the nature of the products or services provided by the group. Information for geographical segments is based on the geographical location of the principal places of business.

Statutory common reserve

According to the current PRC company law, the subsidiary is required, where appropriate, to transfer 10% of its profit after taxation to statutory common reserve until the balance of such reserve reaches 50% of the registered capital. For the purpose of calculating the transfer to this reserve, the profit after taxation shall be the amount determined under PRC accounting standards. The transfer to this reserve must be made before the distribution of dividends to shareholders.

Statutory common reserve can be used to make good previous years' losses and for conversion to capital, if any, provided that the balance remains not less than 25% of the registered capital.

Financial instruments

Financial instruments carried on the balance sheets include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These instruments are recognised when contracted for.

Disclosures on financial risk management objectives and policies are provided in Note 22.

4 REVENUE

Revenue of the group represents the sale of steel pipes and raw materials excluding applicable value added tax as follows:

	31 December 2006 RMB'000	31 December 2005 RMB'000
Sale of steel pipes	**328,266**	232,534
Sale of raw materials	**5,461**	9,267
	333,727	241,801

5 PROPERTY, PLANT AND EQUIPMENT

The Company	Electronic equipment RMB'000
Cost	
As at 1 January 2005	-
Additions	14
At 31 December 2005 and **at 31 December 2006**	**14**
Accumulated depreciation	
At 1 January 2005	-
Depreciation for the year	*
At 31 December 2005	*
Depreciation for the year	6
At 31 December 2006	**6**
Net book value	
At 31 December 2006	**8**
At 31 December 2005	14

The Group	Plant and machinery RMB'000	Electronic equipment RMB'000	Motor vehicles RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost					
At 1 January 2005	13,585	1,781	240	-	15,606
Additions	1,070	178	248	4,384	5,880
Disposals	-	-	(132)	-	(132)
Reclassified	2,499	-	-	(2,499)	-
At 31 December 2005	17,154	1,959	356	1,885	21,354
Additions	1,323	889	529	58,604	61,345
At 31 December 2006	**18,477**	**2,848**	**885**	**60,489**	**82,699**
Accumulated depreciation					
At 1 January 2005	202	52	4	-	258
Depreciation for the year	1,289	333	30	-	1,652
Disposals	-	-	(3)	-	(3)
At 31 December 2005	1,491	385	31	-	1,907
Depreciation for the year	1,591	415	56	-	2,062
At 31 December 2006	**3,082**	**800**	**87**	**-**	**3,969**
Net book value					
At 31 December 2006	**15,395**	**2,048**	**798**	**60,489**	**78,730**
At 31 December 2005	15,663	1,574	325	1,885	19,447

The construction-in-progress relates to construction of a factory facility for production line 355. Line 355 is capable of producing round welded steel pipes for use in the oil and gas industry. The capital commitments in respect of the construction-in-progress are disclosed in Note 20.2.

* Denotes amount less than RMB1,000.

6 SUBSIDIARIES

The Company	31 December 2006 RMB'000	31 December 2005 RMB'000
Unquoted equity investments, at cost	79,300	41,320

The subsidiaries are:

Name	Country of incorporation/ place of business	Cost of investment 2006 RMB'000	Cost of investment 2005 RMB'000	Percentage of equity held 2006	Percentage of equity held 2005	Principal activity
Wuxi Fastube Industry Co., Ltd # (Acquired on 15.10.2005)	People's Republic of China	**69,300**	41,320	**100%**	100%	To develop, manufacture and process various types of precision steel pipes and tubing for the automotive, oil and gas and machinery and equipment industries
Wuxi Fastube Energy Development Science & Technology Co., Ltd @ (Incorporated on 22.12.2006)	People's Republic of China	**10,000**	-	**100%**	-	To carry out research and development, design, manufacture and sale of steel pipes, equipment and facilities for use in oil exploration
Fit Result Enterprises Limited @ (Incorporated on 4.10.2006)	British Virgin Islands	*	-	**100%**	-	Investment holding
Often More Ltd @ (Incorporated on 4.10.2006)	British Virgin Islands	*	-	**100%**	-	Trading of steel pipes
		79,300	41,320			

* Denotes amount less than RMB1,000.

\# Audited by Foo Kon Tan Grant Thornton for FRS reporting purposes.

@ These subsidiaries are not required under the laws of the country to be audited and these subsidiaries are inactive.

7 INVENTORIES

The Group	31 December 2006 RMB'000	31 December 2005 RMB'000
At cost:		
Raw materials	**23,961**	13,530
Finished goods	**27,949**	18,532
	51,910	32,062
Inventories charged to cost of goods sold	**280,380**	206,155

8 TRADE AND OTHER RECEIVABLES

	The Company		The Group	
	31 December 2006 RMB'000	31 December 2005 RMB'000	**31 December 2006 RMB'000**	31 December 2005 RMB'000
Trade receivables	**-**	-	**30,108**	25,435
Impairment on trade receivables	**-**	-	**(692)**	(556)
Net trade receivables	**-**	-	**29,416**	24,879
Advances to suppliers	**-**	-	**16,031**	6,859
Note receivables	**-**	-	**7,518**	8,337
Prepayments	**350**	3,229	**1,209**	3,907
Other receivables	**30**	36	**2,900**	1,025
	380	3,265	**57,074**	45,007

Trade receivables are usually due within 30-90 days and do not bear any effective interest rate. All trade receivables are subject to credit risk exposure. However, the group does not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognised resemble a large number of receivables from various customers.

Note receivables from banks, mature at varying dates between 3 January 2007, the earliest date and 27 July 2007, the latest date.

9 Cash and cash equivalents

	The Company		The Group	
	31 December 2006 RMB'000	31 December 2005 RMB'000	**31 December 2006 RMB'000**	31 December 2005 RMB'000
Cash on hand	**-**	**-**	**112**	33
Bank balances	**716**	1,280	**40,858**	41,644
	716	1,280	**40,970**	41,677

Cash and cash equivalents are denominated in the following currencies:

	31 December 2006 RMB'000	31 December 2005 RMB'000	**31 December 2006 RMB'000**	31 December 2005 RMB'000
Renminbi	**-**	-	**39,721**	36,179
United States dollars	**-**	-	**533**	4,218
Singapore dollars	**716**	1,280	**716**	1,280
	716	1,280	**40,970**	41,677

10 Share capital

The Company and The Group

	← Number of shares →		← Amount →	
	Authorised share capital '000	Issued share capital '000	Authorised share capital RMB'000	Share capital RMB'000
Balance at beginning	100,000	*	504,600	*
Effect of Companies (Amendment) Act 2005	(100,000)	-	(504,600)	-
Issue of new shares pursuant to capitalisation of loan owing to a director @	-	100,000	-	45,927
Issue of new shares pursuant to IPO listing	-	25,000	-	31,757
Share issue costs	-	-	-	(4,003)
Balance at end	**-**	**125,000**	**-**	**73,681**

Under the Companies (Amendment) Act 2005 that came into effect on 30 January 2006, the concepts of par value and authorised share capital were abolished.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the company's residual assets.

* Denotes amount less than RMB1,000.

@ The capitalisation of director's loans amounting to S$9,240,926 (RMB45,927,000) was approved at an Extraordinary General Meeting held on 20 March 2006 (Note 12).

11 BANK BORROWINGS

The Group	Notes	**31 December 2006 RMB'000**	31 December 2005 RMB'000
Long-term loans	(a)	**50,000**	-
Short-term loans			
- # 1	(b)	**30,000**	-
- # 2	(c)	**-**	45,000
		80,000	45,000

(a) Long-term loans

(i) The three-year bank loan facility of RMB10,000,000 granted to a subsidiary, is repayable on or before 28 April 2009.

Interest is charged at 6.03% per annum.

(ii) The three-year bank loan facility of RMB30,000,000 granted to a subsidiary, is repayable on or before 14 August 2009.

Interest is charged at 6.03% per annum.

(iii) The three-year bank loan facility of RMB10,000,000 granted to a subsidiary, is repayable on or before 17 December 2009.

Interest is charged at 6.30% per annum.

(b) Short-term loans - #1

(i) The one-year loan bank loan facility of RMB15,000,000 granted to a subsidiary, is repayable on or before 29 March 2007.

Interest is charged at 0.465% per month.

(ii) The one-year bank loan facility of RMB5,000,000 granted to a subsidiary, is repayable on or before 5 September 2007.

Interest is charged at 6.12% per annum.

(iii) The one-year bank loan facility of RMB10,000,000 granted to a subsidiary, is repayable on or before 25 July 2007.

Interest is charged at 5.85% per annum.

The above bank loans are secured by guarantees from related parties.

11 BANK BORROWINGS (cont'd)

(c) Short-term loans - #2

(i) The unsecured bank loan facilities of RMB30,000,000 granted to a subsidiary were repaid during the financial year. Interest charged ranged between 4.2625% to 5.58% per annum.

(ii) The bank loan facility of RMB15,000,000 granted to a subsidiary was repaid during the financial year. Interest charged was 0.465% per month. The bank loan was secured by a guarantee from a related company.

The amount payable within one year is included under current liabilities whilst the amount repayable after one year is included under non-current liability.

12 AMOUNT OWING TO RELATED PARTIES

	The Company		The Group	
	31 December 2006 RMB'000	31 December 2005 RMB'000	**31 December 2006 RMB'000**	31 December 2005 RMB'000
Trade	**-**	-	**200**	-
Advances from a director	**814**	44,831	**834**	44,831
Advances from related parties	**-**	-	**-**	6,074
Total amounts owing to related parties	**814**	44,831	**1,034**	50,905

The advances from a director are unsecured, interest-free and repayable on demand. The indebtedness owing to a director of S$9,240,926 (approximating RMB44,831,000) has been converted to shares by way of capitalisation on 20 March 2006 (Note 10).

The advances from related parties are unsecured, interest-free and are repayable on demand.

13 TRADE AND OTHER PAYABLES

	The Company		The Group	
	31 December 2006 RMB'000	31 December 2005 RMB'000	**31 December 2006 RMB'000**	31 December 2005 RMB'000
Trade payables	**-**	354	**21,065**	13,508
Accrual for salaries and related costs	**140**	-	**4,717**	3,823
Advances from customers	**-**	-	**2,891**	2,277
Deposits received	**-**	-	**73**	18
Other payables	**551**	-	**1,137**	702
	691	354	**29,883**	20,328

The fair value of trade and other payables have not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the balance sheets to be reasonable approximation of their fair value.

14(A) OTHER OPERATING INCOME

	31 December 2006	31 December 2005
	RMB'000	RMB'000
Exchange gain	**-**	11
Interest income - bank deposits placed in current account	**144**	60
Sale of scrap material	**7,962**	3,394
Miscellaneous income	**1,321**	1,131
	9,427	4,596

14(B) FINANCE COSTS

	31 December 2006	31 December 2005
The Group	**RMB'000**	RMB'000
Interest on bank loans	**3,180**	1,572
Discount on bank notes	**81**	10
	3,261	1,582

The effective interest rate on bank loans is 4.1% (2005 - 3.5%) per annum.

14(C) EMPLOYEE BENEFIT EXPENSES

	31 December 2006	31 December 2005
The Group	**RMB'000**	RMB'000
Director's remuneration, other than director's fee		
- salaries and related costs	**360**	160
- defined contributions	**2**	2
Key management personnel		
- salaries and related costs	**282**	331
- defined contributions	**7**	17
Other than director and key management personnel		
- salaries and related costs	**9,651**	4,854
- defined contributions	**1,569**	1,192
	11,871	6,556

15 PROFIT BEFORE TAXATION

The Group	Note	31 December 2006 RMB'000	31 December 2005 RMB'000
Profit before taxation has been arrived at after charging:			
Depreciation of property, plant and equipment	5	**2,062**	1,652
Directors' fee		**621**	59
Loss on disposal of property, plant and equipment		**-**	29
Operating lease rentals		**1,203**	950

16 TAXATION

The Group	31 December 2006 RMB'000	31 December 2005 RMB'000
Current taxation	**-**	-

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the group's profits as a result of the following:

Profit before taxation	**23,015**	18,759
Tax at statutory rate of 20%	**4,603**	3,750
Difference in foreign tax rate	**1,934**	1,313
Tax exempt	**(6,537)**	(5,063)
	-	-

In financial years 2005 and 2006, two subsidiaries in PRC obtained the tax holiday exemption where according to PRC's taxation law, any enterprise with foreign investment of a production nature schedules to operate for a period of not less than ten years shall, from the year beginning to make profit, be exempted from income tax in the first and second years and allowed a fifty percent reduction in the third to fifth year.

The above two subsidiaries have been granted such incentive for the financial years 2005 to 2009 and 2006 to 2010 respectively.

17 RETIREMENT BENEFIT PLANS

The eligible employees of the group, who are citizens of the PRC, are members of a state-managed retirement benefit scheme operated by the PRC government. The group is required to contribute a certain percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the group with respect to the retirement benefit scheme is to make the specified contributions.

The total costs charged to the consolidated income statement for the year is RMB900,000 (2005 - RMB663,000), representing defined contribution national pension plan.

18 EARNINGS PER SHARE

The Group

Basic earnings per share is calculated based on the group's profit after taxation of RMB23,015,000 attributable to the shareholders divided by weighted average number of shares of 94,246,576 shares during the financial year.

Diluted earning per share is calculated on the group's profit after taxation of RMB23,015,000 divided by weighted average number of shares of 94,246,576 shares during the financial year.

The calculation of basic and diluted earnings per share for 31 December 2005 was based on the group profit after taxation of RMB18,759,000 divided by the pre-invitation share capital of 100,000,000 shares.

19 SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than the related party information disclosed elsewhere in the financial statements, the following are significant transactions entered between the group and its related parties:

The Group	**31 December 2006 RMB'000**	31 December 2005 RMB'000
Purchases from related parties	**-**	443
Sales to a related party	**24**	49
Operating lease rental paid to related parties	**1,050**	950
Sub-contracting services provided by related parties	**336**	609

20 COMMITMENTS

20.1 Operating lease commitments (non-cancellable)

At the balance sheet date, the group was committed to making the following lease rental payments under non-cancellable operating leases for factory and warehouse premises.

	The Company		The Group	
	31 December 2006 RMB'000	31 December 2005 RMB'000	**31 December 2006 RMB'000**	31 December 2005 RMB'000
Not later than one year	**81**	71	**1,130**	1,121
Later than one year and not later than five years	**-**	-	**3,348**	3,798
Later than five years	**-**	-	**7,675**	8,275

The lease on the company's office premises on which rentals are payable will expire on 30 June 2007. The current rent payable on the lease is RMB13,479 per month.

The leases on a subsidiary's factory and warehouse premises on which rentals are payable will expire between 14 October 2009 and 14 October 2024. The current rent payable on the leases which are between RMB200,000 per annum and RMB600,000 per annum are subject to revision on renewal.

20.2 Capital commitments

Capital commitments not provided for in the financial statements are as follows:

The Group	**31 December 2006 RMB'000**	31 December 2005 RMB'000
Expenditure contracted for purchase of property, plant and equipment	**20,380**	29,565

21 SEGMENT INFORMATION

The Group

No information by business segments is presented as the principal operation of the group relates entirely to sale of steel pipes and raw materials. In addition, as the business of the group is engaged entirely in the PRC, no reporting by geographical location of operation is presented.

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

22.1 Financial risk factors

The group's financial instruments carried on the balance sheets include cash and cash equivalents, bank borrowings, all receivables and payables.

The group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

22.2 Price risk

22.2.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The group carries out its business in the PRC and most of the transactions are denominated in RMB. There are also export sales made where the transactions are denominated in United States dollar. Accordingly, the exposure to foreign exchange rate is mainly related to sales made to countries outside PRC.

22.2.2 Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The group's exposure to interest rate risk relates principally to its short-term deposits and bank borrowings with financial institutions. The amounts owing to and from related parties are non-interest bearing.

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

22.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The carrying amounts of the trade and other receivables included in the balance sheets represent the group's maximum exposure to credit risk in relation to the group's financial assets. No other financial assets carry a significant exposure to credit risk.

The group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The impairment on receivables is based upon a review of the expected collectibility of all trade and other receivables.

22.4 Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The group manages its liquidity risk by ensuring the availability of adequate funds to meet all its obligations in a timely and cost-effective manner.

23 FINANCIAL INSTRUMENTS

Fair values

The carrying amount of the financial assets and financial liabilities with a maturity of less than one year is assumed to approximate their fair values.

The company does not anticipate that the carrying amounts recorded at balance sheet date would be significantly different from the values that would eventually be received or settled.

24 SUBSEQUENT EVENTS

On 29 January 2007, the company entered into a Sale and Purchase Agreement with a third party, Madam Wong Chi Hwa, to acquire the entire shares in the capital of Total Boost Enterprises Limited ("TBEL"), a company incorporated in the British Virgin Islands. TBEL is an investment holding company, which has a 55% interest in Wuxi Dingyuan Precision Cold-Drawn Steel Pipe Co., Ltd ("Dingyuan"), a company incorporated in PRC. The acquisition of TBEL allows the group to gain control over Dingyuan. The fair value of the net assets of Dingyuan is made reference to the financial period ended 30 June 2006 which approximated RMB43,313,653.

Dingyuan is in the business of manufacture and sales of cold-drawn seamless steel applied in the industries of petrochemical, boiler, mechanical, construction, chain, electric power, shipbuilding, bridge, decoration and textile etc.

STATISTICS Of Shareholdings
as at 15 March 2007

Issued and Paid-up Capital	:	S$15,490,928.80
Number of Shares	:	125,000,000
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 vote per share

Size of Shareholdings	**No. of Shareholders**	**%**	**No. of Shares**	**%**
1 - 999	2	0.45	1,000	0.00
1,000 - 10,000	203	46.03	1,363,000	1.09
10,001 - 1,000,000	229	51.93	17,854,000	14.28
1,000,001 and above	7	1.59	105,782,000	84.63
	441	**100.00**	**125,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

	Name	**No. of Shares**	**%**
1.	UNITED CONTINENT GROUP LIMITED	70,000,000	56.00
2.	SMART CONCEPT TECHNOLOGY LIMITED	20,000,000	16.00
3.	LEADPASS INVESTMENTS LIMITED	10,000,000	8.00
4.	DB NOMINEES (S) PTE LTD	1,963,000	1.57
5.	SEAH HOLDINGS PTE LTD	1,325,000	1.06
6.	WONG SIEW WENG	1,250,000	1.00
7.	BOO SONG HENG PETER	1,244,000	1.00
8.	KANG HWI WAH	979,000	0.78
9.	MICHELE SHARMINI RASANAYAGAM	800,000	0.64
10.	KIM ENG SECURITIES PTE. LTD.	688,000	0.55
11.	NG LOH KEN PETER	685,000	0.55
12.	OCBC SECURITIES PRIVATE LTD	622,000	0.50
13.	PETERSON ASSET MANAGEMENT PTE LTD	600,000	0.48
14.	HSBC (SINGAPORE) NOMINEES PTE LTD	580,000	0.46
15.	DBS VICKERS SECURITIES (S) PTE LTD	474,000	0.38
16.	CHOY WEE CHIAP	450,000	0.36
17.	HONG LEONG FINANCE NOMINEES PTE LTD	400,000	0.32
18.	OCBC NOMINEES SINGAPORE PTE LTD	373,000	0.30
19.	LOH SOR CHENG (LUO SHUZHEN)	363,000	0.29
20.	SEAH SAY YOONG	360,000	0.29
		113,156,000	**90.53**

STATISTICS Of Shareholdings
as at 15 March 2007

SUBSTANTIAL SHAREHOLDERS
(as recorded in the Register of Substantial Shareholders - as at 15 March 2007)

	Direct Interest	%	Deemed Interest	%
United Continent Group Limited[1]	72,713,000	58.17	-	-
Smart Concept Technology Limited	20,000,000	16.00	-	-
Leadpass Investments Limited	10,000,000	8.00	-	-
Gong Yucai[2]	-	-	72,713,000	58.17
Xia Jing[2]	-	-	72,713,000	58.17
Gong Haitao[3]	-	-	10,000,000	8.00

Notes:

1 2,713,000 shares are held under the name of DB Nominees (S) Pte Ltd.

2 Mr Gong Yucai and his spouse, Mdm Xia Jing are both deemed to be interested in the shares held by United Continent Group Limited and Smart Concept Technology Limited. Mr Gong Yucai is the sole shareholder of United Continent Group Limited while Madam Xia Jing is the sole shareholder of Smart Concept Technology Limited.

3 Mr Gong Haitao is deemed interested in the shares held by Leadpass Investments Limited, of which he is the sole shareholder.

Public Shareholding

Based on the register of shareholdings and to the best knowledge of the Directors of the Company, as at 15 March 2007, 17.83% of the Company's shares were held in the hands of the public. The Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE Of Annual General Meeting

LINK HI HOLDINGS LIMITED
(Incorporated in Singapore with limited liability)
(Co. Reg. No: 200411055E)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of LINK HI HOLDINGS LIMITED ("the Company") will be held at Room 902, Level 9, NTUC Centre, No. 1 Marina Boulevard, Singapore 018989 on Wednesday, 25 April 2007 at 10.00 am for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2006 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Article 89 of the Company's Articles of Association:

   Mr Gong Haitao **(Resolution 2)**
   Mr Lim Chin Tong **(Resolution 3)**

   Mr Gong will, upon re-election as a Director of the Company, remain a member of the Nominating Committee and Remuneration Committee respectively.

   Mr Lim will, upon re-election as a Director of the Company, remain Chairmen of the Audit and Nominating Committees and a member of the Remuneration Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

3. To approve the payment of Directors' fees of S$122,000 for the year ended 31 December 2006 (2005: S$12,000). **(Resolution 4)**

4. To re-appoint Foo Kon Tan Grant Thornton as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

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

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

6. **Authority to allot and issue shares up to 50 per centum (50%) of issued shares**

   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, authority be given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

   (a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the issued shares in the capital of the Company at the time of the passing of this Resolution, of which 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 per centum (20%) of the issued shares in the Company;

(b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the percentage of issued shares shall be based on the issued shares of the Company as at the date of the passing of this Resolution, after adjusting for:

(i) new Shares arising from the conversion or exercise of convertible securities;
(ii) new Shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and
(iii) any subsequent consolidation or subdivision of Shares;

(c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities.
[See Explanatory Note] **(Resolution 6)**

By Order of the Board

Tam Yok Mui
Hazel Chia Luang Chew
Company Secretaries

9 April 2007

Explanatory Note:

The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty per centum (50%) of the issued shares in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro rata basis.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 3 Raffles Place #07-01 Bharat Building Singapore 048617 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

PROXY FORM

LINK HI HOLDINGS LIMITED

(Incorporated in Singapore with limited liability)
(Co. Reg. No: 200411055E)

IMPORTANT:

1. For investors who have used their CPF monies to buy Link Hi Holdings Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely 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.
3. CPF Investors who wish to vote should contact their CPF Approved Nominees.

(Please see notes overleaf before completing this Form)

I/We, ____

of ____

being a member/members of Link Hi Holdings Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Wednesday, 25 April 2007 at 10.00 am and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2006		
2	Re-election of Mr Gong Haitao as a Director		
3	Re-election of Mr Lim Chin Tong as a Director		
4	Approval of Directors' fees amounting to S$122,000		
5	Re-appointment of Foo Kon Tan Grant Thornton as Auditors		
6	Authority to allot and issue new shares		

* Delete where inapplicable

Dated this ______________ day of ______________ 2007

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 3 Raffles Place #07-01 Bharat Building Singapore 048617 not less than 48 hours before the time appointed for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

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

LINKHI

Registration Number: 200411055E

3 Raffles Place #07-01 Bharat Building Singapore 048617

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