HUP SOON GLOBAL CORPORATION LIMITED
15 Scotts Road, #04-08 Thong Teck Building, Singapore 228218
Tel: +65-6733 9339 Fax: +65-6732 7227

GROWTH THROUGH SYNERGY | HSGC ANNUAL REPORT 2007

GROWTH THROUGH SYNERGY

HUP SOON GLOBAL CORPORATION LIMITED | ANNUAL REPORT 2007

C O N T E N T S

CORPORATE PROFILE

Hup Soon Global Corporation Limited is a leading marketing and distribution company for industrial equipment, automotive / industrial supplies and energy solutions in South East Asia through its 'Borneo Technical', 'Anglo-Thai', 'Kwikpart', 'FactoryPro' and 'United Motor Works (Siam)' trade names. Listed on the SGX Catalist, it represents more than 60 leading brands, primarily in Thailand and Malaysia.

Mission Statement

To be the premier regional value-added marketing and distribution company for industrial equipment, automotive / industrial supplies and energy solutions, profitably delivering to the customers what they need, when they need it.

Corporate Values

The company was formed with these values in mind

We must remain relevant to our stakeholders

We must try our best and excel in everything we do

We will always look to do things better

We will be responsible, fair and true in everything we do

Everyone must benefit

Chairman's Statement

Anil Thadani
Chairman

Dear Shareholders,

I am pleased to address you this year as Chairman of **Hup Soon Global Corporation Limited**, a name we adopted following the acquisition of Hup Soon Global Pte Ltd in April last year.

We have said in previous years that we would look at acquiring new businesses in a bid to enhance shareholder value and exit the IT business. The acquisition of Hup Soon Global, together with the sale of our property asset in Singapore and the divestment of our Information Technology Software and Services business in China during the year, concludes the transformation of your Company into a business with far better prospects for the future.

Hup Soon Global is a marketing and distribution company for industrial equipment, automotive/ industrial supplies and energy solutions in South East Asia. The acquisition of Hup Soon Global brought with it some of the oldest leading trade names in the region including 'Borneo Technical', 'Anglo-Thai' and 'United Motor Works (Siam)'.

Accompanying the business transformation were Board and management changes. While the chairman and independent directors remain largely the same, the executive directors have changed.

The new directors appointed include Mr Timothy Chia, Dr Victor Fung, Ms Jennifer Chia and Mr Dilhan Pillay. Mr Robert Adams was appointed as an alternate director to Dr Fung.

Since the last annual report, Mr Bobby Choonavala, Mr Lim Chee Yong, Dr Ronald Ling and Mr Rajgopal Rajkumar have retired as directors of the Company and I wish to put on record the Company's appreciation for all their contributions. We would also like to extend a special thanks to Mr Choonavala who had also served as CEO of the Company for close to seven years.

With the management changes, the team led by our Deputy Chairman and Group CEO, Mr Timothy Chia, has worked hard to manage and grow both organically as well as on the mergers and acquisition front. The Group made a series of acquisitions to complement its core operations including a 30% stake in Nichiyu Asia Pte Ltd, a regional forklift distributor; 100% of an energy solutions research and development firm Sulfarid Technologies Sdn Bhd and a strategic 30.5% stake in Tai Kwong Yokohama Bhd, a Bursa Malaysia-listed battery manufacturer. The Company was also awarded the exclusive distribution rights for Mitsubishi's material handling equipment in Malaysia.

We have achieved much since the acquisition of Hup Soon Global Pte Ltd and of course, there is a lot more to be done. I, however, believe we have built a strong platform for growth last year, via internal efforts such as revamping our strategies and organizational structures

Chairman's Statement

"The acquisition of Hup Soon Global, together with the sale of our property asset in Singapore and the divestment of our Information Technology Software and Services business in China during the year, concludes the transformation of your Company into a business with far better prospects for the future."

to foster cooperation between business units, as well as external activities including market expansions and acquisitions. We will continue to build upon this platform to achieve growth in each of our business units, and together as a Group in Southeast Asia.

Financial Performance

For the 12 months ended 31 December 2007, the HSGC Group recorded revenues of US$94.4 million, on the back of continuing strong growth in the automotive/industrial supplies division as well as currency gains from the Thai Baht and Malaysian Ringgit.

Profit before tax for the full year, after excluding one-off items amounted to US$3.7 million. However, due to a high effective tax rate, mainly resulting from corporate expenses which cannot be offset against profits of the subsidiaries, the Group recorded a profit after tax of US$1.9 million.

Inclusive of all the one-off items, the biggest being the goodwill write-off stemming from the Hup Soon Global acquisition, the Group recorded a net loss of US$34.7 million in FY2007.

Please note that due to reverse acquisition accounting standards, the Group's FY2007 results are not directly comparable to Twinwood's FY2006 results but should be compared with Hup Soon Global Pte Ltd's FY2006 results.

Going Forward

The outlook for FY2008 remains challenging due to the prevailing concerns over the global economy as well as fast changing trends and paradigms in the markets that we operate in. Banks are starting to show signs of more cautious lending, which may imply tightening of credit and inhibit growth.

Against this backdrop, business costs continue to increase driven by rising wage expectations as well as record commodity prices, while consumption growth is showing signs of being benign.

Going forward, although each business division will implement specific strategies to cater to the market segments that they are in, we will also continue to work on how to increase synergies between our business units; to share assets, customers and know-how and grow together as a team to reduce business costs.

Geographically, we hope to seek out new markets in the region. China, Indonesia, Vietnam and India are all exciting markets and present growth opportunities for our businesses. I believe Management is working very hard with local business groups in some of these countries to get access to these markets in a meaningful and effective manner.

I look forward to reporting on the progress of these initiatives in the next year.

Chairman's Statement (cont'd)

Acknowledgements

FY2007 has indeed been a very fruitful year. This could not have been achieved without the dedication and commitment of everybody.

I would like to thank my fellow Directors for their strong support, frank deliberations and commitment in steering the Company, our Management and 1,300-strong staff for their contributions and support.

I would also like to thank our shareholders who have supported us through a very important period of transition for the Company and I hope you will all continue to support us as we take your Company to a new and exciting phase.

And finally, it would be remiss of me not to thank those without whom we will not exist, namely our valued customers, suppliers and business partners in Singapore, the region and beyond.

Anil Thadani
Chairman
April 2008

Interview With CEO

Timothy Chia Chee Ming
Deputy Chairman and
Group Chief Executive Officer

"I have very good people working with me, very dedicated, talented people, people who have been in the business for a long time – these are what I call my seasoned campaigners."

Q What were some of the corporate highlights of FY2007?

A 2007 was a watershed year as, with the acquisition of Hup Soon Global Pte Ltd, Twinwood, subsequently renamed Hup Soon Global Corporation Limited, was transformed into a marketing and distribution company.

During the eight months that followed, we worked very hard to put into place a corporate structure to manage and grow the existing businesses organically. At the same time, we were also busy on the M&A front, making a series of strategic acquisitions to complement our existing core operations. These included a 30% stake in the regional forklift distributor, Nichiyu Asia Pte Ltd; a 30.5% stake in the Bursa Malaysia-listed Tai Kwong Yokohama Bhd, a leading battery manufacturer and distributor; and 100% of Sulfarid Technologies (M) Sdn Bhd, an energy solutions research and development firm.

The Tai Kwong Yokohama acquisition represents our first foray into manufacturing. Tai Kwong Yokohama is a leading battery manufacturer in Malaysia with facilities in Semenyih, Selangor and Ipoh, Perak which have a combined installed capacity of 230,000 batteries per month, as well as a lead recycling plant outside Ipoh with a capacity of 500 tonnes per month.

Moving upstream into manufacturing will help us to better meet the needs of our customers, strengthen our supply capability at a time of a worldwide shortage in lead-acid batteries, and provide us with a spring board to aggressively grow our battery business.

Interview With CEO (cont'd)

(cont'd) **A** Just as significant is our acquisition of a stake in Nichiyu Asia Pte Ltd (NAS), the Asian distribution arm of Nippon Yusoki Co. Ltd which manufactures electric material handling equipment under the 'Nichiyu' brand.

Further strengthening our material handling business was the exclusive award by Mitsubishi of the material handling equipment distribution rights in Malaysia, in addition to Thailand where we have represented them for more than 20 years.

We are pleased to have such strategic partnerships with two of the best known names in this business segment. As Nichiyu is a specialist in electric forklifts while Mitsubishi is an industry heavyweight in internal combustion models, we hope to increase our portfolio of material handling products and, through that, our regional presence.

As for Sulfarid Technologies Sdn Bhd, a company engaged mainly in researching, developing, and marketing electronic and electrical equipment related to energy storage, conversion and management, we expect it to be our technical backbone, providing the research and development of energy solutions and applications, as well as supporting the Group's other businesses.

We are also in the process of acquiring an industrial property in Hicom Glenmarie Industrial Park, on the outskirts of Kuala Lumpur, to support our fast growing operations in Malaysia by providing the additional space required by our various business units.

Throughout last year, we were also looking at new markets in the region such as China, India, Bangladesh and Vietnam among others, to further strengthen our regional presence. We look forward to follow up on our preliminary visits and hope these efforts will bear fruit in the coming years.

On the operations front, we have built a platform for better communication and cooperation among our subsidiaries and associate companies, which I believe would lead to greater efficiencies, synergies and new business opportunities.

So overall I would say we had a good year laying the groundwork for the future expansion of our Group's business and establish our Group as a leading marketing and distribution company for agriculture equipment, automotive/industrial supplies, material handling equipment and energy solutions in South East Asia.

Going forward, with over 1,300 staff in the Group today, compared to about 600 a year ago, integration and communication will continue to be critical as we grow both organically and through acquisitions.

Q **How are some of the new businesses performing?**

A I am happy to report that the new businesses are doing well and the integration process is proceeding smoothly. In particular, all the new businesses that we invested in or started, have and will continue to have a strong synergy with our existing businesses.

For instance, our investment in Tai Kwong Yokohama can yield results beyond just strengthening our automotive aftermarket product business, by making further inroads into supporting our forklift and energy solutions businesses. We hope to venture into forklift batteries and other types of traction and deep-cycle batteries using Tai Kwong Yokohama as the production base. We will continue to work with Tai Kwong Yokohama to develop new business opportunities, leverage on our respective distribution networks, and explore cost savings as well as increased efficiencies in the respective operations.

Interview With CEO (cont'd)

(CONT'D) **A** Our acquisition of Sulfarid Technologies last year similarly fits well into this picture as we are already utilizing its proprietary battery commission technology to support our automotive aftermarket product business and we hope that it will also help with Tai Kwong Yokohama's battery production.

Effectively, there's a common theme stringing all the businesses together.

Our new material handling business in Malaysia has had a good start this past year. We opened two branches in addition to the head office in Shah Alam, one in Johor Bahru and one in Butterworth. This year, we will open two more – one in Bintulu, Sarawak and the other in Kota Kinabalu, Sabah. More importantly, we were successful in assembling a team of highly seasoned industry veterans and begun building a fleet of trucks for operating leases.

Last year, we also strengthened the automotive aftermarket product business in Thailand through investments in the sales force as well as by signing up a number of major agencies. We hope that the business will grow very fast, leveraging on the sourcing strength of our Malaysian operations as well as the extensive distribution network that we already have in Thailand for industrial supplies.

Q **What are some of the opportunities and challenges as we move into the new year?**

A We are in the middle of very exciting times. As we move ahead in 2008, we see lots of opportunities in our existing markets as well as new ones.

We think there are a lot of opportunities for growth in the automotive/industrial supplies business in Thailand and Malaysia which are very fragmented with many players who do not have our scale or nation-wide access, and thus not generally geared for growth. As we believe our extensive proprietary network to be among the best in these markets, we hope to take advantage of the market situation and gain market share.

Also, with import tariffs coming down, coupled with the regional economy and the automobile population growing, we are seeing a lot more opportunities to go into other markets in the region as well. We would like to take this opportunity to grow our regional presence.

As for challenges, we are acutely aware of the difficulties that the distribution industry faces, namely: increasing competition, margin pressures, and a trend away from exclusive representation arrangement.

We have been very proactive in trying to overcome these difficulties in the past years by establishing a comprehensive distribution network, which gives us access not only to wholesalers but also to installers and end-users. We have also increased product offerings and diversified brand representation so as to minimise any dependency risk. Add to that, we will continue to work with our principals in strategic alliances and joint-ventures as well.

Interview With CEO (cont'd)

Q How do you plan to grow your businesses?

A I hope to see growth coming from both our existing businesses as well as through acquisitions and expansions into new markets.

As each of our businesses has a different market presence, they will require different growth strategies. Further, each business will see growth in different time frames, some faster than others, which we hope will work towards a sustainable growth trend for the Group as a whole.

In the tractor business, for instance, we enjoy a leading position in the mid-powered tractor segment in Thailand which caters mainly to the sugar mills. Although there is recurring demand, the growth going forward may not be what we are accustomed to given our leading position in a mature market, where acreage is not growing as quickly as before.

However, thanks to our very strong customer base in Thailand developed over the last 60 years, we have an advantage in moving into Indochina, such as Cambodia and Laos, by following the expansion plans of our existing customers. In fact, we are already catering to these markets as some of our tractors are bought and shipped to these countries by our customers. We hope to continue to work closely with our customers for expansion opportunities in the neighboring countries and beyond.

Furthermore, we are working with our principal in trying to expand the range of tractors, mainly smaller powered ones for paddy and other applications in the coming year. With this new range of tractors we can now go after a completely different market segment.

As for our material handling business, our current market share in both Malaysia and Thailand are not very substantial, hence we need to be very aggressive to catch up with the big boys. We have started offering a leasing program, which we believe is critical for achieving growth as we see more operators preferring the leasing option.

We intend to build a healthy fleet in the coming years for our leasing business to complement our equipment sales business and to capture a bigger market share for our forklifts. Although it will take time and capital to build a successful leasing business, we are ready to commit to it as we believe it is important for the long-term growth of the business.

We continue to have very high hopes for our automotive/industrial supplies business and will carry on with our current strategy of increasing market share in the very fragmented markets within Malaysia and Thailand through our nationwide distribution network.

Last but not least, we plan to expand our presences into new markets. We are working on establishing a presence in markets such as India and China, via parties who are interested in working with us in the automotive/industrial supplies and energy solutions segments.

Q Where do you see the group in 3 year's time?

A While our focus will remain in the existing businesses of automotive/industrial supplies, agricultural equipment, material handling equipment and energy solutions, over the longer term we want to do more than just the traditional import distribution business.

Our goal is to offer our principals what no one else can – that is an effective access to the various markets and customers. We believe our distribution networks in Thailand and Malaysia are two of the best in the region – not only in terms of the physical network

Interview With CEO (cont'd)

(cont'd) A but also because of our long presence in these markets and experienced team. When combined, these factors can be a very powerful advantage that is not easy to duplicate, and can lead us to break out of the traditional distribution business model and become a value-added supply chain management company.

To this effect, we will continue to strengthen our distribution capabilities in both existing and new markets as well as establish strategic tie-ups, either through joint ventures or through acquisitions. In the end, we believe we can only grow by bringing more value to the manufacturers as well as the end-users.

We will also welcome opportunities to work more closely with our principals through joint-ventures and strategic tie-ups. In short, become partners.

In doing this, we cannot lose track of the needs of our customers. We hope our efforts in strengthening our distribution capabilities will ultimately benefit our customers with access to better products and services offered.

Furthermore we also have plans to apply to move up to the Mainboard as soon as practicable.

Q Are you enjoying your role as CEO of Hup Soon Global?

A After a successful career in private equity investments that stretched over 20 years, I had an option to retire and take it easy. If I wasn't enjoying myself, I wouldn't be doing this right now.

I have very good people working with me, very dedicated, talented people, people who have been in the business for a long time – these are what I call my seasoned campaigners. I am very excited to be working with them and seeing the respective business growing under their able stewardships.

Business Units

Business Units

Hup Soon Global is a leading regional marketer and distributor of industrial equipment, automotive / industrial supplies and energy solutions.

The Group's operational subsidiaries and associated companies operate principally in Singapore, Thailand and Malaysia through its 'Borneo Technical', 'Anglo-Thai', 'Kwikpart', 'Kwikpro', 'FactoryPro', 'United Motor Works (Siam)' and 'Borid Energy' trade names.

Today, with a staff of over 1,300 strong, including those at major associates, Hup Soon Global distributes to more than 20,000 customers in the region through its extensive distribution network in Malaysia and Thailand.

Hup Soon Global Corporation Limited

- Agriculture Equipment / Automatic Transmission Systems
- Material Handling Equipment / Garage Equipment
- Automotive / Industrial Supplies
- Energy Solutions

Business Units

AGRICULTURE EQUIPMENT / AUTOMATIC TRANSMISSION SYSTEMS

AGRICULTURE EQUIPMENT / AUTOMATIC TRANSMISSION SYSTEMS

Agriculture Equipment

The Agriculture Equipment business consists of the assembly and distribution of agricultural tractors and parts. Anglo-Thai Co. Ltd., a subsidiary of the Group, has represented New Holland for over 60 years and currently markets and distributes its agriculture tractors in Thailand and Laos.

These New Holland tractors are mostly mid-powered tractors in the 70 to 120 horsepower range and are targeted for agriculture use such as land preparation for sugar cane, tapioca and maize plantations. New Holland is considered to be one of the leading premium brands for mid-powered tractors in Thailand as attested by its market leading position in this market segment.

Besides New Holland tractors, through its subsidiary Anglo-Thai Tractors Limited, Hup Soon Global also assembles agriculture tractors under its own 'Anglo-Thai' brand name. The 'Anglo-Thai' tractors are put together at its assembly plant in Thailand using New Holland power train supplies and priced to target a different market segment from that of the imported New Holland tractors, thus allowing the Group to address a larger portion of the market.

The Group also complements its tractor sales with "add-on" options such as tractor implements under various brands including 'Kuhn', 'Ferri' and 'Woongjin'.

Automatic Transmission Systems

Hup Soon Global, through its subsidiary Anglo-Thai Co. Ltd., has been representing the Allison brand of transmission systems in Thailand for over 35 years. The main scope of the business is to provide after-sales support and marketing services for these automatic transmission systems. Allison transmissions are commonly found in automatic transmission buses and light commercial vehicles manufactured for international brands such as Mercedes Benz, Isuzu, Hino, Mitsubishi, and Daewoo, and the Group provides maintenance and repair services to these vehicles in Thailand with Allison transmissions.

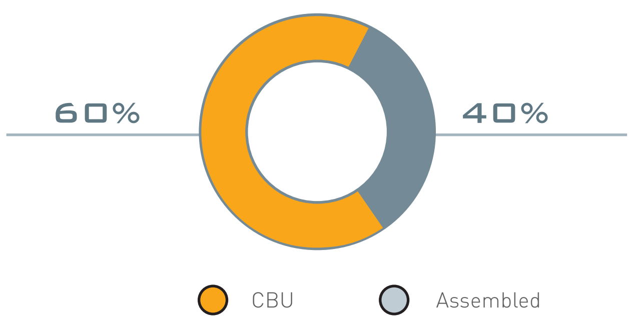
FY07

The business environment in Thailand in 2007 was a challenging one arising primarily from domestic uncertainties. Coupled with slow growth in sugar prices and land under cultivation as well as competition from other brands, the Group recorded lower tractor units sales. Nevertheless, the Group believes it still holds a leadership position in its market segment.

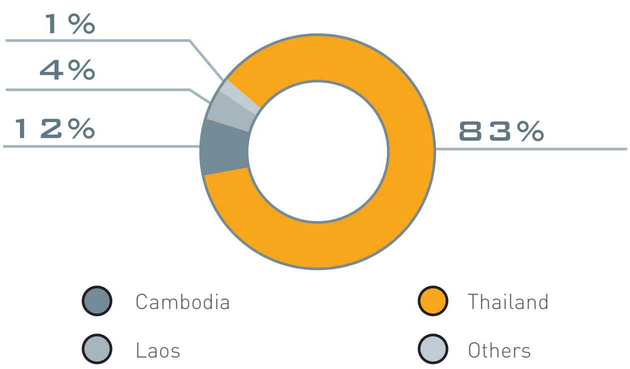
Despite the fall in tractor units sold, revenue was higher at US$29.2 million, compared with the previous year's US$27.9 million, mainly due to the strong Thai Baht.

To secure future growth, the Group is actively working with New Holland to introduce a more comprehensive range of tractors in the future. The Group is also working very closely with its customers to support their expansions into other neighboring countries with its products.

Sales Unit Breakdown By Products (Tractors)



Sales Unit Breakdown By Country (Tractors)



Business Units

MATERIAL HANDLING EQUIPMENT / GARAGE EQUIPMENT

Business Units

MATERIAL HANDLING EQUIPMENT / GARAGE EQUIPMENT

Material Handling Equipment

In the material handling equipment segment, the Group enjoys strategic partnerships with two of the best known names in the business: Mitsubishi, an industrial heavyweight in internal combustion forklifts and Nichiyu, the electric forklifts specialist.

Hup Soon Global is the exclusive distributor of Mitsubishi forklifts and parts in Thailand and Malaysia where it also provides after-sales services. The forklifts that it distributes are mainly powered by internal combustion engines. In addition to outright sales, the Group also maintains a fleet of forklifts for rental or operating leases to meet the changing requirements of customers. In Thailand, the distribution of Mitsubishi material handling equipment is carried out by its associate company United Motor Works (Siam) while in Malaysia, it is done through a wholly-owned subsidiary Hup Soon Industrial Equipment Sdn Bhd ("HSIE").

The Group also holds a strategic stake in Nichiyu Asia Pte Ltd ("NAS"), the Asian distribution arm of Nippon Yusoki Co. Ltd which manufactures electric material handling equipment under its 'Nichiyu' brand. As the first in Japan to develop electric forklift trucks in 1939, 'Nichiyu' remains the leading brand in the industry, both in the domestic and export markets.

NAS, which was incorporated in Singapore in 1992, is the distributor of 'Nichiyu' electric forklift trucks in Asia. While the company is the distributor for many markets in the region including Indonesia, Vietnam, the Philippines and India, its main markets currently are Singapore, Malaysia, Thailand and Australia.

Electric forklift trucks have been well received especially in industries where noise reduction and freedom from exhaust gas pollution are priorities. They are also highly reliable, tough and economical to run as are internal combustion trucks. In addition, they are better suited for applications where contamination is an issue like clean rooms, cold storage and in-door operations for semiconductor and food industries.

Garage Equipment

Hup Soon Global, through United Motor Works (Siam) in Thailand, also distributes a varied range of garage equipment under various brands, including 'Bishamon', 'AMMCO' and 'Mondolfo', which are mainly used in the automotive service industry. Such garage equipment include lift posts in various designs and configurations, brake-servicing equipment, alignment machines, tyre-changing equipment and accessories, wheel balancer and lubrication equipment, as well as a range of other related equipment for recycling of lubricants and air-conditioning fluids. Apart from distribution, the Group also provides after-sale maintenance and repair services, as well as technical and maintenance training to its customers.

FY07

The material handling equipment division had a busy year with two milestone events: the strategic acquisition of a stake in NAS and the representation of Mitsubishi in Malaysia.

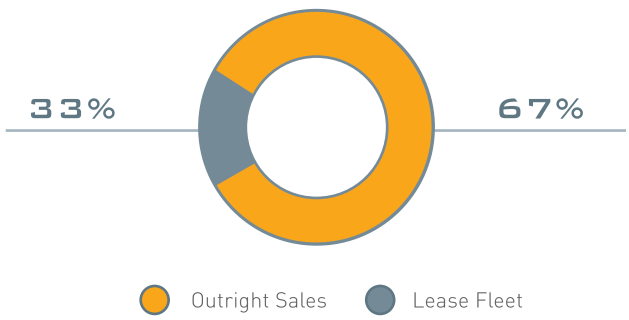
In Thailand, due to political uncertainties, capital expenditures saw a standstill and as a result, forklift sales increased marginally in unit terms despite the aggressive expansion in both outright sales and operating lease that captured additional market share.

In Malaysia, the Group had a busy year building the business since it was awarded representation rights in August 2007 by Mitsubishi. The Group's short term emphasis in Malaysia will be to provide strong after market support and technical competence, utilizing the Group's network of branches throughout Malaysia.

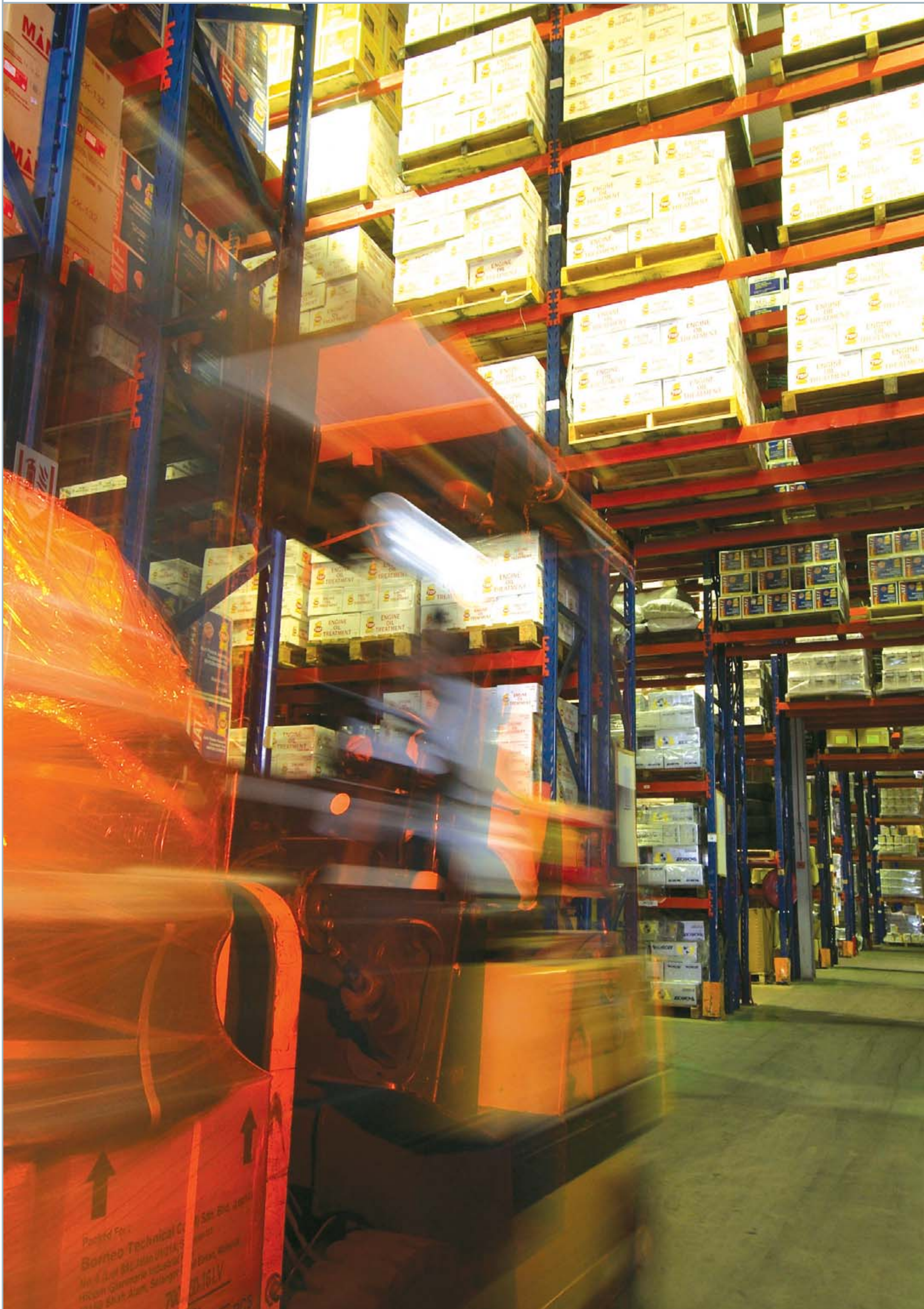
The Group is now fully operational in West Malaysia and targets to launch Sabah and Sarawak operations by April 2008.

Overall, the material handling equipment division recorded sales at US$9.9 million compared to the previous year's US$8.7 million due mainly to foriegn exchange gains.

Sales Unit Breakdown By Activities (Forklifts)



Business Units



Business Units

AUTOMOTIVE / INDUSTRIAL SUPPLIES

Hup Soon Global markets and distributes a wide range of automotive and industrial supplies through wholesalers as well as its proprietary distribution network in Thailand and Malaysia. The business in Malaysia, which was started over 30 years ago, is conducted through the Group's subsidiaries Borneo Technical (M) Sdn Bhd and Kwikpart Sdn Bhd. The Group has 10 stocking points and 27 sales offices covering both East and West Malaysia, reaching a database of about 12,000 wholesalers, garages, work shops and tyre service centres.

In Thailand, through its subsidiary Borneo Technical (Thailand) Ltd., the Group has been involved in the business for over 30 years. Through the distribution network comprising nine sales offices located in Thailand's main industrial estates, the Group serves over 6,000 accounts for industrial supplies and automotive aftermarket products.

Automotive Aftermarket Products

The Group carries a diverse range of automotive aftermarket products which include a full range of batteries, lubricants, and various automotive aftermarket parts, such as shock absorbers and brakes.

Hup Soon Global primarily focuses on supplying for motorcycles, passenger cars and light commercial vehicles. The Group believes it is one of the largest independent distributors of automotive batteries in Malaysia. Apart from carrying brands of its key suppliers, the Group has also established its own brand names for certain automotive aftermarket products in order to serve specific market niches.

The Group also holds a strategic stake in Tai Kwong Yokohama Bhd, a leading battery manufacturer and distributor in Malaysia which is listed on Bursa Malaysia. Tai Kwong Yokohama has manufacturing plants in Selangor and Ipoh with a combined installed capacity of 230,000 units per month as well as a lead recycling plant with a capacity of 500 tonnes per month. As a manufacturer, Tai Kwong Yokohama caters to the OEM, private label and aftermarket segments and its 'Yokohama' brand of batteries are distributed through over 3,000 dealers in Malaysia and are exported to more than 36 countries.

Industrial Supplies

The range of industrial supplies distributed by Hup Soon Global through its distribution network in Thailand and Malaysia include abrasives, adhesives hand tools, pneumatic tools and safety products under various brand names. The Group has also established its own brand names for industrial supplies such as the 'Napa' brand for grinding and cutting wheels and the 'Osbond' brand for adhesive products to cater to market segments which are not addressed by the brands of its key suppliers.

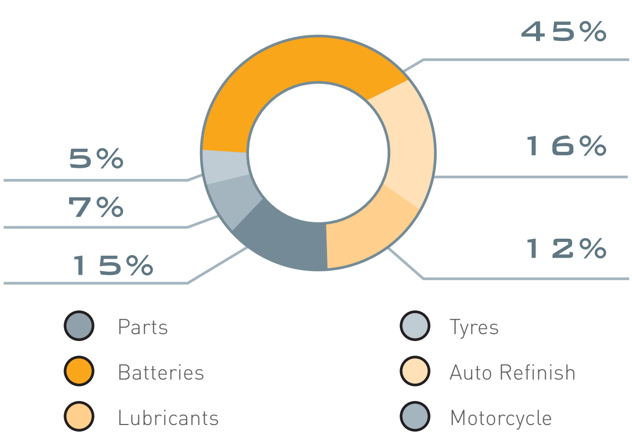
FY07

The automotive/industrial supplies division had a good year, recording a 42% growth in revenue to US$64.5 million, comprising an underlying growth of US$12.2 million as well as currency translation gains.

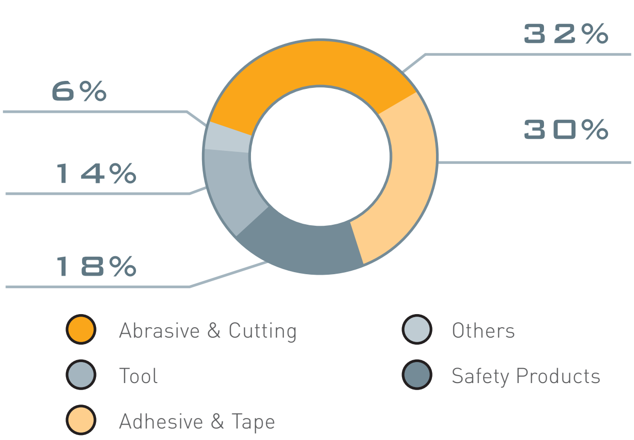
The strong growth was mainly attributed to the continued expansion of customer outlets and increase in product offering.

FY07 also marked the renewed focus of the Automotive Aftermarket business in Thailand leveraging on the sourcing strength of our Malaysian operations and our well-established distribution network in Thailand. With recent appointments as the exclusive distributor for three major products - 'Top Formula 1' Lubricants, 'Compact' Brakes and 'Rocket' Batteries - the Group is optimistic about the growth of its business in Thailand.

Sales Breakdown By Product (Automotive)



Sales Breakdown By Product (Industrial)




B3
C1
C4
C2
C3
B7
C5
C8
C6
C7
C9
C10
BORID

ENERGY SOLUTIONS

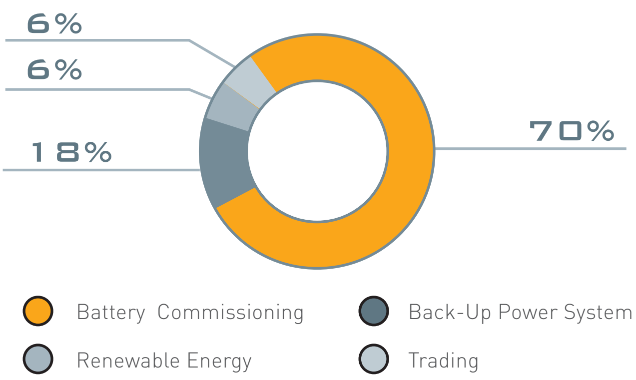
The Group's Energy Solutions business engages in the research and development and marketing of electronic and electrical equipment and various solutions related to efficient energy storage, conversion and management.

The Group has developed a lead-acid battery commissioning system employing switch-mode technology that is highly efficient compared to conventional charging solutions in energy consumption and portability. This system is modular and decentralises the charging process to bring small charging stations to the sales centres, lowering logistics costs as well as overcoming the problems of shelf sulfation, typically plaguing the industry, as well as aiding battery manufacturers in the production process.

The Group envisions the decentralization of the commissioning process to benefit its automobile aftermarket product business as the margin savings from the in-house commissioning are passed to customers, in addition to offering a better product.

With the system, the Group can commission most types of lead-acid batteries, such as automotive, storage and deep cycle batteries. This is synergistic with the activities in renewable energy as deep cycle lead acid batteries are the most cost efficient system of storage of electrical energy at the moment. Further, the Group also provides renewable energy solutions such as electric generators and solar-energy systems.

Sales Breakdown By Products / Services



Hup Soon Global also has in-house research and development capabilities through its subsidiary Sulfarid Technologies (M) Sdn. Bhd., which is expected to be the technical backbone and provide the research and development activities for energy solutions and applications.

Currently, the Group is working on many projects, including the development and commercialization of D/C appliances that will go hand in hand with solar and other renewable energy solutions. Sulfarid also offers consulting and research and development services to external clients.

Going forward, with the Group's know-how in energy storage and conversion combined with its existing distribution and sourcing networks, Hup Soon Global will expand its energy business in providing energy solutions and applications, as well as in the development and marketing of new value-added products in the renewable energy segment.

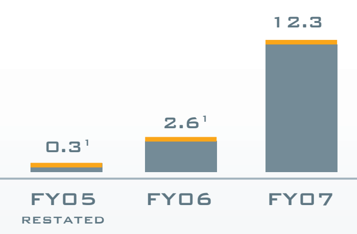
FY07

The energy solutions business had a good year in FY07, building up its battery commissioning capacity to 33,000 units/month following its start-up in FY06. In the first full year of operation, the division recorded a slight loss mainly due to business start up costs despite the commissioning business recording a profit.

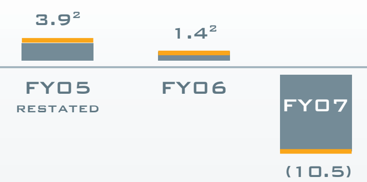
Financial Highlights

US$'000	FY05 RESTATED	FY06	FY07
Group Revenue	69,991	73,428	94,442
Total Assets	32,690	49,017	88,925
Total Shareholders funds	892	6,987	44,829
NAV per share (U$ cents)	0.3[1]	2.6[1]	12.3
Earnings per share (U$ cents)	3.9[2]	1.4[2]	(10.5)

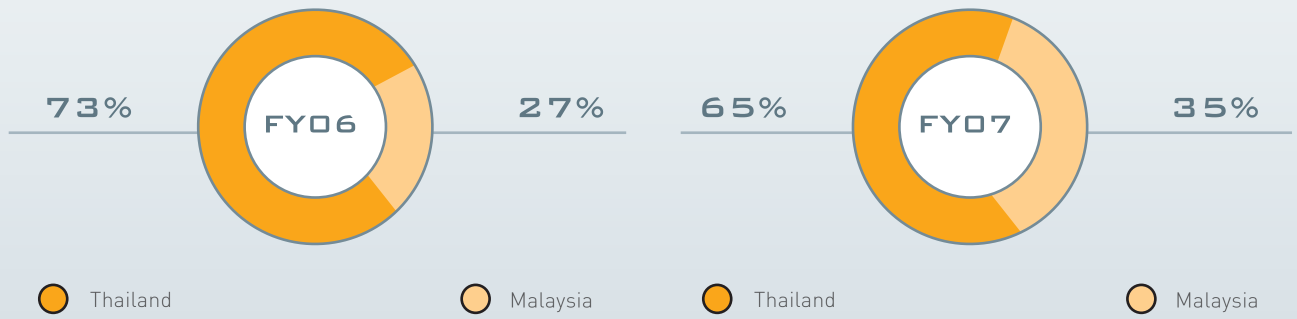
NAV per share (US cents)



Earnings per share (US cents)



Revenue by Geographical Segments



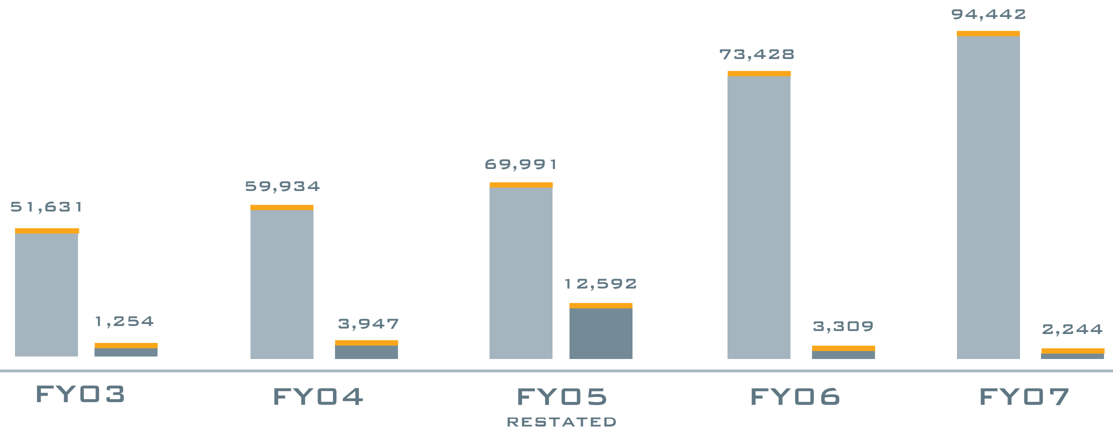
[1] Shares outstanding as at 31 December 2005 and 31 December 2006 represents the number of shares issued pursuant to the acquisition of Hup Soon Global Pte Ltd (268, 750, 791).

[2] Weighted average number of shares outstanding as at 31 December 2005 and 31 December 2006 represents the number of shares issued pursuant to the acquisition of Hup Soon Global Pte Ltd (268, 750, 791).

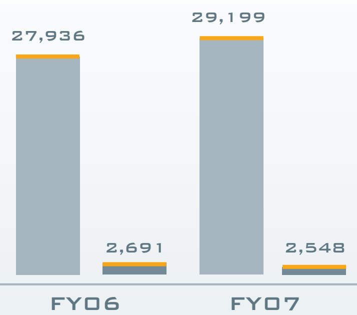
Financial Highlights

Revenue and Operating Profits (US$'000)

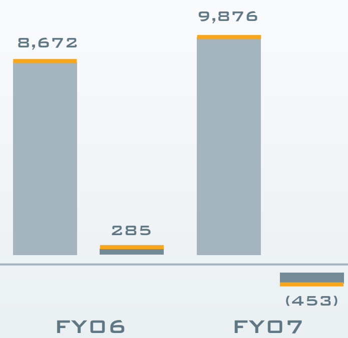
Group



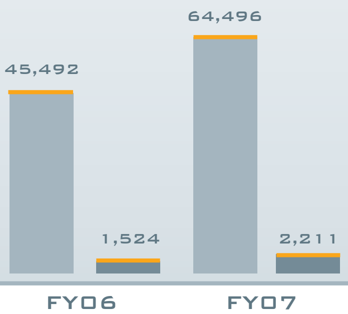
Agriculture Equipment / Automatic Transmission Systems



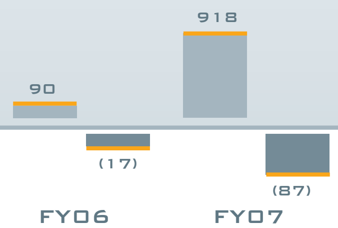
Material Handling Equipment / Garage Equipment*



Automotive / Industrial Supplies



Energy Solutions



*Includes results of United Motor Works (Siam) an associate company of the Group plus results of Hup Soon Industrial Equipment.

Board Of Directors

Anil Thadani
Chairman

Mr Thadani is the founder and a director of Symphony International Holdings Limited ("Symphony"), an investment holding company listed on the London Stock Exchange. He is the Chairman of Symphony Investment Managers Limited. Symphony invests in development capital, buy-out and venture capital transactions throughout the Asia Pacific region. The primary thrust of the investment programme is to invest in Healthcare, Hospitality, Lifestyle and a variety of other consumer based businesses. Mr Thadani has been investing in private equity transactions since 1981 when he formed one of Asia's first private equity investment companies.

Mr Thadani holds a Master's Degree in Chemical Engineering from the University of Wisconsin, Madison and an MBA from the University of California at Berkeley.

Timothy Chia Chee Ming
Deputy Chairman and
Group Chief Executive Officer

Mr Chia serves on the board of several private and public-listed companies, including Banyan Tree Holdings Ltd, F J Benjamin Holdings Ltd, Fraser and Neave Ltd, SP Power Grid Limited and Singapore Post Limited. Since January 2004, Mr Chia was named a Trustee of the Singapore Management University. From 1986 to 2004, Mr Chia was a director of PAMA Group Inc (PAMA) where he was responsible for private equity investments and from 1995 to 2004, he was President of PAMA. Mr Chia also previously served as Vice President of the Investment Department of American International Assurance Company Limited from 1982 to 1986 and as President of Unithai Oxide Company Ltd from 1980 to 1981. Amongst his past appointments, Mr Chia was director of KorAm Bank Co., Ltd (Korea), Meritz Securities Co., Ltd (Korea), Magnecomp Precision Technology Public Co., Ltd (Thailand), Singapore Power Ltd, Macquarie Pacific Star Prime REIT Management Ltd and The Hour Glass Ltd.

Mr Chia holds a Bachelor of Science cum laude degree, majoring in Management, from the Fairleigh Dickinson University, United States of America.

Board Of Directors

Timothy Yong Wei Hsien
Executive Director and
Group Chief Operating Officer

As the Group Chief Operating Officer, Mr Yong is primarily responsible for the formation and implementation of the Group's strategies, co-ordinating the strategies and activates of the Group's various business units, and overseeing the corporate functions of the Group.

Prior to being involved in the formation of Hup Soon Global Pte Ltd in 2005, Mr Yong spent eight years with the PAMA Group where he was responsible for sourcing, structuring, acquiring and divesting investment on behalf of PAMA, one of the oldest private equity fund managers in Asia, which was initially founded as the Asian private equity investment arm of the Prudential Insurance Company of America. Prior to PAMA, Mr Yong spent two and a half years as a Research Analyst with SBCI & Associates, then the stock broking arm of Swiss Bank Corporation (which subsequently merged with the Union Bank of Switzerland to form UBS).

Mr Yong completed his higher and tertiary education in England, graduating with a BSc (Hons) degree in Electronics Engineering and Physics from Loughborough University of Technology and a MBA from Imperial College of Science, Technology and Medicine.

Jennifer Chia Jee Phun
Non-Executive Director

Ms Chia is the director of United Motor Works International Pte Ltd as well as its subsidiaries and associated companies. Ms Chia has been with United Motor Works Group since 1974 when she joined as legal executive in Singapore and then as group company secretary. During the period from 1974 to 1983, she was responsible for all legal and corporate matters as in-house counsel and additionally responsible for real estate and insurance. In 1986, Ms Chia was made director and has remained a director since. Since September 2002, she is also a director and shareholder of the Seabanc Group of companies which are principally engaged in general insurance business as intermediaries.

Ms Chia is a lawyer by training and graduated from the then University of Singapore in 1971 with L.LB (Hons). She was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1971 and in 1974 obtained her L.LM from the University of London.

Board Of Directors

Victor Fung Kwok King
Non-Executive Director

Victor Fung Kwok King

Dr Fung is the Group Chairman of the Li & Fung group of companies including publicly-listed Li & Fung Limited, Integrated Distribution Services Group Limited and Convenience Retail Asia Limited. Dr Fung is also an independent non-executive director of Bank of China (Hong Kong) Limited, Orient Overseas (International) Limited, CapitaLand Limited in Singapore and Baosteel Group Corporation in the People's Republic of China. Dr Fung is the Vice-Chairman of the International Chamber of Commerce from January 2007 and also has been Chairman of the Hong Kong Airport Authority, the Hong Kong University Council, the Greater Pearl River Delta Business Council and the Hong Kong - Japan Business Co-operation Committee. Dr Fung is a member of Chinese People's Political Consultative Conference and the Executive Committee of the Commission on Strategic Development of the Hong Kong Government. In 2003, the Hong Kong Government awarded Dr Fung the Gold Bauhinia Star for distinguished service to the community.

Dr Fung holds a Bachelor and Master Degrees in Electrical Engineering from the Massachusetts Institute of Technology, and a Doctorate in Business Economics from Harvard University.

Chuen Fah Alain Ahkong
Indepedent Director and
Chairman of Audit Committee

Chuen Fah Alain Ahkong

Mr Ahkong holds directorships in several companies, including Parkway Holdings Ltd., a Singapore listed company. In 1990, Mr Ahkong founded Pioneer Associates and has since then, been a director of Pioneer Associates. Pioneer Associates is a company incorporated in Singapore which provides consulting services, such as accounting and tax consulting services as well as business advisory services, to multi-national companies that are engaged in business activities in Singapore and other South East Asian countries. Pioneer Associates currently has 6 directors and engages approximately 50 professionals. Prior to founding Pioneer Associates, Mr Ahkong spent 17 years with Arthur Young. He joined the corporate tax department of Arthur Young in London in 1973 and transferred as a manager to the Singapore office of Arthur Young in 1979. Mr Ahkong was subsequently promoted to Director of Taxes in 1984 and to Managing Director in 1989.

Mr Ahkong received his education in the Mauritius and in the United Kingdom. He is an associate member of the United Kingdom Chartered Institute of Taxation.

Board Of Directors

Dilhan Pillay Sandrasegara
Independent Director and Chairman of the Renumeration and Nomination Committee

Dilhan Pillay Sandrasegara

Mr Pillay is the Managing Partner of WongPartnership LLP and a director of its joint law venture firm, Clifford Chance Wong Pte Ltd. He has 19 years of experience in the legal industry. In addition to being a Trustee of the Singapore Management University, he is also a member of the Advisory Board of its Law School. Besides being a Board Member of the Accounting and Corporate Regulatory Authority of Singapore, he is a Director of Babcock & Brown Structured Finance Fund Limited, CapitaRetail China Trust Management Limited, Changi Airports International Pte Ltd, Banyan Tree Holdings Ltd, MOH Holdings Pte Ltd, Alexandra Health Pte. Ltd., SP Services Limited and The Ascott Group Limited.

Mr Pillay holds a Bachelor of Laws Honours degree from the National University of Singapore and a Master of Laws degree from Cambridge University. He was admitted to the Singapore Bar in 1989.

Richard Seow Yung Liang
Independent Director

Richard Seow Yung Liang

Mr Seow is also currently the chairman of the Board of Parkway Holdings Ltd, a leading regional healthcare provider listed on the main board of the SGX-ST. Mr Seow worked in investment banking for 16 years. He previously headed up the South East Asian Investment Banking franchise for Citigroup based in Singapore where he also established the firm's Asian Technology Investment Banking Group.

Mr Seow completed his undergraduate education with a BS Economics from University of Oregon in 1983 and received an MBA from the University of Southern California in 1988.

Robert Ernest Adams
Alternate Director
to Dr Victor Fung

Robert Ernest Adams

Mr Adams is the Managing Director of LF Asia Investments Limited. He is also an independent non-executive director of Hong Kong Aircraft Engineering Co Ltd, which is listed in Hong Kong. Previously, Mr Adams was the Chief Operating Officer and Chief Financial Officer of Li & Fung Limited. Before joining Li & Fung, he was an executive director of CITIC Pacific Limited and a non-executive director of Cathay Pacific Airways Limited, both are listed in Hong Kong. He was also a director of Hong Kong Dragon Airlines Limited, Hong Kong Air Cargo Terminals Limited, New Hong Kong Tunnel Company Limited, Western Harbour Tunnel Company Limited and Wal-Mart East China Stores Company Limited. Previous experience covers the management consulting and banking industries. Past Chairman of the American Chamber of Commerce in Hong Kong and Chairman of the Asia Pacific Council of American Chamber of Commerce.

Senior Management

Goh Swee Heng

Controlling Director:
Automotive / Industrial Supplies

Besides being the Controlling Director for Automotive and Industrial Supplies Businesses, Mr Goh is also the Country Manager for the Group in Malaysia. Mr Goh first joined the Borneo Company in 1967 and worked his way up to various senior positions. Prior to assuming his position as Managing Director in 1990 of Borneo Technical Co. (M) Sdn Bhd, Mr Goh held the positions of Divisional Manager, Deputy General Manager and Executive Director. As part of his overall responsibilities, he also held positions of Managing Director, Borneo Technical (Thailand) Limited and Inchcape Technical Singapore Private Limited. Mr Goh has been involved in the automotive and industrial supplies business for over 30 years and is instrumental in the start-up of Kwikpart. He has also completed various General Management Programmes at Sunridge Park-UK, Insead and Ashridge.

Mr Goh is supported in Thailand by Mr Wasan Tanmanuraxkul, Managing Director of Borneo Technical (Thailand) Limited and in Malaysia by Mr Chow Yee Kam, Managing Director of Borneo Technical Co. (M) Sdn Bhd.

Mr Goh is a Malaysian national and is based in Kuala Lumpur. He is also the acting Managing Director of the Group's energy solutions business.

Seri Kulekaluck

Managing Director:
Agriculture Equipment and Transmission

Mr Kulekaluck is the Country Manager for the Group in Thailand and the Managing Director for the Agriculture Equipment and Transmission Businesses. Mr Kulekaluck joined the Inchcape Group in 1990 and held various positions within the Group including General Manager of Borneo Technical (Thailand) and Managing Director of Anglo-Thai. Prior to joining the Inchcape Group, Mr Kulekaluck worked for W.R. Grace (Thailand) from 1982 to 1988 and for Laporte Industries from 1988 to 1990. Mr Kulekaluck completed his secondary education in Hong Kong. He received a BS degree in Chemical Engineering in 1979 from the University of California, Davis Campus and continued his education at Thammasat University, Thailand with a MBA degree in 1985.

Mr Kulekaluck is assisted by Ms Naruemol Mahasukontharat who is Division Manager in charge of tractors and Mr Chaveng Sakarin, Division Manager for the transmission business.

Mr Kulekaluck is a Thai national and is based in Bangkok.

Henry Heng Kow Mui

Managing Director:
Material Handling Equipment

Prior to joining the Group in early 2006, Mr Heng already had a very distinguished career in the material handling and Industrial Equipment sector for over 30 years. He spent the early part of his career with the Housing Development Board, United Motor Works (Singapore) group and Tractors Singapore Pte. Ltd. At UMW Equipment & Engineering Pte. Ltd., he held various positions and was the Director of Singapore operations responsible for developing overseas markets, M&A activities, Corporate Restructuring and regional expansion into China and Vietnam. Mr Heng earned his diploma in Marketing and Management at Ngee Ann Polytechnic and diploma in Marketing at the UK Institute of Marketing. He also attended a management programme at the London School of Business.

Mr Heng is supported by Mr Michael Chen, General Manager of Hup Soon Industrial Equipment Pte Ltd.

Mr Heng is a Singaporean national and is based in Bangkok.

Jagadheesan Perumal

Group Finance Director

As Group Finance Director, Mr Perumal oversees the Group's finance activites including budgeting, financial reporting, taxation and treasury. He has approximately 18 years of experience in the audit profession having commenced his professional career in London in 1989. He returned to Malaysia in 1992 and joined Ernst & Young Ipoh as a qualified senior. In 1995, he moved to Kuala Lumpur to join PricewaterhouseCoopers (PwC) as an assistant manager before resigning as Executive Director on 31 May 2006 to join Hup Soon. Mr Perumal has also represented PwC in a working group of the Malaysian Accounting Standards Board which deliberated one of the International Financial Reporting Standards (IFRS) for adoption in Malaysia, and instructed at PwC public workshops on some of these IFRS. He is a fellow of the Chartered Association of Certified Accountants, a member of the Malaysian Institute of Public Accountants and a Chartered Accountant with the Malaysian Institute of Accountants.

Senior Management

Peter Lee Kee-Hwan

Director:
Corporate Finance and Investor Relations

Mr Lee is Director, Corporate Finance and oversees the Group's mergers & acquisitions and investor relations activities. Before joining Hup Soon in March 2006, Mr Lee was Country Representative of the private equity fund PAMA Group Inc. (formerly Prudential Asset Management Asia Limited, the Asian investment and asset management arm of The Prudential Insurance Company of America) in Korea. During his time with PAMA, Mr Lee was involved in direct investment activities including sourcing, diligencing and execution of investment opportunities, as well as in post investment activities in Korea and Malaysia, overseeing various portfolio companies from daily management to restructuring and eventual exit exercises. Prior to his 6 years in PAMA, he was with Acts Capital Management Co. Ltd. as Investment Manager and research analyst at Daishin Securities Co., Ltd. He received his BSc in Economics from the New York University Stern School of Business.

Angela Chan Mui Chin

Director:
Group Legal & Compliance / Company Secretary

Ms Chan is Director, Group Legal & Compliance / Company Secretary and is in charge of all the Group's legal and compliance activities. Ms Chan holds a law degree from the National University of Singapore and is called to the bar in Singapore, West Malaysia and New York. Ms Chan was in private legal practice for more than 10 years. Prior to joining Hup Soon, Ms Chan spent 4 years as the Vice President (Group Legal) & Company Secretary for a Singapore listed company where she was in charge of mergers & acquisitions, corporate finance, compliance and all other legal matters of the group.

Leslie Chua Chin Wee

Director:
Corporate Planning

Mr Chua is Director, Corporate Planning and is responsible for the corporate planning activities of the Group. Mr Chua has more than 10 years of senior regional management experience working with large bluechip multi-nationals in the Asia Pacific region. Specifically for eight years from 1993 to 2001, he held senior finance positions with large global world-class consulting firms with corporate offices in the US. He holds a Masters Degree in Business Administration from the University of Brunel (UK) and is a Fellow Chartered Certified Accountant (FCCA, UK) and Certified Public Accountant (CPA) from Singapore.

Corporate Structure

Hup Soon Global Corporation Limited

Based in Singapore,

Hup Soon GLobal Corporation Limited is listed on the SGX Catalist and is the holding company for the operating businesses of the Group.

The operations of the Group are conducted through various subsidiaries and associate companies in Thailand, Malaysia and Singapore.

At A Glance

		Thailand	Malaysia	Singapore
	**Agriculture Tractors / Automatic Transmission Systems**	Anglo - Thai Co Ltd Anglo Thai Tractors Ltd		
	**Automotive / Industrial Supplies**	Borneo Technical (Thailand) Ltd Factory Products Centre (Thailand) Ltd	Borneo Technical Co (M) Sdn Bhd Kwikpart Sdn Bhd Tai Kwong Yokohama Bhd*	
	**Material Handling Equipment / Garage Equipment**	United Motor Works (Siam) Public Co Ltd*	Hup Soon Industrial Equipment Sdn Bhd	Nichiyu Asia Pte Ltd*
	**Energy Solutions**		Borid Energy Sdn Bhd Sulfarid Technologies (M) Sdn Bhd	Borid Energy (S) Pte Ltd

*Associate companies

Corporate Information

BOARD OF DIRECTORS

Mr Anil Thadani	(Non-Executive Chairman)
Mr Timothy Chia Chee Ming	(Executive Director, Deputy Chairman & Group Chief Executive Officer)
Mr Timothy Yong Wei Hsien	(Executive Director & Group Chief Operating Officer)
Dr Victor Fung Kwok King	(Non-Executive Director)
Ms Jennifer Chia Jee Phun	(Non-Executive Director)
Mr Chuen Fah Alain Ahkong	(Non-Executive & Independent Director)
Mr Richard Seow Yung Liang	(Non-Executive & Independent Director)
Mr Dilhan Pillay Sandrasegara	(Non-Executive & Independent Director)
Mr Robert Ernest Adams	(Alternate Director to Mr Victor Fung Kwok King)

AUDIT COMMITTEE

Mr Chuen Fah Alain Ahkong (Chairman)
Mr Richard Seow Yung Liang
Mr Dilhan Pillay Sandrasegara

REMUNERATION & NOMINATION COMMITTEE

Mr Dilhan Pillay Sandrasegara (Chairman)
Mr Chuen Fah Alain Ahkong
Mr Richard Seow Yung Liang

BANKERS

Bangkok Bank Public Company Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited
DBS Bank Ltd

COMPANY SECRETARY

Ms Angela Chan Mui Chin

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
(formerly known as Lim Associates (Pte) Ltd)
a member of Boardroom Limited Company Registration
3 Church Street #08-01
Samsung Hub
Singapore 049483

AUDITORS

Ernst & Young
(Certified Public Accountants)
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Alvin Phua
(Appointed on : 19 April 2007)

REGISTERED OFFICE

15 Scotts Road
#04-08 Thong Teck Building
Singapore 228218
Tel: (65) 6733 9339
Fax: (65) 6732 7227

Financial Contents

Report on Corporate Governance

The Board of Directors of Hup Soon Global Corporation Limited (formerly known as Twinwood Engineering Limited) ("**Company**") is committed to the principles of good corporate governance in discharging their responsibilities. The Board believes that good corporate governance processes and practices enhances accountability and the Group's performance.

Following the change in the Board arising from the completion of the reverse takeover of the Company in connection with the Company's acquisition of the entire issued share capital of Hup Soon Global Pte Ltd on 26 April 2007 ("**Acquisition**"), the Company reviewed its corporate governance processes and systems and implemented some measures in line with the provisions of the Code of Corporate Governance 2005 ("**Code**"). The Company will continuously evaluate its corporate governance process and is committed to maintaining a high standard of corporate governance and transparency within the Company in the spirit of the Code to protect the interests of the shareholders of the Company.

This report describes the Company's corporate governance practices with reference to the Code and explains any deviation from the Code.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The Board oversees the business and affairs of the Group, reviews the Group's key activities and business strategies, makes decisions on major investments and funding and oversees the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance matters.

Certain functions of the Board have been delegated to various Board committees, namely, the Audit Committee and the Remuneration and Nomination Committee.

The Board conducts scheduled meetings throughout the year to coincide with the announcement of the Company's results. Additional Board meetings and Board committee meetings are convened as and when necessary in between the scheduled meetings. Besides physical meetings, the Articles of Association of the Company allows for meetings by means of teleconferencing or similar communication equipment.

Attendance at Board Meetings:

The attendance of directors at Board meetings during the year 2007 is set out below:

Board Members	No. of meetings attended/ meetings held during tenure on Board
Anil Thadani - Chairman	**1**/5
Timothy Chia Chee Ming – Deputy Chairman and Group Chief Executive Officer (Appointed as Director on 26 April 2007 and Executive Director on 1 May 2007)	**4**/4
Timothy Yong Wei Hsien – Executive Director and Group Chief Operating Officer (Appointed as Executive Director on 1 May 2007)	**5**/5
Victor Fung Kwok King (Appointed: 26 April 2007) (Alternate: Robert Ernest Adams) (Appointed: 26 June 2007)	**4**/4
Jennifer Chia Jee Phun (Appointed: 26 April 2007)	**4**/4
Chuen Fah Alain Ahkong	**5**/5
Richard Seow Yung Liang	**4**/5
Dilhan Pillay Sandrasegara (Appointed: 26 April 2007)	**4**/4
Lim Chee Yong (Resigned: 26 April 2007)	**0**/1
Abdul Fatah Choonavala (Resigned: 26 April 2007)	**1**/1
Rajgopal Rajkumar (Resigned: 26 April 2007)	**1**/1
Ronald Ling Jih Wen (Resigned: 26 April 2007)	**1**/1
Robert Ernest Adams (Retired: 30 April 2007)	**1**/1

Report on Corporate Governance (cont'd)

Attendance at Board Committee Meetings:

The attendance of the members at the Nomination Committee meeting held during the year 2007 (from 1 January to 25 April 2007) is set out below:

Committee Members		No. of meetings attended/ meetings held during tenure on Committee
Chuen Fah Alain Ahkong - Chairman		**1**/1
Richard Seow Yung Liang		**1**/1
Anil Thadani	(Resigned: 26 April 2007)	**0**/1
Lim Chee Yong	(Resigned: 26 April 2007)	**0**/1
Abdul Fatah Choonavala	(Resigned: 26 April 2007)	**1**/1

The attendance of the members at the Remuneration Commitee meeting held during the year 2007 (from 1 January to 25 April 2007) is set out below:

Committee Members		No. of meetings attended/ meetings held during tenure on Committee
Richard Seow Yung Liang – Chairman		**1**/1
Chuen Fah Alain Ahkong		**1**/1
Anil Thadani	(Resigned: 26 April 2007)	**0**/1
Lim Chee Yong	(Resigned: 26 April 2007)	**0**/1
Abdul Fatah Choonavala	(Resigned: 26 April 2007)	**1**/1

The attendance of the members at the Remuneration and Nomination Committee* meetings held during the year 2007 is set out below:

Committee Members		No. of meetings attended/ meetings held during tenure on Committee
Dilhan Pillay Sandrasegara - Chairman	(Appointed: 26 April 2007)	**2**/2
Chuen Fah Alain Ahkong		**2**/2
Richard Seow Yung Liang		**2**/2

* The Remuneration Committee and Nomination Committee were fused into the Remuneration and Nomination Committee on 26 April 2007

The attendance of the members at the Audit Committee meetings held during the year 2007 is set out below:

Committee Members		No. of meetings attended/ meetings held during tenure on Committee
Chuen Fah Alain Ahkong - Chairman		**5**/5
Richard Seow Yung Liang		**3**/5
Dilhan Pillay Sandrasegara	(Appointed: 26 April 2007)	**4**/4
Lim Chee Yong	(Resigned: 26 April 2007)	**0**/1
Ronald Ling Jih Wen	(Resigned: 26 April 2007)	**1**/1

Report on Corporate Governance (cont'd)

To facilitate operational efficiency and effectiveness, the Company has adopted internal guidelines for acquisitions and divestments, capital expenditure and banking loans and credit facilities. Under these guidelines, the Board will approve transactions exceeding certain limits while delegating the approval for transactions below these limits to the executive directors acting jointly.

Newly appointed directors are given the opportunity to meet with senior management and to attend a comprehensive orientation programme which includes management presentations on the Group's businesses and strategic plans as well as site visits to the Group's businesses. The Company will be introducing a comprehensive appointment process for new directors, to provide a formal letter to the director setting out his duties and obligations and to ensure that new directors receive sufficient information and training as well as further professional development to enable them to discharge their duties as director of the Company.

Principle 2: Board Composition and Guidance

There were major changes in the Board's constitution during the year following the Acquisition.

The directors consider the Board's present size and composition appropriate in facilitating effective decision making. The Board considers that its directors possess the necessary competencies to lead and govern the Company effectively as it comprises seasoned professionals with the necessary experience as well as a wide spectrum of skills and knowledge that are complementary and effective in carrying out its functions.

The Board currently comprises 8 directors, of whom 2 are executive, 3 are non-executive and 3 are independent directors. The Board members are:

Executive Directors:

Mr Timothy Chia Chee Ming (appointed as Director on 26 April 2007 and Executive Director on 1 May 2007)
Mr Timothy Yong Wei Hsien (appointed as Executive Director on 1 May 2007)

Non-Executive Directors:

Mr Anil Thadani
Ms Jennifer Chia Jee Phun (appointed on 26 April 2007)
Dr Victor Fung Kwok King (appointed on 26 April 2007)
Mr Robert Ernest Adams (Alternate to Dr Victor Fung Kwok King)(appointed on 26 June 2007)

Independent Directors:

Mr Chuen Fah Alain Ahkong
Mr Richard Seow Yung Liang
Mr Dilhan Pillay Sandrasegara (appointed on 26 April 2007)

The following resigned as directors of the Board on 26 April 2007:

Mr Lim Chee Yong
Mr Abdul Fatah Choonavala
Mr Rajgopal Rajkumar
Mr Ronald Ling Jih Wen

Mr Robert Ernest Adams, a non-executive director, retired from the Board during the last Annual General Meeting held on 30 April 2007. He was subsequently appointed as alternate director to Dr Victor Fung Kwok King on 26 June 2007.

The following sets out key information on each Board member including information on their respective dates of first appointment and last re-election to the Board, as well as directorships on other listed companies, both present and those held over the preceding 3 years:

Report on Corporate Governance (cont'd)

Name	Academic / Professional Qualification	Date of Appointment / Last Re-election	Current Directorships in Other Listed Companies	Past Directorships in Listed Companies
Anil Thadani (Chairman, Non-Executive Director)	BTech in Chemical Engineering from the Indian Institute of Technology, Madras MSc in Chemical Engineering from the University of Wisconsin, Madison MBA from the University of California, Berkeley	21/12/2000 / 30/04/2007	Minor International Public Co. Ltd., Thailand Orchid Chemicals & Pharmaceuticals Ltd., India Rajadamri Hotel Public Co. Ltd., Thailand	Apollo Hospitals Enterprise Ltd Blue Dart Express Ltd, India DSG International Limited, BVI Indraprastha Medical Corporation Ltd, India Minor Corporation pcl, Thailand Parkway Holdings Limited The Waterbase Limited, India
Timothy Chia Chee Ming (Deputy Chairman and Group Chief Executive Officer)	Cum laude in Management, Fairleigh Dickinson University, United States	26/04/2007 / N.A.	Banyan Tree Holdings Limited FJ Benjamin Holdings Limited Fraser and Neave Limited Singapore Post Limited	KorAm Bank Co Ltd. The Hour Glass Ltd. Magnecomp Precision Technology Public Co. Ltd. Meritz Securities Co. Ltd.
Timothy Yong Wei Hsien (Executive Director and Group Chief Operating Officer)	BSc (Hons) in Electronics Engineering and Physics from Loughbourgh University of Technology MBA from Imperial College of Science, Technology and Medicine	27/10/2006 / 30/04/2007	Nil	Nil
Victor Fung Kwok King (Non-Executive Director)	Bachelor and Master Degrees in Electrical Engineering from the Massachusetts Institute of Technology Doctorate in Business Economics from Harvard University	26/04/2007 / N.A	CapitaLand Limited Li & Fung Limited Integrated Distribution Services Group Limited Convenience Retail Asia Limited Bank of China (Hong Kong) Limited Orient Overseas (International) Limited Baosteel Group Corporation (PRC)	PCCW Ltd. Sun Hung Kai Properties Ltd.

REPORT ON CORPORATE GOVERNANCE (CONT'D)

Name	Academic / Professional Qualification	Date of Appointment / Last Re-election	Current Directorships in Other Listed Companies	Past Directorships in Listed Companies
Jennifer Chia Jee Phun (Non-Executive Director)	L.L.B (Hons) from University of Singapore Advocate and Solicitor, Supreme Court of Singapore L.L.M from the University of London	26/04/2007 / N.A	Nil	Nil
Chuen Fah Alain Ahkong (Independent, Non-Executive Director)	Associate Member of United Kingdom Chartered Institute of Taxation	21/12/2000 / 28/04/2006	Parkway Holdings Limited	Nil
Richard Seow Yung Liang (Independent, Non-Executive Director)	BS Economics from University of Oregon MBA from University of Southern California	21/12/2000 / 30/04/2007	Parkway Holdings Limited	Nil
Dilhan Pillay Sandrasegara (Independent, Non-Executive Director)	L.L.B (Hons) from the National University of Singapore Advocate and Solicitor, Supreme Court of Singapore L.L.M from Cambridge University	26/04/2007 / N.A	Banyan Tree Holdings Limited. CapitaRetail China Trust Management Limited The Ascott Group Limited Babcock & Brown Structured Finance Fund Limited	Beyonics Technology Limited Hiap Seng Engineering Ltd. PowerSeraya Ltd.
Robert Ernest Adams (Alternate Director to Dr Victor Fung Kwok King)	MSc Oklahoma State University BA Oklahoma State Universty	26/06/2007 / N.A.	Hong Kong Aircraft Engineering Co., Ltd.	CITIC Pacific Limited Cathay Pacific Airways Limited

Principle 3: Chairman and Chief Executive Officer

There is a separation of roles of the Company's leadership as the workings of the Board and the executive responsibilities of the Group are assumed by different persons.

Our non-executive Chairman Mr Anil Thadani leads the Board to ensure its effectiveness on all aspects while the Group Chief Executive Officer, Mr Timothy Chia Chee Ming assumes executive responsibilities for the Group's business and performance and implements the Board's decisions.

Principle 4: Board Membership
Principle 5: Board Performance

The Board has delegated the role of making recommendations on all board appointments and re-appointments to the Board to the Remuneration Committee and Nomination Committee. Following the Acquisition, the Remuneration Committee and Nomination Committee were fused on 26 April 2007 to form Remuneration and Nomination Committee ("**RNC**")

The RNC comprises the following 3 members, all of whom are independent directors:-

Mr Dilhan Pillay Sandrasegara (Chairman) (appointed on 26 April 2007)
Mr Chuen Fah Alain Ahkong
Mr Richard Seow Yung Liang

Report on Corporate Governance (cont'd)

In addition, the Chairman of the RNC is not a substantial shareholder and is not directly associated with a substantial shareholder (a substantial shareholder being a person with an interest of 5% or more in the voting shares of the Company).

The RNC is governed by written terms of reference under which it is responsible for matters regarding nomination such as:

(a) making recommendations to the Board regarding plans for succession, in particular for the Chairman and Chief Executive Officer;

(b) reviewing the structure, size and composition of the Board and making recommendations to the Board;

(c) considering the appointment of a director and advising and recommending such appointments to the Board;

(d) considering the re-appointment of a director (whether by rotation or otherwise) and advising and recommending such re-appointments to the Board;

(e) annually reviewing a director's independence based on the guidelines in the Code of Corporate Governance; and

(f) evaluating the effectiveness of the Board as a whole based on objective criteria and the contribution by each director to the effectiveness of the Board.

The RNC uses its best efforts to ensure that directors appointed to the Board possess the particular skill, experience and knowledge in the business, finance and management necessary to the Company's business. The Company has put into place a process for selecting and appointing new directors to the Board. Where there is a need to appoint a new director, the RNC will evaluate the balance of skills, knowledge and experience on the Board in order to identify the essential and desirable competencies of the candidate. Suitable candidates are sourced through the recommendations of the directors or management or through other external sources. The RNC will then assess the candidate's suitability based on certain objective criteria such as integrity, independent mindedness and the ability to commit time, and make its recommendation to the Board.

Pursuant to the Company's Articles of Association, one third of the directors (other than the Managing Director) are subject to retirement by rotation every year and eligible for re-election. For the purposes of continuity, the Company does not intend to alter the provisions in its Articles of Association to subject the Chief Executive Officer (the equivalent of the Managing Director) to the provisions on retirement by rotation.

The RNC reviews the performance of the directors due to retire based on the principles contained in the Code such as a director's contribution and performance taking into account factors such as attendance, preparedness, participation and candour. No member of the RNC participates in the deliberations or decisions on recommendations for his own re-nomination to the Board. Where a director who has multiple board representations, the RNC also considers if he has been adequately carrying out his duties as a director of the Company.

The RNC has deliberated and is satisfied as to the independence of the 3 independent directors, namely, Mr Chuen Fah Alain Ahkong, Mr Richard Seow Yung Liang and Mr Dilhan Pillay Sandrasegara.

As a step towards better corporate governance, the RNC has implemented a formal Board performance evaluation process for the financial year ended 31 December 2007 ("**FY2007**") onwards based on certain assessment parameters of effectiveness of the Board covering a range of criteria including board composition, board accountability, board procedures, standard of conduct and board skills. Each director completes a board evaluation form which provides each director an opportunity to give feedback on the board's processes and procedures and suggestions to enhance the effectiveness of the Board as a whole. The results are reviewed by the RNC and recommendations will be discussed between the RNC Chairman with the Chairman and/or Deputy Chairman with a view to taking any action required to enhance the Board's function and effectiveness. The RNC intends to implement the evaluation of the contribution of each individual director to the effectiveness of the Board in due course but requires time to study the possible methods in order to identify a suitable process.

The RNC also administers the Hup Soon Global Share Option Scheme (formerly known as the Twinwood Share Option Scheme 2001) ("**Existing Scheme**"). More details of the Existing Scheme are disclosed in the Report of the Directors.

Principle 6: Access to Information

The Board and Board Committee members are provided with complete and adequate information prior to Board and Board Committee meetings respectively. In addition, the Board is updated on business matters on an on-going basis, regularly at the Board meetings and at other times when there are major developments.

The Board has separate and independent access to the senior management and to the Company Secretary. The Company Secretary ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is present at all Board and Board committee meetings. The Company Secretary's responsibilities include

Report on Corporate Governance (cont'd)

ensuring good information flows within the Board and the Board committees and between senior management and the non-executive directors as well as (where required) facilitating orientation and assisting with professional development.

REMUNERATION MATTERS

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

The RNC is responsible for ensuring a formal and transparent procedure for developing policy on remuneration for the directors as well as senior management. The total remuneration mix comprises the annual fixed cash component, the variable cash component which is tied to performance of the Company or respective business unit as well as individual performance/contribution and long term incentives.

The Company had granted options under the Existing Scheme. In FY2007, the RNC started the process of reviewing executive compensation with a view to adopting a framework of competitive remuneration to attract, retain and motivate directors. The RNC has proposed and recommended the implementation of new share plans to grant share awards to the executive directors and management of the Group to replace the Existing Scheme. The Company believes that share awards will link management's remuneration to both individual and corporate performance and will better align management's interests with that of shareholders. To assist them in their duties, the RNC has access to advice of experts in executive compensation.

In particular, the RNC is responsible under its written terms of reference for remuneration matters such as:

(a) making recommendations to the Board on the Company's framework of remuneration for the directors and senior management;

(b) determining the specific remuneration package and approving the service contracts for the Chief Executive Officer and the executive directors. In approving such contracts, the RNC reviews the fixed appointment period, ensures that the assessment of performance aligns the interest of the executive director with the shareholders and that the terms of any early termination compensation package are not onerous to the Company;

(c) considering the board of directors' fees structure;

(d) determining the targets for any performance related pay schemes;

(e) reviewing the remuneration of senior management; and

(f) making recommendations to the Board concerning the Company's employees share scheme and administering the scheme.

Each of the service agreements entered into between the Company and the 2 executive directors (the Group Chief Executive Officer and the Group Chief Operating Officer) is for an initial period of 3 years, automatically renewable yearly thereafter and has a notice period of 6 months.

The non-executive directors are paid a basic directors' fees and in addition, is paid a fee for being in each Board Committee. The fees payable to the non-executive directors is subject to shareholders' approval at the Annual General Meeting.

Details of the remuneration of the Company's directors and 5 top-earning executives for FY2007 are as follows:

Remuneration of the Company's Directors						
Name	**Fees S$**	**Salary S$**	**Bonus S$**	**Allowance/ Benefits in kind S$**	**Stock Incentives S$**	**Total S$**
Executive Directors						
[1] Timothy Chia Chee Ming	-	282,570*	210,014	63,744	-	556,328
Timothy Yong Wei Hsien	-	170,537*	134,991	36,043	-	341,571
S$250,000 and below						
Executive Directors						
[2] Abdul Fatah Choonavala	-	100%	-	-	-	100%

Report on Corporate Governance (cont'd)

Remuneration of the Company's Directors						
Name	Fees S$	Salary S$	Bonus S$	Allowance/ Benefits in kind S$	Stock Incentives S$	Total S$
Non-Executive Directors						
[1] Dr Victor Fung Kwok King	100%	-	-	-	-	100%
[1] Jennifer Chia Jee Phun	100%	-	-	-	-	100%
Anil Thadani	100%	-	-	-	-	100%
[2] Rajgopal Rajkumar	100%	-	-	-	-	100%
[3] Robert Ernest Adams	-	-	-	-	-	-
Independent Directors						
Richard Seow Yung Liang	100%	-	-	-	-	100%
Chuen Fah Alain Ahkong	100%	-	-	-	-	100%
[1] Dilhan Pillay Sandrasegara	100%	-	-	-	-	100%
[2] Lim Chee Yong	100%	-	-	-	-	100%
[2] Ronald Ling Jih Wen	100%	-	-	-	-	100%

[1] Appointed on 26 April 2007
[2] Resigned on 26 April 2007
[3] Fees waived for FY2007, retired on 30 April 2007
* Includes employer's contribution to the Central Provident Fund

Remuneration of 5 top-earning executives					
Name	Salary & Provident Fund %	Bonus %	Allowance/ Benefits in kind %	Stock Incentives %	Total %
Between S$250,000 to S$500,000:					
Seri Kulekaluck	51	40	9	-	100
Goh Swee Heng	61	37	2	-	100
Henry Heng Kow Mui	69	18	13	-	100
Wasan Tanmanuraxkul	51	43	6	-	100
Leslie Chua Chin Wee	86	14	-	-	100

The Group Chief Executive Officer Mr Timothy Chia Chee Ming and the Company's non-executive director Ms Jennifer Chia Jee Phun are siblings. Otherwise, the Company does not employ any immediate family members of the Chief Executive Officer or a director.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board recognises that it is accountable to the shareholders and aims to provide the shareholders with balanced and understandable assessment of the Group's performance, position and prospects in all its reports. The Board provides a negative assurance statement for interim financial statements in accordance with the listing rules of SGX-ST.

The Board is provided with an analysis of the management accounts at Board meetings which present an assessment of the company's performance, position and prospects.

Report on Corporate Governance (cont'd)

Principle 11: Audit Committee

The Audit Committee ("**AC**") comprises the following members, all of whom are non-executive and independent directors:

Mr Chuen Fah Alain Ahkong	(Chairman)
Mr Richard Seow Yung Liang	(appointed on 26 April 2007)
Mr Dilhan Pillay Sandrasegara	(appointed on 26 April 2007)

The written terms of reference for the AC provide that at least 2 of its members shall have accounting or related financial management expertise or experience as interpreted by the Board. The AC members all possess either accounting or related financial management expertise or experience and are appropriately qualified to discharge their responsibilities.

The AC assists the Board in maintaining a high standard of corporate governance in particular by performing an independent review of the quarterly, half year and full year financial statements before the release on SGXNet. In doing so, the AC would review key areas of management judgments applied to the financial statements and accounting policies.

The AC's role includes:

(a) reviewing and approving the annual and interim financial statements, related press releases and annual report for submission to the Board and SGX-ST including reviewing the significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to the financial performance of the Company;

(b) recommending the appointment or re-appointment of the external auditors for each financial year, including their remuneration and their terms of engagement;

(c) reviewing with the external auditors the scope and results of the audit and its cost effectiveness, the audit plan and their evaluation of the system of internal accounting controls, monitoring management's responses and actions to correct any noted deficiencies and reviewing the assistance given by the Company's officers to the auditors;

(d) evaluating the effectiveness of the external auditors efforts through meetings with the external auditors without the presence of management at least once a year;

(e) evaluating the independence of the external auditors annually, taking into consideration the volume of non-audit services to the Company;

(f) reviewing the adequacy of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by Management;

(g) reviewing with the internal auditors the scope of the internal audit programme and the findings arising from their audits and meeting with the internal auditors without the presence of management at least once a year;

(h) reviewing at least once a year the adequacy and effectiveness of the internal auditors; and

(i) reviewing and approving interested personal transactions.

Principle 12: Internal Controls
Principle 13: Internal Audit

The Company has a system of accounting and financial controls which is under constant review and assessment as to its effectiveness, relevance, implementation and compliance. The Board is satisfied that management is aware of the importance of internal controls and has put into place a system of controls that would help to safeguard the Group's assets and manage its risks even though there was no formal internal audit function during the financial year under review.

After the completion of the Acquisition, efforts were made to identify a suitable external party to whom to outsource its internal audit services and the Company has since appointed Deloitte & Touche Singapore as its internal auditors. The internal auditors will report directly to the AC.

The AC has reviewed the non-audit services provided by the external auditors and is satisfied with the independence and objectivity of Ernst & Young as external auditors and recommends to the Board of Directors their nomination for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

Report on Corporate Governance (cont'd)

The AC recognises the need for a whistle blowing policy where serious concerns relating to financial reporting, unethical or illegal conduct can be reported and independent investigations can be undertaken with appropriate follow up action. The AC will look into the setting up of such a policy.

Principle 14 & 15: Communication with Shareholders

The Board believes in transparency and timeliness in disclosing material information to the Company's shareholders and the public. Besides the release of the quarterly, half-yearly and full-year results, any information inclusive of press statements, are released to the shareholders on a timely basis through all the channels available, namely the SGXNet, the Annual Reports which includes all relevant information about the Company and press releases on major developments of the Company.

The Company also has a corporate website (www.hupsoon.com) where shareholders and members of the public are able to access up-to-date corporate information and news regarding the Group.

The Company encourages shareholders to attend general meetings of the Company where shareholders are given the opportunity to communicate their views and direct their questions to the directors relating to business affairs of the Company. The external auditors are also present to assist the directors in addressing relevant queries by shareholders.

In line with the recommendation in the Code, the Company is proposing to amend its Articles of Association to remove the limit on the number of proxies for nominee companies.

Dealings in Securities

The Company has put into place its own compliance policy to provide guidance to its officers and employees, which sets out the following:

(a) the law and implications of insider trading, and prohibiting them from trading in the Company's securities at all times if they are in possession of non-public material information;

(b) advising them not to trade in the Company's securities on short term considerations; and

(c) a blackout period for trading in Company's securities commencing one month before and ending 2 days after the release of any announcement of financial results of the Company.

The Company's policies are in line with the best practices on dealing in securities provided in Rule 1207(18) of SGX-ST's Listing Manual, with a more stringent blackout period than that prescribed by SGX-ST under the said Rule.

Interested Person Transactions

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
N.A.	NIL	NIL

Report of the Directors

The directors present their report to the members together with the audited consolidated financial statements of Hup Soon Global Corporation Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2007.

DIRECTORS

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

Anil Thadani	Non-Executive Chairman
Timothy Chia Chee Ming	Deputy Chairman and Group Chief Executive Officer (Appointed as Director on 26 April 2007 and as Executive Director on 1 May 2007)
Timothy Yong Wei Hsien	Executive Director and Group Chief Operating Officer (Appointed as Executive Director on 1 May 2007)
Dr Victor Fung Kwok King	Non-Executive Director (Appointed on 26 April 2007)
Jennifer Chia Jee Phun	Non-Executive Director (Appointed on 26 April 2007)
Chuen Fah Alain Ahkong	Independent Director
Richard Seow Yung Liang	Independent Director
Dilhan Pillay Sandrasegara	Independent Director (Appointed on 26 April 2007)
Robert Ernest Adams	(Retired as Non-Executive Director on 30 April 2007 and appointed on 26 June 2007 as alternate director to Dr Victor Fung Kwok King)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in the financial statements, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	At beginning of financial year or date of appointment or completion date of reverse takeover offer	At end of financial year
The Company		
Ordinary shares		
Timothy Chia Chee Ming	161,698,398	161,698,398

Notes:

Mr Timothy Chia Chee Ming has a deemed interest in the shares held by the Company's substantial shareholder, United Motor Works (Mauritius) Limited. Mr Timothy Chia Chee Ming is the sole shareholder of Gracefield Holdings Limited which in turn is a 90% shareholder of United Motor Works (Mauritius) Limited.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2008.

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

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except Dilhan Pillay Sandrasegara who is a partner in Wong Partnership and director of Clifford Chance Wong Pte Ltd which firm provided legal services to the Company, Jennifer Chia Jee Phun who is a shareholder and director of the Seabanc group of companies which provided insurance information services to the Company and Dr Victor Fung Kwok King who is a shareholder and director of Integrated Distribution Services Group which provided logistic services to the Group and also purchased certain products from the Group.

REPORT OF THE DIRECTORS (CONT'D)

SHARE OPTIONS

The Hup Soon Global Share Option Scheme (formerly known as the Twinwood Share Option Scheme 2001) (the "**Scheme**") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 28 June 2001. The Scheme is a share incentive scheme which applies to Group employees, executive and non-executive directors. The Scheme is administered by the Remuneration and Nomination Committee comprising Mr Dilhan Pillay Sandrasegara (Chairman), Mr Chuen Fah Alain Ahkong and Mr Richard Seow Yung Liang.

Particulars of unissued shares under option granted pursuant to the Scheme, options exercised, cancelled or lapsed during the financial year, and options outstanding as at 31 December 2007 are as follows:

Participants	Date of grant	Options granted/ (exercised)/ (lapsed) during the financial year*	Aggregate options granted since commencement of the Scheme to end of financial year*	Aggregate options (exercised)/ (lapsed) since commencement of the Scheme to end of financial year*	Aggregate options outstanding as at end of financial year *	Exercise price per share*	Exercisable period
Former Director of the Company							
Abdul Fatah Choonavala	17 August 2001	(12,500,000) [1]	12,500,000	(12,500,000)	–	$0.12	17 August 2002 to 16 August 2011
Employees							
Employee of the Company	17 August 2001	–	1,000,000	–	1,000,000[3]	$0.12	17 August 2002 to 16 August 2011
Employee of the Company	23 May 2002	(1,200,000) [2]	1,200,000	(1,200,000)	–	$0.10	23 May 2003 to 22 May 2012
		(13,700,000)	14,700,000	(13,700,000)	1,000,000		

* Pre-consolidation numbers and prices

1 4,000,000 options exercised during the financial year. The remaining 8,500,000 options lapsed during the financial year.

2 Options exercised during the financial year.

3 As a result of the consolidation of 10 shares to 1 share, the outstanding options were adjusted on 7 August 2007 into 100,000 options at an exercise price of S$1.20.

No options were granted during the financial year. There were no participants in the Scheme who are controlling shareholders of the Company or their associates (as defined in the Singapore Exchange Securities Trading Limited Listing Manual) and, save as disclosed above, there were no participants in the Scheme who received 5% or more of the total number of options available under the Scheme.

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

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option except as disclosed above.

OTHER DETAILS OF THE SCHEME

The maximum number of shares issued and to be issued for options under the Scheme shall not exceed 15% of the total number of issued shares of the Company on the day preceding the relevant date of the grant.

Market Price Options will have a subscription price determined by the Committee at its absolute discretion and fixed at a price equal to the average of the last dealt prices for the 3 consecutive trading days immediately preceding the date of grant ("Market Price"). Discounted options will have a subscription price determined by the Committee at its absolute discretion and fixed at a price set at a maximum discount not exceeding 20% of the Market Price.

Report of the Directors (cont'd)

OTHER DETAILS OF THE SCHEME (cont'd)

Each option is exercisable, in whole or in part during the option period applicable to that option in accordance with a vesting schedule, subject to any conditions that may be imposed by the committee.

Unless lapsed prior to its expiry date, options granted will expire on the tenth anniversary of the grant except for options granted to non-executive directors which will expire on the fifth anniversary of the grant.

AUDIT COMMITTEE

The Audit Committee of the Company is chaired by Mr Chuen Fah Alain Ahkong, and includes Mr Dilhan Pillay Sandrasegara, and Mr Richard Seow Yung Liang all of whom are independent directors of the Company. The Audit Committee met five times during the financial year and has reviewed the following:

(a) the audit plan of the external auditors;

(b) the Group's financial and operating results and accounting policies;

(c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors of the Company and the external auditors' report on those financial statements;

(d) the quarterly and annual announcements on the results and financial position of the Company and the Group;

(e) the co-operation and assistance given by the management to the Company's external auditors;

(f) the independence of the external auditors; and

(g) interested persons transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited (SGX-ST)'s Listing Manual.

The Audit Committee has full access to and co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The Audit Committee is in the process of engaging a professional services firm to provide internal audit services to the Group. The Audit Committee will review the audit plan of the internal auditors and review the internal auditors' evaluation of the adequacy of the Group's system of internal controls. Such review will encompass the Group's material internal controls including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors.

AUDITORS

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

On behalf of the board of directors:

Timothy Chia Chee Ming
Director

Timothy Yong Wei Hsien
Director

Singapore
31 March 2008

Statement by Directors

We, Timothy Chia Chee Ming and Timothy Yong Wei Hsien, being two of the directors of Hup Soon Global Corporation Limited, do hereby state that, in the opinion of the directors,

(a) the accompanying balance sheets, consolidated profit and loss account, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

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

On behalf of the board of directors:

Timothy Chia Chee Ming
Director

Timothy Yong Wei Hsien
Director

Singapore
31 March 2008

Independent Auditors' Report

To the Members of Hup Soon Global Corporation Limited

(Formerly known as Twinwood Engineering Limited)

We have audited the accompanying financial statements of Hup Soon Global Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 49 to 109, which comprise the balance sheets of the Group and the Company as at 31 December 2007, the statements of changes in equity of the Group and the Company, the profit and loss account and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes. The balance sheet of the Company and the statement of changes in equity of the Company for the financial year ended 31 December 2006 were audited by another firm of certified public accountants whose report dated 5 April 2007 expressed an unqualified opinion on those statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is 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 devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; 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 judgment, 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,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity 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 Group and of the Company as at 31 December 2007 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

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

Ernst & Young
Public Accountants and
Certified Public Accountants

Singapore
31 March 2008

Consolidated Profit and Loss Account

for the year ended 31 December 2007

	Note	Group 2007 US$'000	Group 2006 US$'000
Revenue	5	94,442	73,428
Cost of sales		(72,534)	(57,435)
Gross profit		21,908	15,993
Other operating income	6	1,848	858
Selling and distribution costs		(13,566)	(8,751)
Administrative expenses		(5,953)	(3,640)
Share based payment		(1,993)	(1,151)
Profit from operations	7	2,244	3,309
Finance costs	8	(428)	(542)
Goodwill written-off		(43,099)	–
Waiver of shareholders' loans		2,500	–
Share of results of associates (excluding negative goodwill)		(84)	209
Negative goodwill		5,957	2,578
Share of results of investments accounted for using the equity method		5,873	2,787
(Loss)/profit before tax		(32,910)	5,554
Tax expense	9	(1,765)	(1,812)
(Loss)/profit for the year		(34,675)	3,742
Attributable to :-			
Equity holders of the Company		(34,700)	3,750
Minority interests		25	(8)
		(34,675)	3,742
Earnings per share			
Basic and diluted (USD cents)	41	(10.5)	1.4

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

as at 31 December 2007

	Note	Group 2007 US$'000	Group 2006 US$'000	Company 2007 US$'000	Company 2006 US$'000
Non-current assets					
Property, plant and equipment	10	2,096	712	530	3
Investment in subsidiaries	11	–	–	53,053	–
Investment in associates	12	14,306	4,623	–	–
Investment in a jointly controlled entity	13	1,736	–	–	–
Deferred tax assets	14	1,421	1,026	–	–
Goodwill	15	33	–	–	–
Current assets					
Inventories	16	29,038	18,549	–	–
Trade receivables	17	23,015	16,447	–	–
Other receivables	18	1,778	915	13	1
Prepayments		306	326	34	4
Tax recoverable		52	–	12	–
Amounts due from related companies	24	19	–	7,836	7,335
Loan to an associate	19	3,638	2,954	–	–
Investment in subsidiaries	11	–	–	–	65
Other investment	20	–	365	–	–
Short term deposits	36	8	–	–	9,738
Cash and bank balances	36	11,479	3,100	6,329	96
		69,333	42,656	14,224	17,239
Current liabilities					
Trade payables	21	22,362	17,500	–	–
Other payables and accruals	22	6,618	3,667	493	648
Provision for liabilities	23	344	173	–	–
Amounts due to related companies	24	2,189	6	–	–
Interest-bearing loans and borrowings	25	10,515	7,748	–	–
Provision for taxation		980	516	–	–
Preference shares	27	–	1,100	–	–
		43,008	30,710	493	648
Net current assets		26,325	11,946	13,731	16,591
Non-current liabilities					
Shareholders' loans	28	–	10,467	–	–
Interest-bearing loans and borrowings	25	167	80	–	–
Provision for retirement benefits	29	921	747	–	–
		1,088	11,294	–	–
Net assets		44,829	7,013	67,314	16,594

Balance Sheets (cont'd)

as at 31 December 2007

	Note	Group 2007 US$'000	Group 2006 US$'000	Company 2007 US$'000	Company 2006 US$'000
Equity attributable to equity holders of the Company					
Share capital	30	68,248	*	104,331	49,978
Shares to be issued	31	–	–	–	2,209
Legal reserve	32	1,889	1,895	–	–
Accumulated profits/(losses)		11,152	2,747	(38,718)	(35,437)
Share grant reserve	33	3,144	1,151	–	–
Translation reserve	34	3,495	1,194	1,701	(156)
Capital reserve	35	(43,099)	–	–	–
		44,829	6,987	67,314	16,594
Minority interests		–	26	–	–
Total equity		44,829	7,013	67,314	16,594

* Less than US$1,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the year ended 31 December 2007

Group	Share capital (Note 30) US$'000	Legal reserve (Note 32) US$'000	Accumulated profits/ (losses) US$'000
Balance at 1 January 2007	– ***	1,895	2,747
Net effect of exchange differences	–	–	–
Net income recognised directly in equity	–	–	–
Loss for the year	–	–	(34,700)
Total recognised income and expenses for the year	–	–	(34,700)
Acquisition of minority interests	–	–	–
Transfer from accumulated profits/(losses) to capital reserve	–	–	43,099
Transfer from legal reserve to accumulated profits/(losses)	–	(6)	6
Share based payment	–	–	–
Issuance of ordinary shares during the year	68,248	–	–
Balance at 31 December 2007	68,248	1,889	11,152
Balance at 1 January 2006	– *	1,895	(1,003)
Net effect of exchange differences	–	–	–
Net income recognised directly in equity	–	–	–
Profit for the year	–	–	3,750
Total recognised income and expense for the year	–	–	3,750
Share based payment	–	–	–
Capital contributed	–	–	–
Issuance of ordinary shares during the year	– **	–	–
Balance at 31 December 2006	– ***	1,895	2,747

Statements of Changes in Equity (cont'd)

for the year ended 31 December 2007

Share grant reserve (Note 33) US$'000	Translation reserve (Note 34) US$'000	Capital reserve (Note 35) US$'000	Total reserves US$'000	Minority interests US$'000	Total US$'000
1,151	1,194	–	6,987	26	7,013
–	2,301	–	2,301	–	2,301
–	2,301	–	2,301	–	2,301
–	–	–	(34,700)	25	(34,675)
–	2,301	–	(32,399)	25	(32,374)
–	–	–	–	(51)	(51)
–	–	(43,099)	–	–	–
–	–	–	–	–	–
1,993	–	–	1,993	–	1,993
–	–	–	–	–	68,248
3,144	3,495	(43,099)	(23,419)	–	44,829
–	–	–	892	–	892
–	1,194	–	1,194	–	1,194
–	1,194	–	1,194	–	1,194
–	–	–	3,750	(8)	3,742
–	1,194	–	4,944	(8)	4,936
1,151	–	–	1,151	–	1,151
–	–	–	–	34	34
–	–	–	–	–	– **
1,151	1,194	–	6,987	26	7,013

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2007

	Share capital (Note 30) US$'000	Share premium US$'000	Shares to be issued (Note 31) US$'000	Accumulated profits/ (losses) US$'000	Translation reserve (Note 34) US$'000	Capital reserve (Note 35) US$'000	Total reserves US$'000	Total US$'000
Company								
Balance at 1 January 2007	49,978	–	2,209	(35,437)	(156)	–	(35,593)	16,594
Net effect of exchange differences	–	–	–	–	1,857	–	1,857	1,857
Net income recognised directly in equity	–	–	–	–	1,857	–	1,857	1,857
Loss for the year	–	–	–	(119,999)	–	–	(119,999)	(119,999)
Total recognised income and expenses for the year	–	–	–	(119,999)	1,857	–	(118,142)	(118,142)
Shares to be issued cancelled	–	–	(2,209)	–	–	–	–	(2,209)
Issuance of ordinary shares during the year	2,184	–	–	–	–	–	–	2,184
Issuance of ordinary shares during the year pursuant to acquisition	168,887	–	–	–	–	–	–	168,887
Adjustment to issuance of ordinary shares pursuant to acquisition	(116,718)	–	–	–	–	116,718	116,718	–
Transfer from capital reserve to accumulated profits/(losses)	–	–	–	116,718	–	(116,718)	–	–
Balance at 31 December 2007	104,331	–	–	(38,718)	1,701	–	(37,017)	67,314
Balance at 1 January 2006	29,125	20,853	2,209	(33,696)	–	–	(33,696)	18,491
Net effect of exchange differences	–	–	–	–	(156)	–	(156)	(156)
Net income recognised directly in equity	–	–	–	–	(156)	–	(156)	(156)
Loss for the year	–	–	–	(1,741)	–	–	(1,741)	(1,741)
Total recognised income and expenses for the year	–	–	–	(1,741)	(156)	–	(1,897)	(1,897)
Transfer from share premium reserve to share capital	20,853	(20,853)	–	–	–	–	–	–
Balance at 31 December 2006	49,978	–	2,209	(35,437)	(156)	–	(35,593)	16,594

* Amount is US$90.
** Amount is US$4.
*** Amount is US$94.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2007

	2007 US$'000	2006 US$'000
Cash flows from operating activities:		
(Loss)/profit before tax	(32,910)	5,554
Adjustments for :-		
Depreciation of property, plant and equipment	458	237
Fair value (gain)/loss on forward currency contracts	(12)	158
Interest expense	428	542
Interest income	(447)	(180)
Share of results of investments accounted for using the equity method	(5,873)	(2,787)
Goodwill written-off	43,099	–
Share based payment	1,993	1,151
Gain on disposal of property, plant and equipment	(25)	(14)
Waiver of shareholders' loans	(2,500)	–
Unrealised gain on investment	–	(5)
Write-back of impairment of property, plant and equipment	–	(2)
Property, plant and equipment written-off	2	–
Currency realignment	2,134	1,133
Operating profit before working capital changes	6,347	5,787
Increase in inventories	(10,345)	(1,639)
Increase in receivables	(6,467)	(4,107)
Increase in payables	8,751	3,323
Cash flows (used in)/generated from operations	(1,714)	3,364
Interest paid	(428)	(542)
Interest received	447	180
Taxation paid	(1,696)	(2,538)
Net cash flows (used in)/from operating activities	(3,391)	464
Cash flow from investing activities:		
Purchase of property, plant and equipment (Note 10)	(1,532)	(252)
Proceeds from disposal of property, plant and equipment	92	25
Investment in associates and jointly controlled entity (Notes 12, 13)	(4,155)	(1,982)
Purchase of other investment	–	(360)
Net cash inflow on completion of reverse acquisition (Note 2)	14,255	–
Dividends received	–	146
Net cash outflow on acquisition of subsidiaries (Note 11)	(816)	–
Acquisition of minority interests (Note 11)	(51)	–
Proceeds from disposal of other investment	365	–
Net cash flows from/(used in) investing activities	8,158	(2,423)

Consolidated Cash Flow Statement (cont'd)

for the year ended 31 December 2007

	2007 US$'000	2006 US$'000
Cash flow from financing activities:		
Proceeds from loans and borrowings	2,739	6,344
Increase in shareholders' loans, net	2,649	3,374
Increase in short term deposits pledged	(8)	–
Loan to associate	(684)	(2,954)
Redemption of preference shares	(1,100)	(2,400)
Capital contributed by minority interests	–	34
Net cash flows from financing activities	3,596	4,398
Net increase in cash and cash equivalents	8,363	2,439
Cash and cash equivalents at beginning of year	3,100	661
Cash and cash equivalents at end of year (Note 36)	11,463	3,100

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2007

1. CORPORATE INFORMATION

Hup Soon Global Corporation Limited (the "Company"), formerly known as Twinwood Engineering Limited, is a limited liability company, which is incorporated in Singapore and publicly traded on the Singapore Stock Exchange Catalist Market.

Pursuant to a Share Purchase Agreement signed between the Company and shareholders of Hup Soon Global Pte. Ltd. (the "HSG shareholders") on 29 March 2006, the Company had on 26 April 2007 completed the acquisition of Hup Soon Global Pte. Ltd. and its subsidiaries (the "Acquired Group") from HSG shareholders (Note 2). The consolidated financial statements for the Group is prepared and presented as a continuation of the Acquired Group (the acquirer for reverse acquisition accounting purposes) and accordingly, the comparative figures presented in the consolidated financial statements are those of the Acquired Group.

In the Company's (the legal parent) separate financial statements, the investment in the Acquired Group (the legal subsidiary) is accounted for in accordance with the requirements of FRS 27 "Consolidated and Separate Financial Statements" set out in Note 3.6.

The registered office and principal place of business of the Company is located at 15 Scotts Road, #04-08 Thong Teck Building Singapore 228218.

The principal activities of the Company are those of an investment holding company. The principal activities of its subsidiaries are disclosed in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. REVERSE ACQUISITION UNDERTAKEN BY THE COMPANY

On 26 April 2007, the Company completed the acquisition of the Acquired Group from HSG shareholders for a purchase consideration of S$256,657,000 (equivalent to US$168,887,000). The purchase consideration was satisfied by the allotment and issuance of 2,687,508,000 new shares in the capital of the Company at S$0.0955 per share (pre-consolidation price), which was the closing published market price of the share at the date of completion of the reverse acquisition.

On 2 May 2007, the Company had also completed the disposal of its information technology related businesses to First Delta Holdings Limited. Subsequent to this disposal, the Group's business comprises the businesses of the Acquired Group.

Upon the successful completion of the above exercises, the Group became principally engaged in the marketing and distribution of agriculture tractors, automotive aftermarket products, industrial supplies, and material handling equipment in Thailand and Malaysia.

The acquisition of the Acquired Group has been accounted for in the consolidated financial statements as a reverse acquisition as set out in Note 3.5. For the purpose of reverse acquisition accounting, the cost of acquisition by the Acquired Group (the legal subsidiary) of the Company (the legal parent) is recorded as equity. The cost of acquisition is determined using the fair value of the issued equity of the Company before the acquisition, being 89,583,596 consolidated shares at S$0.955 per share, totaling S$85,552,000 (equivalent to US$56,296,000). It is deemed to be incurred by the Acquired Group in the form of equity issued to the owners of the legal parent.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

2. REVERSE ACQUISITION UNDERTAKEN BY THE COMPANY (Cont'd)

The fair values of the identifiable assets and liabilities of the Company as at the date of acquisition were as follows :

	Recognised on date of acquisition US$'000	Carrying amount before combination US$'000
Property, plant and equipment	97	97
Trade and other receivables	896	896
Cash and cash equivalents	14,255	14,255
Trade and other payables	(1,413)	(1,413)
Net identifiable assets	13,835	13,835
Goodwill arising from acquisition (Note 15)	42,461	
Total purchase consideration settled via issuance of ordinary shares of the Company	56,296	
Cash and cash equivalents in the Company acquired	14,255	

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at their fair values.

The financial statements are presented in United States Dollars (USD or US$) and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous financial year.

3.2 *Future changes in accounting policies*

The Group has not adopted the following FRS and Interpretations of Financial Reporting Standards (INT FRS) that have been issued but not yet effective:

			Effective date (Annual periods beginning on or after)
FRS 23	:	Amendment to FRS 23, Borrowing Costs	1 January 2009
FRS 108	:	Operating Segments	1 January 2009
INT FRS 111	:	Group and Treasury Share Transactions	1 March 2007
INT FRS 112	:	Service Concession Arrangements	1 January 2008

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 108 as indicated below.

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2009.

Notes to the Financial Statements (cont'd)
31 December 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 *Functional and foreign currency*

(a) ***Functional currency***

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be Singapore Dollars. The Company's major operating expenses are primarily influenced by fluctuations in Singapore Dollars.

The functional currencies of the subsidiaries (excluding Hup Soon Global Pte Ltd) in Singapore, Thailand and Malaysia are Singapore Dollars, Thai Baht and Ringgit Malaysia respectively. The functional currency of Hup Soon Global Pte Ltd is United States Dollars.

The consolidated financial statements are presented in United States Dollars (USD or US$) as a continuation of the Acquired Group whereby the functional currency of the holding company of the Acquired Group, Hup Soon Global Pte Ltd is United States Dollars. The separate financial statements of the Company are presented in United States Dollars to be consistent with the presentation currency of the consolidated financial statements.

(b) ***Foreign currency transactions***

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit and loss account.

(c) ***Foreign currency translation***

Assets and liabilities of foreign entities are translated into USD at the rate of exchange ruling at the balance sheet date. Revenues and expenses are translated into USD at average exchange rates for the year. All resultant exchange differences are recognised in a separate component of equity as translation reserve. On disposal of a foreign entity, the deferred cumulative amount in equity relating to that foreign entity is recognised in the profit and loss account as a component of the gain or loss on disposal.

3.4 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Purchase method

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.

Any excess of the cost of the business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is stated in Note 3.11.

Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the profit and loss account on the date of acquisition.

Notes to the Financial Statements (cont'd)
31 December 2007

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

3.4 *Basis of consolidation* (cont'd)

Pooling-of-interest method

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the 'acquired' entity is reflected within equity as merger reserve. The profit and loss account reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

3.5 *Reverse acquisition*

The acquisition of the Acquired Group on 26 April 2007 as set out in Note 2 has been accounted for as a reverse acquisition and the legal subsidiary (the Acquired Group) is considered the acquirer for accounting purposes. Accordingly, the Group's consolidated profit and loss account, balance sheet, statement of changes in equity and cash flow statement for the year ended 31 December 2006 are that of the Acquired Group's financial statements.

Since such consolidated financial statements represent a continuation of the financial statements of the Acquired Group:

(i) the assets and liabilities of the Acquired Group are recognised and measured in the consolidated balance sheet at their pre-combination carrying amounts;

(ii) the retained earnings and other equity balances recognised in those consolidated financial statements are the retained earnings and other equity balances of the Acquired Group immediately before the business combination;

(iii) the amount recognised as issued equity instruments in those consolidated financial statements is determined by adding to the issued equity of the Acquired Group immediately before the business combination the costs of the combination of the acquisition (Note 2). However, the equity structure appearing in those consolidated financial statements (i.e. the number and type of equity instruments issued) reflect the equity structure of the legal parent (the Company), including the equity instruments issued by the Company to reflect the combination; and

(iv) the comparative figures presented in these consolidated financial statements are that of the Acquired Group.

Consolidated financial statements prepared following a reverse acquisition shall reflect the fair values of the assets, liabilities and contingent liabilities of the legal parent (the Company). Therefore, the cost of the business combination for the acquisition is allocated to the identifiable assets, liabilities and contingent liabilities of the legal parent that satisfy the recognition criteria at their fair values as at 26 April 2007. The excess of the cost of the combination over the Acquired Group's interest in the net fair value of those items is recognised as goodwill.

Reverse acquisition accounting applies only in the consolidated financial statements. In the legal parent (the Company's) separate financial statements, the investment in the legal subsidiary (the Acquired Group) is accounted for at cost less accumulated impairment losses in the Company's balance sheet.

3.6 *Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from the activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

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

3.7 *Associates*

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, or has representation on the board of directors.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the profit or loss of the associate is recognised in the consolidated profit and loss account. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is recognised as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and un-audited management financial statements to the end of the accounting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses.

3.8 *Joint venture*

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint venture using the equity method. The joint venture is equity accounted from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

3.9 *Transactions with minority interests*

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated profit and loss account and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with equity holders. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

Notes to the Financial Statements (cont'd)

31 December 2007

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

3.10 *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit and loss account in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property, plant and equipment.

Depreciation is calculated on the straight-line method to write off the cost of property, plant and equipment over their estimated useful lives at the following annual rates :-

Leasehold improvement	-	20%
Plant, machinery and equipment	-	20% - 25%
Furniture, fittings and office equipment	-	15% - 50%
Renovation	-	33 1/3%
Motor vehicles	-	20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed annually to ensure that the amount, period and method of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

3.11 *Goodwill*

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit and loss account. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign entities on or after 1 January 2005 are treated as assets and liabilities of the foreign entities and are recorded in the functional currency of the foreign entities and translated in accordance with the accounting policy set out in Note 3.3.

Notes to the Financial Statements (cont'd)
31 December 2007

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

3.12 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognised in the profit and loss account.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously. Such reversal is recognised in the profit and loss account.

3.13 *Financial assets*

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

The Group's financial assets are mainly classified as financial assets at fair value through profit and loss, loans and receivables and financial assets available-for- sale.

(a) ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are financial assets classified as held for trading. Financial assets classified as held for trading are derivatives (including separated embedded derivatives) or are acquired principally for the purpose of selling or repurchasing it in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the profit and loss account. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(b) ***Loans and receivables***

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2007

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

3.13 *Financial assets* (cont'd)

(c) ***Available-for-sale financial assets***

Available-for-sale financial assets are financial assets that are designated as available-for-sale or are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in the profit and loss account. The cumulative gain or loss previously recognised in equity is recognised in the profit and loss account when the financial asset is derecognised.

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment losses.

3.14 *Impairment of financial assets*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(a) ***Assets carried at amortised cost***

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit and loss account.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit and loss account.

(b) ***Assets carried at cost***

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

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

3.14 *Impairment of financial assets* (cont'd)

(c) **Available-for-sale financial assets**

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from equity to the profit and loss account. Reversals of impairment losses in respect of equity instruments are not recognised in the profit and loss account. Reversals of impairment losses on debt instruments are recognised in the profit and loss account if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

3.15 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

3.16 *Other investments*

Investments in securities carried in the balance sheets are classified and accounted for as financial assets at fair value through profit or loss or available-for-sale financial assets under FRS 39. The accounting policy for this category of financial assets is stated in Note 3.13.

Fair value of the other investments is based on the net asset value at the balance sheet date. The weighted average method is used for computation of the cost of investment.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the profit and loss account.

3.17 *Inventories*

Inventories representing raw materials and finished goods are stated at the lower of cost and net realisable value. Cost of inventories is determined on a first-in first-out basis. Cost of inventories includes the costs incurred in bringing the inventories to their present location and condition.

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

3.18 *Financial liabilities*

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

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

3.19 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.20 *Borrowing costs*

Borrowing costs are recognised in the profit and loss account as incurred.

3.21 *Preference shares*

The component of the preference shares that exhibits characteristics of a liability is recognised as a financial liability on the balance sheet, net of transaction costs. The corresponding dividends on those shares are charged as interest expense in the profit and loss account.

On issuance of the preference shares that is convertible, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a financial liability in accordance with the accounting policy set out in Note 3.18.

The residual amount, after deducting the fair value of the liability component, is recognised and included in shareholders' equity, net of transaction costs.

Transaction costs are apportioned between the liability and equity components of the preference shares based on the allocation of proceeds to the liability and equity components when the instruments were first recognised.

3.22 *Employee benefits*

(a) ***Defined contribution plans***

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) ***Employee leave entitlement***

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

(c) ***Retirement benefits***

Certain subsidiary companies operate defined benefit pension plans which are unfunded. The costs of providing benefits under the defined benefit plans are determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting year exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

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

3.22 *Employee benefits* (cont'd)

(c) ***Retirement benefits*** **(cont'd)**

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognised, reduced by past service cost not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

If the asset is measured at the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan, net actuarial losses of the current period and past service cost of the current period are recognised immediately to the extent that they exceed any reduction in the present value of those economic benefits. If there is no change or an increase in the present value of the economic benefits, the entire net actuarial losses of the current period and past service cost of the current period are recognised immediately.

Similarly, net actuarial gains of the current period after the deduction of past service cost of the current period exceeding any increase in the present value of the economic benefits stated above are recognised immediately if the asset is measured at the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. If there is no change or a decrease in the present value of the economic benefits, the entire net actuarial gains of the current period after the deduction of past service cost of the current period are recognised immediately.

These companies' right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

(d) **Employee share grant plans**

Employee share grant plans are measured by reference to the fair value at the date on which the shares are granted. In valuing the share grants, no account is taken of any performance conditions.

The employee share grant expense is recognised in the profit and loss account on a straight-line basis over the vesting period.

3.23 *Leases*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit and loss account. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

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

3.24 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) ***Sale of goods***

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the customer, which generally coincides with delivery of goods and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) ***Interest income***

Interest income is recognised using the effective interest method.

3.25 *Income taxes*

(a) ***Current tax***

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current taxes are recognised in the profit and loss account except that tax relating to items recognised directly in equity is recognised directly in equity.

(b) ***Deferred tax***

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither accounting profit nor taxable profit or loss;

- In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxes are recognised in the profit and loss account except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2007

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

3.25 *Income taxes* (cont'd)

(c) ***Sales tax***

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.26 *Derivative financial instruments*

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments are taken to the profit and loss account for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

3.27 *Segment reporting*

For management purposes, the Group is organised into three major operating businesses. The divisions are the basis on which the Group reports its primary segment information. Segment revenue, expenses and results include transfers between business segments and between geographical segments. Such transfers are accounted for on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

3.28 *Contingencies*

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

Notes to the Financial Statements (cont'd)

31 December 2007

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

4.1 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. 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. Where 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. The carrying amount of the Group's provision for taxation and deferred tax assets at balance sheet date are US$980,000 (2006 : US$516,000) and US$1,421,000 (2006 : US$1,026,000) respectively.

4.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) ***Provision for retirement benefits***

The Group provides for retirement benefits based on actuarial valuation. The actuarial valuation involved making assumptions about, inter alia, discount rates, salary inflation, price inflation and attrition rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The provision for retirement benefits at balance sheet date is US$921,000 (2006 : US$747,000). Further details are given in Note 29.

(b) ***Impairment of investment in subsidiaries***

The Company assesses at each reporting date whether there is an indication that the investment in subsidiaries may be impaired. Where an indication of impairment exists, recoverable value is assessed based on an estimation of the value in use of the subsidiaries. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investment in subsidiaries at balance sheet date is US$53,053,000 (2006 : US$65,000).

5. REVENUE

Revenue represents the invoiced value of goods and services supplied, less trade discounts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2007

6. OTHER OPERATING INCOME

	Group 2007 US$'000	Group 2006 US$'000
Interest income from loans and receivables	447	180
Foreign exchange gain, net	705	100
Rebate and claim	275	199
Sale of scrap	58	17
Gain on disposal of property, plant and equipment	25	14
Others	338	348
	1,848	858

7. PROFIT FROM OPERATIONS

This is arrived at after (charging)/crediting :-

	Group 2007 US$'000	Group 2006 US$'000
Depreciation of property, plant and equipment (Note 10)	(458)	(237)
Allowance for doubtful trade debts (Note 17)	(275)	(135)
Write back of doubtful trade debts (Note 17)	–	69
Executive officers' emoluments	(2,038)	(979)
Salaries and employees' benefits (excluding executive officers' emoluments)		
- Wages, salaries and bonus	(6,369)	(4,325)
- Defined contribution plans	(714)	(474)
- Other employee benefits	(1,960)	(1,200)
Non-audit fees paid to		
- Auditors of the Company	19	–
- Other auditors	11	37
Rental expense (Note 40)	(1,130)	(734)
Share based payment (Note 33)	(1,993)	(1,151)
Waiver of shareholders' loans (Note 28)	2,500	–
Retirement benefits (Note 29)	(106)	(85)
Preliminary expenses	–	(8)
Fair value gain/(loss) on forward currency contracts (Note 37)	12	(158)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2007

8. FINANCE COSTS

Finance costs comprise the following :-

	Group	
	2007	2006
	US$'000	US$'000
Revolving bank loans interest	(145)	(244)
Term loan interest	(177)	–
Bank overdraft interest	(12)	(15)
Preference shares dividends	(6)	(98)
Obligations under finance leases	(8)	(4)
Bankers acceptance	(80)	(181)
	(428)	(542)

9. TAX EXPENSE

	Group	
	2007	2006
	US$'000	US$'000
Provision for taxation in respect of profit for the year:-		
Current taxation	(1,954)	(1,852)
Deferred taxation (Note 14)	181	132
	(1,773)	(1,720)
Over/(under) provision of current taxation in prior year	5	(92)
Overprovision of deferred taxation in prior year	3	–
	(1,765)	(1,812)

A reconciliation between the tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2007 and 2006 is as follows :-

(Loss)/profi e taxation	(32,910)	5,554
Taxation at the domestic rate applicable to profits in the countries where the Group operates	5,454	(1,593)
Non-deductible expenses for taxation purposes	(7,108)	(479)
Utilisation of previously unrecognised deferred tax assets	138	84
Deferred tax benefits not recognised	(712)	–
Over/(under) provision in respect of prior year	8	(92)
Income not subject to corporate tax	541	572
Utilisation of unabsorbed capital allowance	–	3
Tax effect on income received from overseas	(86)	(307)
	(1,765)	(1,812)

The corporate income tax rate applicable to Singapore companies of the Group was reduced to 18% for the year of assessment 2008 onwards from 20% for year of assessment 2007. The corporate income tax rate applicable to Malaysian companies of the Group was reduced from 28% to 27% and 26% for the year of assessment 2007 and the year of assessment 2008 onwards respectively.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

9. TAX EXPENSE (cont'd)

The amount of deductible temporary differences, unused tax losses and unutilised capital allowances of certain subsidiaries which have no expiry date for which no deferred tax asset is recognised in the balance sheet are as follows :-

	Group	
	2007	2006
	US$'000	US$'000
Deductible temporary differences	293	138
Unused tax losses	4,642	3,385
Unutilised capital allowances	368	633

10. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvement	Plant, machinery and equipment	Furniture, fittings and office equipment	Renovation	Motor vehicles	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost						
At 1 January 2006	482	106	1,357	–	566	2,511
Additions	14	128	147	–	27	316
Disposals	–	–	(46)	–	(29)	(75)
Exchange difference	55	13	125	–	57	250
At 31 December 2006 and 1 January 2007	551	247	1,583	–	621	3,002
New subsidiaries acquired	–	–	349	–	–	349
Additions	41	619	216	552	203	1,631
Disposals	–	(36)	(163)	(16)	(23)	(238)
Written-off	–	–	(2)	–	–	(2)
Exchange difference	120	41	247	25	107	540
At 31 December 2007	712	871	2,230	561	908	5,282
Accumulated depreciation and impairment						
At 1 January 2006	318	103	1,099	–	410	1,930
Depreciation charge for the year	68	6	104	–	59	237
Disposals	–	–	(38)	–	(26)	(64)
Reversal of impairment charge	–	–	(2)	–	–	(2)
Exchange difference	39	7	97	–	46	189
At 31 December 2006 and 1 January 2007	425	116	1,260	–	489	2,290
New subsidiaries acquired	–	–	229	–	–	229
Depreciation charge for the year	67	68	151	110	62	458
Disposals	–	(2)	(148)	(1)	(20)	(171)
Exchange difference	95	9	185	6	85	380
At 31 December 2007	587	191	1,677	115	616	3,186
Net book value						
At 31 December 2007	125	680	553	446	292	2,096
At 31 December 2006	126	131	323	–	132	712

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2007

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

Company	Leasehold land and building US$'000	Plant, machinery and equipment US$'000	Renovation US$'000	Total US$'000
Cost				
At 1 January 2006	4,159	235	–	4,394
Additions	–	4	–	4
Disposals	(4,159)	(213)	–	(4,372)
Exchange difference	–	19	–	19
At 31 December 2006 and 1 January 2007	–	45	–	45
Additions	–	244	404	648
Disposals	–	(4)	–	(4)
Exchange difference	–	13	18	31
At 31 December 2007	–	298	422	720
Accumulated depreciation and impairment				
At 1 January 2006	1,225	200	–	1,425
Depreciation charge for the year	130	18	–	148
Disposals	(1,355)	(193)	–	(1,548)
Exchange difference	–	17	–	17
At 31 December 2006 and 1 January 2007	–	42	–	42
Depreciation charge for the year	–	39	102	141
Disposals	–	(1)	–	(1)
Exchange difference	–	4	4	8
At 31 December 2007	–	84	106	190
Net book value				
At 31 December 2007	–	214	316	530
At 31 December 2006	–	3	–	3

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of US$1,631,000 (2006 : US$316,000) of which US$99,000 (2006 : US$64,000) was acquired by means of finance leases. Cash outflow on acquisition of property, plant and equipment amounted to US$1,532,000 (2006 : US$252,000).

The carrying amount of property, plant and equipment held under finance leases at balance sheet date was US$240,000 (2006 : US$156,000).

Leased assets are pledged as security for the related finance lease liabilities.

Notes to the Financial Statements (cont'd)

31 December 2007

11. INVESTMENT IN SUBSIDIARIES

	Company 2007 US$'000	Company 2006 US$'000
Shares, at cost		
- current assets	–	65
- non-current assets	177,753	–
Less: Impairment loss	(124,700)	–
Carrying amount of investments	53,053	65

For the financial year ended 31 December 2007, an impairment loss of US$124,700,000 (2006 : US$Nil) was recognised in the profit and loss account to adjust the carrying amount of investment in subsidiaries to their estimated recoverable amounts subsequent to an impairment assessment performed as at 31 December 2007.

The recoverable amount is determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections ranges from 8.8% to 9.5%. The growth rate used to extrapolate the cash flows of the subsidiaries beyond the five-year period ranges from 2% to 3%.

The subsidiaries as at 31 December are :-

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2007 %	Proportion of ownership interest 2006 %
	Held by the Company			
#	Hup Soon Global Pte. Ltd (Singapore)	Investment holding (Singapore)	100	–
#	Borid Energy Investment Holdings Pte. Ltd. (Singapore)	Investment holding (Singapore)	100	–
#	HSG (Glenmarie) Pte. Ltd. (Singapore)	Investment holding (Singapore)	100	–
#	Hup Soon Industrial Equipment Holdings Pte. Ltd.(Singapore)	Investment holding (Singapore)	100	–
#	HSG Investments Pte.Ltd. (Singapore)	Investment holding (Singapore)	100	–
@	Winning Assets Enterprise Corp (British Virgin Islands)	Investment holding (British Virgin Islands)	100	100
@	Arboretum Mauritius Ltd. (Republic of Mauritius)	Investment holding (Republic of Mauritius)	100	100
^	Kupang Tuas Sdn. Bhd. (Malaysia)	Dormant	100	100
	Sino-Twinwood Pte Ltd (Singapore)	Investment holding (Singapore)	–	100

Notes to the Financial Statements (cont'd)

31 December 2007

11. INVESTMENT IN SUBSIDIARIES (cont'd)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2007 %	2006 %
	Held through subsidiaries			
	Held by Hup Soon Global Pte. Ltd.			
*	Borneo Technical (Thailand) Limited (Thailand)	Marketing and distribution of automotive related products and industrial supplies (Thailand)	100	–
*	Anglo Thai Tractors Limited (Thailand)	Assembly of tractors (Thailand)	100	–
*	Factory Products Centre (Thailand) Limited (Thailand)	Dormant	100	–
*	Borneo Technical Co. (M) Sdn. Bhd. (Malaysia)	Marketing and distribution of automotive related products and industrial supplies (Malaysia)	100	–
*	Kwikpart Sdn. Bhd. (Malaysia)	Marketing and distribution of automotive related products and industrial supplies (Malaysia)	100	–
	Held by Borid Energy Investment Holdings Pte. Ltd.			
#	Borid Energy Holdings Pte. Ltd. (Singapore)	Investment holding (Singapore)	100	–
	Held by HSG (Glenmarie) Pte. Ltd.			
*	Hup Soon Global (M) Sdn. Bhd. (Malaysia)	Investment holding (Malaysia)	100	–
	Held by Hup Soon Industrial Equipment Holdings Pte. Ltd.			
#	Hup Soon Industrial Equipment Pte. Ltd. (Singapore)	Investment holding (Singapore)	100	–
	Held by Winning Assets Enterprise Corp			
@	Modern Info International Limited (British Virgin Islands)	Investment holding (British Virgin Islands)	100	100

Notes to the Financial Statements (cont'd)
31 December 2007

11. INVESTMENT IN SUBSIDIARIES (cont'd)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2007 %	2006 %
	Held by Arboretum Mauritius Ltd.			
**	Twinwood Technologies (IT Services) Pvt.Ltd. (India)	Dormant	100	100
	Held by Sino-Twinwood Pte Ltd			
	HAND Enterprise Solutions Co., Ltd. (People's Republic of China)	Provision of information technology and software application services (People's Republic of China)	–	100
	Held by Borid Energy Holdings Pte. Ltd.			
#	Borid Energy (S) Pte. Ltd. (Singapore)	Marketing and distribution of automotive related products (Singapore)	100	–
*	Borid Energy (M) Sdn. Bhd. (Malaysia)	Provides battery charging services and marketing and distribution of technical products (Malaysia)	100	–
*	Borid Electrical Components Sdn. Bhd. (Malaysia)	Dormant	100	–
*	Borid Technologies (M) Sdn Bhd (formerly known as Sulfarid Technologies (M) Sdn. Bhd.) (Malaysia)	Research, development, assembly, marketing and selling of electronic and electrical equipment related to energy storage, conversion and management (Malaysia)	100	–
	Held by Hup Soon Industrial Equipment Pte. Ltd.			
*	Hup Soon Industrial Equipment Sdn. Bhd. (Malaysia)	Marketing and distribution of material handling equipment (Malaysia)	100	–
	Held by Borneo Technical (Thailand) Limited			
*	Anglo Thai Company Limited (Thailand)	Marketing and distribution of tractors, and marketing of automatic transmissions (Thailand)	100	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

11. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) Anglo Thai Tractors Limited is held by the Group as follows :-

	Percentage of equity held in 2007 and 2006 %
Hup Soon Global Pte. Ltd.	60.5
Borneo Technical (Thailand) Limited	26.5
Anglo Thai Company Limited	13.0
	100.0

\# Audited by Ernst & Young, Singapore.
* Audited by member firms of Ernst & Young Global in the respective countries.
** Audited by Mohan & Sridhar based in Bangalore, India.
@ Not required to be audited in the country of incorporation.
^ In members voluntary winding up.

Acquisition of subsidiaries

During the financial year, the Group acquired equity interests in the following companies (the "Companies"):

(a) Borid Technologies (M) Sdn Bhd (formerly known as Sulfarid Technologies (M) Sdn. Bhd.)
(b) Borid Energy (S) Pte. Ltd.
(c) Borid Energy Holdings Pte. Ltd.

The fair values of the identifiable assets and liabilities of the Companies as at the date of acquisition were as follows :

	Recognised on date of acquisition US$'000	Carrying amount before combination US$'000
Property, plant and equipment	23	23
Investment in associate	36	36
Trade and other receivables	119	119
Inventories	144	144
Cash and cash equivalents	42	42
Trade and other payables	(177)	(177)
Net identifiable assets	187	187
Goodwill arising from acquisition (Note 15)	671	
Total purchase consideration settled in cash	858	
Less: Cash and cash equivalents of subsidiaries acquired	(42)	
Net cash outflow on acquisition	816	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

11. INVESTMENT IN SUBSIDIARIES (cont'd)

From the date of acquisition, the Companies have contributed US$272,000 to the Group's loss net of tax. If the combination had taken place at the beginning of the financial year, the Group's loss, net of tax would have been US$34,926,000 and revenue would have been US$94,936,000.

Acquisition of minority interests

During the financial year, the Group acquired an additional 40% equity interest in Borid Energy (M) Sdn. Bhd. from its minority interests for a cash consideration of US$51,000. As a result of this acquisition, Borid Energy (M) Sdn. Bhd. became a wholly-owned subsidiary of the Group. On the date of acquisition, the book value of the additional interest acquired was US$51,000.

Disposal of subsidiaries

Concurrent with the acquisition of the Acquired Group, the Company completed the disposal of its equity interest in Sino-Twinwood Pte Ltd and HAND Enterprise Solutions Co., Ltd on 2 May 2007 (Note 2).

12. INVESTMENT IN ASSOCIATES

	Group	
	2007 US$'000	2006 US$'000
Shares, at cost	6,025	1,982
Share of post-acquisition reserves *	8,281	2,641
Carrying amount of investments	14,306	4,623

The share of post acquisition reserves comprises negative goodwill of US$5,721,000 (2006: US$2,208,000) arising from the acquisition of associate, and negative goodwill of US$ Nil (2006: US$370,000) arising from acquisition of additional shares in a subsidiary company by the associate and share of associates' loss amounting to US$84,000 (2006: profit of US$209,000) during the financial year.

* Includes the recognition of the Yokohama brand arising from the preliminary purchase price allocation in relation to the acquisition of a 30.5% equity interest in Tai Kwong Yokohama Berhad. As at 31 December 2007, the fair value of the brand amounting to US$11,221,000 has been determined on a provisional basis as the result of the purchase price allocation exercise has not been finalised by the date the financial statements was authorised for issue. Goodwill arising from this acquisition, the carrying amount of the brand, deferred tax liability and acquisition revaluation reserve will be adjusted accordingly on a retrospective basis when the purchase price allocation exercise is finalised.

The associates as at 31 December are :-

Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2007 %	2006 %
Held through subsidiaries			
Capricorn Holdings Limited (Thailand)	Investment holding (Thailand)	49	49
Tai Kwong Yokohama Berhad (Malaysia)	Investment holding (Malaysia)	30.5	–

During the financial year, the Group acquired 30.5% equity interest in Tai Kwong Yokohama Berhad for a purchase consideration of US$4,042,000 whereby US$ US$2,706,000 was settled via cash. The remaining balance of US$1,336,000 was settled via issuance of 5,500,000 ordinary shares of the Company at the market price at date of issue of S$0.35 (US$0.24) per share.

Notes to the Financial Statements (cont'd)
31 December 2007

12. INVESTMENT IN ASSOCIATES (cont'd)

The summarised financial information of the associates is as follows :-

	2007 US$'000	2006 US$'000
Assets and liabilities :		
Current assets	35,223	6,007
Non-current assets	35,172	8,897
Intangible assets	11,221	–
Total assets	81,616	14,904
Current liabilities	32,629	2,153
Non-current liabilities	6,570	3,267
Total liabilities	39,199	5,420
Post acquisition results :		
Revenue	14,672	6,466
(Loss)/profit for the year	(286)	1,143

13. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	Group	
	2007 US$'000	2006 US$'000
Shares, at cost	1,500	–
Share of post-acquisition reserves	236	–
Carrying amount of investment	1,736	–

The share of post-acquisition reserves comprises negative goodwill of US$236,000 arising from the investment in a jointly controlled entity.

On 31 December 2007, the Group acquired a 30% (2006: Nil) equity interest in a jointly controlled entity, Nichiyu Asia Pte. Ltd. that is held through a subsidiary for a purchase consideration of US$1,500,000. The purchase consideration was fully settled via cash.

This joint venture is incorporated in Singapore and operates as a hub for the distribution of the "Nichiyu" brand of electric material handling equipment in Singapore, Malaysia, Thailand, Philippines, Vietnam, Australia, India and Indonesia and provides relevant training and support services.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

13. INVESTMENT IN A JOINTLY CONTROLLED ENTITY (cont'd)

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the jointly controlled entity are as follows:

	Group	
	2007 US$'000	2006 US$'000
Assets and liabilities :		
Current assets	3,059	–
Non-current assets	969	–
Total assets	4,028	–
Current liabilities	2,281	–
Non-current liabilities	47	–
Total liabilities	2,328	–
Results :		
Revenue	–	–
Profit for the year	–	–

14. DEFERRED TAX ASSETS

	Group	
	2007 US$'000	2006 US$'000
Balance at beginning of year	1,026	798
Write-back to profit and loss account (Note 9)	181	132
Exchange difference	214	96
Balance at end of year	1,421	1,026

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2007

14. DEFERRED TAX ASSETS (cont'd)

Deferred taxation as at 31 December related to the following :-

	Group	
	2007	2006
	US$'000	US$'000
Deferred tax liability :-		
Difference in depreciation	(26)	–
Gain on forward currency contracts	–	(28)
	(26)	(28)
Deferred tax assets:-		
Allowance for slow-moving inventories	600	354
Allowance for doubtful debts	238	187
Difference in depreciation	–	8
Provision for retirement benefits	276	224
Provision for liabilities	94	50
Others	239	231
	1,447	1,054
Net deferred tax assets	1,421	1,026

15. GOODWILL

	Group	
	2007	2006
	US$'000	US$'000
Cost :		
At 1 January	–	–
Goodwill arising from acquisition of subsidiaries (Note 11)	671	–
Goodwill arising from reverse acquisition (Note 2)	42,461	–
At 31 December	43,132	–
Accumulated amortisation and impairment :		
At 1 January	–	–
Goodwill arising from acquisition of subsidiaries written off (Note 35)	(638)	–
Goodwill arising from reverse acquisition written off (Note 35)	(42,461)	–
	(43,099)	–
Net carrying amount :		
At 31 December	33	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

16. INVENTORIES

	Group 2007 US$'000	Group 2006 US$'000
Balance sheet		
Raw materials		
At cost	1,232	576
At net realisable value	142	23
Finished goods		
At cost	17,380	9,516
At net realisable value	605	839
Work-in-progress (at cost)	11	21
Consumables (at cost)	1	1
Goods in transit (at cost)	9,667	7,573
Total inventories at lower of cost and net realisable value	29,038	18,549
Profit and loss account		
Inventories recognised as an expense in cost of sales	71,761	57,211
Inclusive of the following charge/(credit) :		
- Inventories written-down	583	11
- Reversal of write-down of inventories	(3)	(2)

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts.

17. TRADE RECEIVABLES

	Group 2007 US$'000	Group 2006 US$'000
External parties	24,199	17,295
Less: Allowance for doubtful debts	(1,184)	(848)
	23,015	16,447

The currency profile of trade receivables are as follows:-

Ringgit	9,483	5,786
Baht	13,489	11,509
Singapore Dollar	43	–
	23,015	17,295

Allowance for doubtful debts

For the year ended 31 December 2007, an impairment loss of US$275,000 (2006 : US$135,000) (Note 7) was recognised in the profit and loss account subsequent to a debt recovery assessment performed on trade receivables as at 31 December 2007.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2007

17. TRADE RECEIVABLES (cont'd)

Receivables that are past due but not impaired.

The Group has trade receivables amounting to US$ 3,863,000 (2006: US$ 2,613,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2007	2006
	US$'000	US$'000
Trade receivables past due :		
Lesser than 30 days	2,029	1,094
30 to 60 days	535	435
More than 60 days	1,299	1,084
	3,863	2,613

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group			
	Collectively impaired		Individually impaired	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Trade receivables – nominal amounts	3,454	2,343	409	270
Less: Allowance for impairment	(791)	(623)	(393)	(225)
	2,663	1,720	16	45
Movement in allowance accounts				
At 1 January	(623)	(643)	(225)	(377)
(Charge)/write back for the year	(34)	69	(241)	(135)
Written off	–	19	94	309
Exchange differences	(134)	(68)	(21)	(22)
At 31 December	(791)	(623)	(393)	(225)

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

18. OTHER RECEIVABLES

	Group		Company	
	2007 US$'000	2006 US$'000	2007 US$'000	2006 US$'000
Sundry receivables	1,117	805	11	–
Deposits	649	110	2	1
Fair value of forward currency contracts (Note 37)	12	–	–	–
	1,778	915	13	1

Sundry receivables are stated after allowance for doubtful debt of US$Nil (2006 : US$2,000).

19. LOAN TO AN ASSOCIATE

Loan to an associate bears interest at the Company's cost of funds of 7.04% (2006: 7.04%) per annum and is repayable on demand. This loan is secured by a pledge of associate's rights, titles and interests in shares of United Motor Works (Siam) Public Co Ltd.

20. OTHER INVESTMENT

	Group			
	2007		2006	
	Cost US$'000	Fair value US$'000	Cost US$'000	Fair value US$'000
Trading securities				
Open-end funds	–	–	360	365
Add: Unrealised gain on change in value of securities	–	–	5	–
Trading securities - net	–	–	365	365

21. TRADE PAYABLES

Trade payables are non-interest bearing. These amounts are normally settled on 60 to 120 days' terms.

The currency profile of trade payables are as follows:-

	Group	
	2007 US$'000	2006 US$'000
Ringgit	2,143	2,155
Baht	6,513	4,516
US Dollar	10,636	10,076
Euro	236	120
Japanese Yen	1,488	72
Pound Sterling	894	561
Singapore Dollar	45	–
Australian Dollar	407	–
	22,362	17,500

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2007

22. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2007 US$'000	2006 US$'000	2007 US$'000	2006 US$'000
Accruals	4,087	1,829	473	591
Deposits from customers	226	85	–	–
Sundry payables	2,305	1,595	20	57
Fair value of forward currency contracts (Note 37)	–	158	–	–
	6,618	3,667	493	648

23. PROVISION FOR LIABILITIES

	Group		
	Warranty US$'000	Rebate US$'000	Total US$'000
At 1 January 2006	202	28	230
Charge to profit and loss account	345	79	424
Utilised during the year	(78)	(24)	(102)
Unused amounts reversed during the year	(320)	(59)	(379)
At 31 December 2006 and at 1 January 2007	149	24	173
Charge to profit and loss account	563	28	591
Utilised during the year	(417)	(35)	(452)
Exchange difference	31	1	32
At 31 December 2007	326	18	344

(i) ***Warranty***

The Group provides a one year warranty period on certain goods sold to customers and undertakes to repair or replace items that fail to perform satisfactorily. A provision has been recognised at the financial year end for expected warranty claims based on past experience of repairs and returns.

(ii) ***Rebate***

The Group provides rebates to dealers in the form of discounts to improve sales of certain products. Provision is based on 3% of sales of qualifying products generated during the financial year.

Notes to the Financial Statements (cont'd)

31 December 2007

24. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Amounts due from related companies :				
Subsidiaries	–	–	7,835	7,335
Associates	19	–	1	–
	19	–	7,836	7,335
Amounts due to related companies :				
Associates	(2,189)	(6)	–	–

Amounts due from subsidiaries are non-trade in nature, unsecured, repayable on demand and are to be settled in cash. These amounts are non-interest bearing except for US$560,000 due from a subsidiary which bears interest at 5% per annum.

Amounts due from associates are non-trade in nature, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Amounts due to related companies are trade in nature, unsecured, non-interest bearing and repayable on 60 to 120 days' terms.

The currency profile of amounts due from/(to) related companies are as follows :-

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	–	–	7,774	7,180
Ringgit	(1,987)	(6)	62	155
Baht	(183)	–	–	–
	(2,170)	(6)	7,836	7,335

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

25. INTEREST-BEARING LOANS AND BORROWINGS

	Group 2007 US$'000	Group 2006 US$'000
Floating rate		
Banker's acceptance	3,403	1,486
Bank overdrafts (Note 36)	16	–
Revolving loans	6,991	2,965
Short term loan	–	3,260
Term loan	89	–
Fixed rate		
Obligations under finance leases (Note 26)	183	117
	10,682	7,828
Less:		
Term loan (non-current)	(50)	–
Obligations under finance leases (non-current) (Note 26)	(117)	(80)
	10,515	7,748

The interest-bearing loans and borrowings are unsecured, except for an amount of US$2,210,000 (2006 : US$1,726,000) which is covered by a corporate guarantee.

The non-current portion of the term loan and obligations under finance leases are due later than 1 year but not later than 5 years.

The currency profile of interest-bearing loans and borrowings are as follows:-

	Group 2007 US$'000	Group 2006 US$'000
Ringgit	6,110	3,019
Baht	4,191	1,549
Singapore Dollar	381	3,260
	10,682	7,828

The weighted average effective interest rates at the balance sheet date for borrowings, excluding obligations under finance leases were as follows :-

	%	%
Banker's acceptances	4.43	4.27
Bank overdrafts	7.00	–
Revolving loans	4.29	4.97
Short term loan	–	5.40
Term loan	7.00	–

Notes to the Financial Statements (cont'd)

31 December 2007

26. FINANCE LEASE OBLIGATIONS

	Group			
	2007		2006	
	Minimum lease payments US$'000	Present value of payments (Note 25) US$'000	Minimum lease payments US$'000	Present value of payments (Note 25) US$'000
Not later than one year	76	66	44	37
Later than one year but not later than five years	125	117	85	80
Total minimum lease payments	201	183	129	117
Less: Amounts representing finance charges	(18)	–	(12)	–
Present value of minimum lease payments	183	183	117	117

The effective interest rates of the finance leases range from 5.12% to 9.02% (2006 : 4.50% to 8.60%) per annum.

All assets acquired under finance leases are charged to secure the obligations under the finance leases. The carrying amount of assets acquired under finance leases is disclosed in Note 10.

The finance leases do not contain any escalation clauses and do not provide for contingent rents. Lease terms do not contain restrictions on the Group activities concerning dividends, additional debts or entering into other leasing agreements.

27. PREFERENCE SHARES

	Group	
	2007 US$'000	2006 US$'000
Issued and fully paid :-		
At 1 January		
1,100,000 (2006 : 3,500,000) 4% preference shares	1,100	3,500
Redemption of 1,100,000 (2006 : 2,400,000) 4% preference shares	(1,100)	(2,400)
At 31 December		
Nil (2006 : 1,100,000) 4% preference shares	–	1,100

The dividend rights of the preference shares are cumulative. The preference shares carry 1 vote per 46,667 shares without restriction.

The preference shares were part of the capital structure of the Acquired Group prior to the reverse acquisition and were fully redeemed prior to the completion of the reverse acquisition.

28. SHAREHOLDERS' LOANS

The shareholders' loans were part of the capital structure of the Acquired Group prior to the reverse acquisition. During the financial year, prior to the completion of the reverse acquisition, shareholders' loans of US$2,500,000 (Note 7) were waived, an amount of US$10,616,000 was capitalised and the balance was repaid.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

29. PROVISION FOR RETIREMENT BENEFITS

Certain subsidiaries operate defined benefit pension plans, namely the Legal Severance Payment Plan, Long Service Provision Plan and Long Service Award Plan (collectively referred to as "**the Plans**"). These Plans are unfunded.

All employees of Anglo Thai Tractors Limited, Borneo Technical (Thailand) Limited and Anglo Thai Company Limited are eligible for the Plans. The amount of Legal Severance Payment is determined by the duration of employment in accordance with the Legal Severance Payment as prescribed by Labor Protection Act (A.D. 1998) in Thailand. Under the Long Service Provision Plan, retiring employees are entitled up to six months of the last drawn salary, depending on the length of service. In respect of the Long Service Award Plan, 7.6 grams of gold are awarded for a minimum of 10 years of service and up to 91.2 grams of gold are awarded for 40 years of service.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and amounts recognised in the balance sheets for the respective plans.

Amounts recognised in profit and loss for the year :-

	Group							
	Legal Severance Payment Plan		Long Service Provision Plan		Long Service Award Plan		Total	
	2007 US$'000	2006 US$'000	2007 US$'000	2006 US$'000	2007 US$'000	2006 US$'000	2007 US$'000	2006 US$'000
Current service cost	30	26	14	12	10	8	54	46
Interest cost on benefit obligation	25	20	14	12	9	7	48	39
Net actuarial (gains)/losses recognised during the year	–	(1)	–	(1)	4	2	4	–
Net benefit expense	55	45	28	23	23	17	106	85
Defined benefit obligation	477	385	269	220	168	140	914	745
Unrecognised net actuarial loss/(gain)	31	25	23	19	(47)	(42)	7	2
Benefit liability	508	410	292	239	121	98	921	747

Changes in the present value of the defined obligation are as follows :-

Benefit obligation at beginning of year	385	333	220	189	140	93	745	615
Translation differences	82	38	46	22	30	10	158	70
Current service cost	33	27	15	12	11	8	59	47
Interest cost on benefit obligation	27	21	15	12	10	7	52	40
Unrecorded net actuarial loss/(gain)	30	25	23	19	(47)	(42)	6	2
Net actuarial losses recognised during the year	–	12	–	9	–	34	–	55
Benefits paid	(49)	(46)	(27)	(24)	(23)	(12)	(99)	(82)
Benefit obligation at end of year	508	410	292	239	121	98	921	747

Notes to the Financial Statements (cont'd)
31 December 2007

29. PROVISION FOR RETIREMENT BENEFITS (cont'd)

The principal assumptions used in determining the Plans are as follows :-

	2007 %	2006 %
Discount rates	6.0	6.0
Price inflation	3.5	3.5
Salary inflation	6.0	6.0
	Per Baht weight of Gold *	
Gold prices	12,000	12,000

* increasing with price inflation

Employee turnover

	2007 %	2006 %
Prior to age 30	12.0	12.0
Age 30 to 39	10.0	10.0
Age 40 to 49	8.0	8.0
Age 50 onwards	4.0	4.0

Assumed price inflation rates on medical costs is not expected to have significant effect on the amounts recognised in the profit and loss account.

The amounts for the defined benefit obligation are as follows :-

	2007 US$'000	2006 US$'000
Legal Severance Payment Plan	508	410
Long Service Provision Plan	292	239
Long Service Award Plan	121	98
	921	747

Notes to the Financial Statements (cont'd)
31 December 2007

30. SHARE CAPITAL

	Group		Company	
	Number of ordinary shares '000	US$'000	Number of ordinary shares '000	US$'000
Issued and fully paid:				
At 1 January 2006, 31 December 2006 and 1 January 2007 [1]	885,216	–	885,216	49,978
Shares arising from exercise of share options [2]	5,200	–	5,200	394
Shares arising from the reverse acquisition [3]	2,687,508	66,912	2,687,508	168,887
Total before Consolidation [4]	3,577,924	66,912	3,577,924	219,259
Total after Consolidation [4]	357,792	66,912	357,792	219,259
Shares arising from issuance of shares to be issued (Note 31)	1,062	–	1,062	454
Shares arising from the investment in an associate	5,500	1,336	5,500	1,336
Adjustment to issuance of ordinary shares pursuant to the reverse acquisition [5]	–	–	–	(116,718)
At 31 December 2007	364,354	68,248	364,354	104,331

(1) The equity structure (number and types of equity issued) at balance sheet date represents that of the Company, being the legal parent. However, for the purpose of reverse acquisition accounting, the amount of share capital of the Group as at 1 January 2006, 31 December 2006 and 1 January 2007 represents that of the Acquired Group before the reverse acquisition.

(2) Conversion of options into 5,200,000 shares at between S$0.10 to S$0.12 per share.

(3) In the separate financial statements of the Company, the cost of acquisition is determined by reference to the issue of 2.7 billion consideration shares at S$0.0955 per share, pursuant to the acquisition of the Acquired Group.

In the consolidated financial statements, the cost of acquisition is determined using the fair value of the issued equity of the Company before the acquisition, being 885.2 million shares at S$0.0955 per share, which represents the fair market value of the Company being the quoted and traded price of the shares as at 26 April 2007 (date of completion of acquisition). It is deemed to be incurred by the legal subsidiary (i.e. the acquirer for accounting purposes) in the form of equity issued to the owners of the legal parent (i.e. the acquiree for accounting purposes).

(4) Consolidation of shares on the basis of one share for every ten shares held by shareholders (Note 2).

(5) The Company has determined that the shares issued pursuant to the reverse acquisition (Note 2) can be recorded at the contracted value and accordingly an adjustment of US$116,718,000 has been made to share capital with a corresponding transfer to capital reserve which has been subsequently offset against accumulated losses. The adjustment is only appropriate at the Company level and has no bearing on the reverse acquisition accounting as recorded in the consolidated financial statements.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

31. SHARES TO BE ISSUED

	Company			
	2007		2006	
	Number of ordinary shares to be issued '000	US$'000	Number of ordinary shares to be issued '000	US$'000
At 1 January	51,655	2,209	51,655	2,209
Cancelled during the year	(41,035)	(1,755)	–	–
Issued during the year (Note 30)	(10,620)	(454)	–	–
At 31 December	–	–	51,655	2,209

Shares to be issued comprised 51,655,000 new ordinary shares of the Company to be issued in connection with the acquisition of certain subsidiaries and businesses in 2002. The shares are to be issued at S$0.065 per share, being the last transacted price of the Company's shares on the SGX-ST on the date of completion of the acquisitions. Details of shares to be issued are as follows :

(a) In connection with the acquisition by HAND Enterprise Solutions Co., Ltd. ("**HAND**") of the information technology and software application business from Shanghai Dazhong HAND Computer System Co., Ltd. in 2002, key personnel and certain employees of HAND will receive a sign-on bonus of 41,035,000 new ordinary shares in the capital of the Company.

These shares were cancelled as part of the consideration for the divestment of Sino-Twinwood Pte Ltd during the financial year.

(b) In connection with the acquisition of the remaining 18.3% equity interest in Modern Info International Limited ("**Modern**") which resulted in Twinwood Technologies (Hong Kong) Limited ("**TTHK**") becoming a wholly-owned indirect subsidiary of the Company, 10,620,000 new ordinary shares in the capital of the Company are to be issued to a third party.

Due to the consolidation of 10 to 1 shares held by the shareholders, 1,062,000 shares were issued during the financial year.

32. LEGAL RESERVE

In accordance with Section 1202 of the Thai Civil Commercial Code applicable to the subsidiaries in Thailand, the subsidiaries are required to make appropriation to a legal reserve. At least 5 percent of net profit must be allocated to legal reserve whenever dividend is paid, until such reserve reaches 10 percent of registered share capital. This reserve cannot be paid out as dividend or offset against accumulated losses.

33. SHARE GRANT RESERVE

In conjunction with the Company's acquisition of Hup Soon Global Pte. Ltd. ("**HSG**") and its subsidiaries (Note 2), shares were granted to qualifying employees of HSG.

Based on the fair value of the shares of HSG at grant date, the share based payment of approximately US$3,452,000 is to be expensed over the vesting period, i.e. from November 2006, the date on which the shares were granted to the date of issuance of shares upon the completion of the acquisition. As a result, the charge for the financial year ended 31 December 2007 is approximately US$1,993,000, net of US$308,000 recharged to an associate (2006 : US$1,151,000).

34. TRANSLATION RESERVE

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations and the Company whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

35. CAPITAL RESERVE

Capital reserve of the Group represents the transfer of goodwill arising from acquisition of subsidiaries and reverse acquisition written off to profit and loss account during the financial year from accumulated losses to capital reserve amounting to US$638,000 and US$42,461,000 respectively (Note 15).

Capital reserve of the Company arising from the adjustment of US$116,718,000 made to share capital (Note 30) has been utilised to reduce the accumulated losses of the Company.

36. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following as at 31 December :-

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Cash and bank balances	11,479	3,100	6,329	96
Short term deposits with licensed bank				
- pledged	8	–	–	–
- unpledged	–	–	–	9,738
Bank overdrafts (Note 25)	(16)	–	–	–
	11,471	3,100	6,329	9,834
Less: Short term deposits pledged	(8)	–	–	–
	11,463	3,100	6,329	9,834

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and 12 months (2006 : one day to 2 months) depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates.

The currency profile of cash and cash equivalents are as follows:-

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Ringgit	2,667	942	–	–
Ringgit (bank overdrafts)	(16)	–	–	–
Baht	1,188	633	–	–
Singapore Dollar	6,442	1,141	5,967	9,292
US Dollar	1,187	384	362	542
Indian Rupee	3	–	–	–
	11,471	3,100	6,329	9,834

Notes to the Financial Statements (cont'd)
31 December 2007

37. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has the following forward currency contracts with settlement dates ranging from 1 to 5 months.

	Group	
	2007 US$'000	2006 US$'000
Notional amount		
Pound Sterling	302	512
US Dollar	4,268	8,110
Euro	63	76
Japanese Yen	808	–
	5,441	8,698

Net fair value

Derivative financial instruments included in the balance sheets at 31 December are as follows :-

	2007 US$'000	2006 US$'000
Fair value gain/(loss) on forward currency contracts	12	(158)

38. RELATED PARTY TRANSACTIONS

(a) ***Sale and purchase of goods and services***

The Group has the following significant related party transactions between the Group and related parties who are not members of the Group which took place on terms agreed between the parties during the financial year :-

	Group	
	2007 US$'000	2006 US$'000
Related parties :-		
Preference share dividend	6	98
Management services fees	167	541
Purchase of goods and equipment	1,664	7
Purchase of services	123	44
Sale of goods	(66)	–

Company / firm related to a director:

Integrated Distribution Services Group, in which a director of the Company has equity interest in, provided logistic services to the Group amounting to US$91,000 (2006 : US$31,000) and purchased goods from the Group amounting to US$31,000 (2006:Nil).

Wong Partnership, a firm in which a director of the Company is also a partner of, provided legal and professional services to the Group amounting to US$28,000 (2006 : Nil).

Seabanc Insurance Brokers Ltd, in which a director of the Company has equity interest in, provided insurance intermediary services to the Group amounting to US$36,000 (2006 : US$9,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

38. RELATED PARTY TRANSACTIONS (cont'd)

(b) Compensation of key management personnel

	Group 2007 US$'000	Group 2006 US$'000
Short-term employee benefits	1,222	645
Share based payment*	816	334
Total compensation paid to key management personnel	2,038	979
Comprise amounts paid to :-		
Directors of the Company	493	93
Other key management personnel	1,545	886
	2,038	979

* One-off share grants granted by shareholders of Hup Soon Global Pte Ltd.

39. CAPITAL COMMITMENTS

	Group 2007 US$'000	Group 2006 US$'000
Capital commitments in respect of property, plant and equipment approved and contracted for	2,855	–

40. OPERATING LEASE COMMITMENTS

The Group leases certain land and building, properties and motor vehicles. These non-cancellable leases have remaining lease terms between 4 months to 5 years with renewal option for another 1 to 5 years included in the contracts. There are no restrictions placed upon the Group or the Company as a result of entering into these leases. Operating lease payments recognised in the profit and loss account during the year amounted to US$1,130,000 (2006 : US$734,000).

Future minimum lease payments for all leases with initial or remaining terms of one year or more are as follows :-

	Group 2007 US$'000	Group 2006 US$'000
Within one year	1,004	629
After one year but not more than five years	1,418	1,370
	2,422	1,999

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

41. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the (loss)/profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the (loss)/profit for the year attributable to ordinary equity holders of the Company by the weighted average number of shares outstanding during the financial year (adjusted for the effects of dilutive options, if any).

The following table reflects the profit and loss and share data used in the basic and diluted earnings per share computations:

	2007 US$'000	2006 US$'000
(Loss)/profit attributable to ordinary equity holders of the Company	(34,700)	3,750
Weighted average number of ordinary shares ('000)	330,443	268,751

Due to the reverse acquisition during the current financial year, the number of ordinary shares outstanding from the beginning of the year to the acquisition date for purpose of calculating the weighted average number of ordinary shares is deemed to be the number of ordinary shares issued by the Company to the owners of the legal subsidiary, and the number of ordinary shares outstanding from the acquisition date to the end of year is the actual number of ordinary shares of the Company outstanding during the period.

42. SEGMENT INFORMATION

Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business segments

The Group is organised into three main operating segments, namely:-

- Automotive aftermarket products and industrial supplies - Marketing and distribution of automotive aftermarket products and industrial supplies.
- Agriculture tractors and engine transmission - Assembly, marketing and distribution of agriculture tractors, sale of tractor parts and after sales service of engine transmission.
- Corporate - Group-level management and administration services

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2007

42. SEGMENT INFORMATION (cont'd)

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax, loans and borrowings and related expenses.

Segment accounting policies are the same as the policies of the Group as described in Note 3. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

(a) ***Business segments***

The following table presents revenue and results information regarding the Group's business segments for the years ended 31 December 2007 and 2006 and assets, liabilities and other segment information regarding the Group's business segments at 31 December 2007 and 2006.

	Automotive aftermarket products and industrial supplies US$'000	Agriculture tractors and engine transmission US$'000	Corporate US$'000	Others US$'000	Eliminations US$'000	Total US$'000
Year ended 31 December 2007						
Revenue						
Sales to external customers	64,778	29,199	–	465	–	94,442
Segment results	2,626	3,589	(1,653)	(476)	(1,842)	2,244
Finance costs	(1,363)	(79)	(29)	(5)	1,048	(428)
Share of results of associate	–	–	–	–	–	(84)
Negative goodwill	–	–	–	–	–	5,957
Goodwill written-off	–	–	–	–	–	(43,099)
Waiver of shareholder's loans	–	–	–	–	–	2,500
Loss before tax						(32,910)
Tax expense						(1,765)
Profit for the year						(34,675)
Assets and liabilities						
Segment assets	63,265	46,199	89,549	13,525	(123,613)	88,925
Segment liabilities	52,852	15,332	1,221	7,915	(33,224)	44,096
Capital expenditure	685	156	561	229	–	1,631
Depreciation charge	209	90	149	10	–	458

Notes to the Financial Statements (cont'd)

31 December 2007

42. SEGMENT INFORMATION (cont'd)

(a) ***Business segments (cont'd)***

	Automotive aftermarket products and industrial supplies US$'000	Agriculture tractors and engine transmission US$'000	Corporate US$'000	Others US$'000	Eliminations US$'000	Total US$'000
Year ended 31 December 2006						
Revenue						
Sales to external customers	45,492	27,936	–	–	–	73,428
Segment results	6,226	3,845	2,030	–	(8,792)	3,309
Finance costs	(204)	(112)	(226)	–	–	(542)
Negative goodwill	–	–	–	–	–	2,578
Share of results of associate	–	–	–	–	–	209
Profit before Tax						5,554
Tax expense						(1,812)
Profit for the year						3,742
Assets and liabilities						
Segment assets	42,500	37,409	17,057	–	(47,949)	49,017
Segment liabilities	32,861	13,167	14,875	–	(18,899)	42,004
Capital expenditure	231	79	6	–	–	316
Depreciation charge	148	86	3	–	–	237

(b) **Geographical segments**

The following table presents revenue, capital expenditure and certain asset information regarding the Group's geographical segments:-

	Malaysia US$'000	Thailand US$'000	Others US$'000	Eliminations US$'000	Total US$'000
Segment revenue					
Year ended 31 December 2007	33,130	61,200	112	–	94,442
Year ended 31 December 2006	20,085	53,343	–	–	73,428
Segment assets					
At 31 December 2007	24,230	37,290	103,016	(75,611)	88,925
At 31 December 2006	12,203	27,617	17,056	(7,859)	49,017
Capital expenditure					
Year ended 31 December 2007	667	279	685	–	1,631
Year ended 31 December 2006	193	117	6	–	316

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2007

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The main risks arising from the Group's and the Company's financial instruments are foreign currency risk, liquidity risk, interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and objectives, policies and processes for the management of these risks.

(a) ***Foreign currency risk***

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, Malaysian Ringgit (Ringgit) and Thai Baht (THB). The foreign currencies in which these transactions are denominated are mainly United States Dollars (USD), British Pound (GBP) and Japanese Yen (JPY). Approximately 45% of the Group's costs are denominated in foreign currencies.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances (mainly in USD) amount to US$1,187,000 and US$362,000 for the Group and the Company respectively.

The Group requires all of its operating entities to use forward currency contracts to eliminate the currency exposures on any significant individual transactions for which payment is anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

At 31 December 2007, the Group had hedged 40% (2006: 86%) of its foreign currency denominated purchases, for which firm commitments existed at the balance sheet date.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia and Thailand. The Group's net investments in Malaysia and Thailand are not hedged as currency positions in Ringgit and THB are considered to be long term in nature.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2007

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) ***Foreign currency risk (cont'd)***

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Ringgit, THB and SGD exchange rates (against USD), with all other variables held constant, of the Group's loss/profit net of tax and equity.

	Group			
	2007 US$'000		2006 US$'000	
	Loss net of tax	Equity	Profit net of tax	Equity
Ringgit				
Strengthened 5% (2006: 5%)	212	(170)	32	(264)
Weakened 5% (2006: 5%)	(212)	170	(32)	264
THB				
Strengthened 5% (2006: 5%)	619	52	564	148
Weakened 5% (2006: 5%)	(619)	(52)	(564)	(148)
SGD				
Strengthened 5% (2006: 5%)	(144)	(668)	–	–
Weakened 5% (2006: 5%)	144	668	–	–

(b) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is that loans and borrowings (including overdrafts and preference shares) failing due in the next one year period are kept to manageable levels, and to maintain sufficient liquid financial assets and stand-by credit facilities with a number of different banks. At the balance sheet date, approximately 98.4% (2006: 45.6%) of the Group's loans and borrowings (including preference shares and shareholders' loans) will mature in less than one year based on the carrying amount reflected in the financial statements, as these facilities are predominantly trade in nature.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2007

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) ***Liquidity risk*** **(cont'd)**

	2007			2006		
	1 year or less US$'000	1 to 5 years US$'000	Total US$'000	1 year or less US$'000	1 to 5 years US$'000	Total US$'000
Group						
Trade payables	22,362	–	22,362	17,500	–	17,500
Other payables and accruals	6,618	–	6,618	3,667	–	3,667
Amount due to related companies	2,189	–	2,189	6	–	6
Interest-bearing loans and borrowings	10,515	167	10,682	7,748	80	7,828
Preference shares	–	–	–	1,100	–	1,100
Shareholders' loans	–	–	–	–	10,467	10,467
	41,684	167	41,851	30,021	10,547	40,568
Company						
Other payables and accruals	493	–	493	648	–	648

(c) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its interest-bearing loans and borrowings, loan to an associate and interest-bearing amounts due from related companies, cash and cash equivalents.

<u>Sensitivity analysis for interest rate risk</u>

At the balance sheet date, if the Groups' effective interest rates had been 75 (2006 : 75) basis points higher with all other variables held constant, the Group's loss for the year net of tax would have been further increased by US$73,000 (2006 : Group's profit for the year net of tax would have reduced by US$32,000), arising mainly as a result of higher interest expense on floating rate loans and borrowings.

(d) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade receivables, other receivables, amounts due from related companies and loan to an associate. For other financial assets (including cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, the Group controls its credit risk by setting credit limits to its customers on credit terms. Receivable balances also are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values (Note 44(a)).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) ***Credit risk (cont'd)***

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows :

	2007		2006	
	US$'000	% of total	US$'000	% of total
By country:				
Malaysia	9,483	41	5,560	34
Thailand	13,489	59	10,887	66
Other countries	43	–	–	–
	23,015	100	16,447	100

Financial assets that are neither past due nor impaired

Trade receivables, other receivables, amount due from related companies and loan to an associate that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (trade receivables).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2007

44. FINANCIAL INSTRUMENTS

(a) *Classification of financial instruments*

Set out below is a comparison by category of carrying amounts of all the Group's and the Company's financial instruments that are carried in the financial statements :

The Group	Loans and receivables US$'000	Liabilities at amortised cost US$'000
31.12.2007		
Assets		
Trade receivables (Note 17)	23,015	–
Other receivables (excluding fair value of forward currency contracts) (Note 18)	1,766	–
Amounts due from related companies (Note 24)	19	–
Loan to an associate (Note 19)	3,638	–
Short term deposits (Note 36)	8	–
Cash and bank balances (Note 36)	11,479	–
	39,925	–
Liabilities		
Trade payables (Note 21)	–	(22,362)
Other payables and accruals (Note 22)	–	(6,618)
Amounts due to related companies (Note 24)	–	(2,189)
Interest bearing loans and borrowings (Note 25)	–	(10,682)
	–	(41,851)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

44. FINANCIAL INSTRUMENTS (cont'd)

(a) ***Classification of financial instruments (cont'd)***

The Group	Loans and receivables US$'000	Liabilities at amortised cost US$'000
31.12.2006		
Assets		
Trade receivables (Note 17)	16,447	–
Other receivables (Note 18)	915	–
Loan to an associate (Note 19)	2,954	–
Cash and bank balances (Note 36)	3,100	–
	23,416	–
Liabilities		
Trade payables (Note 21)	–	(17,500)
Other payables and accruals (excluding fair value of forward currency contracts) (Note 22)	–	(3,509)
Amounts due from related companies (Note 24)	–	(6)
Interest-bearing loans and borrowings (Note 25)	–	(7,828)
Preference shares (Note 27)	–	(1,100)
Shareholders' loans (Note 28)	–	(10,467)
	–	(40,410)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

44. FINANCIAL INSTRUMENTS (cont'd)

(a) ***Classification of financial instruments (cont'd)***

The Company	Loans and receivables US$'000	Liabilities at amortised cost US$'000
31.12.2007		
Assets		
Other receivables (Note 18)	13	–
Amounts due from related companies (Note 24)	7,836	–
Cash and bank balances (Note 36)	6,329	–
	14,178	–
Liabilities		
Other payables and accruals (Note 22)	–	(493)
31.12.2006		
Assets		
Other receivables (Note 18)	1	–
Amounts due from related companies (Note 24)	7,335	–
Short term deposits (Note 36)	9,738	–
Cash and bank balances (Note 36)	96	–
	17,170	–
Liabilities		
Other payables and accruals (Note 22)	–	(648)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2007

44. FINANCIAL INSTRUMENTS (cont'd)

(b) ***Fair values***

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of trade and other receivables, amounts due from/(to) related companies, loan to an associate, short term deposits, cash and bank balances, trade and other payables and current interest-bearing loans and borrowings, based on their notional amounts, reasonably approximate their fair values due to their short-term nature or are repriced frequently.

Financial instruments carried at fair value

The Group carried all derivative financial instruments at their fair value as required by FRS 39.

Financial instruments carried at other than fair value

In 2006, no disclosure of fair value was made for shareholders' loans as it was not practicable to determine their fair values with sufficient reliability since the shareholders' loans' had no fixed terms of repayment and were not expected to be repaid within the next twelve months.

Methods and assumptions used to determine fair values

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values as mentioned earlier, are as follows:

Financial assets and liabilities	Methods and assumptions
• Derivative financial instruments	The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.
• Other investment (quoted securities)	Fair value has been determined by reference to market prices or broker quotes at the balance sheet date without factoring in transaction costs.
• Preference shares	Fair value has been determined using discounted estimated cash flows. Where repayment terms are not fixed, future cash flows are projected based on management's best estimates. The discount rates used are the current market incremental lending rates for similar types of borrowing arrangements.

No amount has been recognised in the profit and loss account in relation to the change in fair value of financial assets or financial liabilities estimated using a valuation technique for the financial years ended 31 December 2007 and 2006.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2007

45. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2007 and 31 December 2006.

As disclosed in Note 32, certain subsidiaries of the Group are required by the Thai Civil Commercial Code to contribute to and maintain a non-distributable legal reserve. This externally imposed capital requirement has been complied with by the relevant subsidiaries for the financial years ended 31 December 2007 and 2006.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio at manageable levels. The Group includes within net debt, interest-bearing loans and borrowings, amount due to related companies, trade payables, other payables and accruals, less cash and cash equivalents. Capital includes preference shares, equity attributable to the equity holders of the Company less translation reserve and the abovementioned legal reserve.

	Group	
	2007	2006
	US$'000	US$'000
Trade payables (Note 21)	22,362	17,500
Other payables and accruals (Note 22)	6,618	3,667
Amount due to related companies (Note 24)	2,189	6
Interest-bearing loans and borrowings (Note 25)	10,682	7,828
Shareholders' loans (Note 28)	–	10,467
Less: Cash and cash equivalents (Note 36)	(11,487)	(3,100)
Net debt	30,364	36,368
Preference shares	–	1,100
Equity attributable to the equity holders of the Company	44,829	6,987
Less:		
Legal reserve	(1,889)	(1,895)
Translation reserve	(3,495)	(1,194)
Total capital	39,445	4,998
Capital and net debt	69,809	41,366
Gearing ratio	43%	88%

Notes to the Financial Statements (cont'd)
31 December 2007

46. COMPARATIVE FIGURES

Prior year's comparative figures of the Company were previously presented in Singapore Dollars and were audited by a firm of certified public accountants other than Ernst & Young.

Prior year's comparative figures of the Group were that of the Acquired Group as the consolidated financial statements represent a continuation of the financial statements of the Acquired Group upon completion of the reverse acquisition (Note 2).

47. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2007 were authorised for issue in accordance with a resolution of the directors on 31 March 2008.

Statistics of Shareholdings

As at 17 March 2008

SHARE CAPITAL

Issued share capital	:	S$158,446,926
Number of shares	:	364,354,387
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	Percentage %	No. of shares held	Percentage %
1 – 999	**2,496**	**42.06**	**845,721**	**0.23**
1,000 – 10,000	**2,817**	**47.46**	**8,238,994**	**2.26**
10,001 – 1,000,000	**612**	**10.31**	**33,985,613**	**9.33**
1,000,000 and above	**10**	**0.17**	**321,284,059**	**88.18**
TOTAL	**5,935**	**100.00**	**364,354,387**	**100.00**

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 17 March 2008, approximately 17.88% of the issued ordinary shares of the Company are held by the public. Therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

DIRECTORS' SHAREHOLDING AS AT 21 JANUARY 2008

Director	Holdings in the name of Director or in which Director has a direct interest	Holdings in which the Director is deemed to have an interest
Timothy Chia Chee Ming	-	161,698,398

Notes:
Mr Timothy Chia Chee Ming has a deemed interest in the shares held by the Company's substantial shareholder, United Motor Works (Mauritius) Limited. Mr Timothy Chia Chee Ming is the sole shareholder of Gracefield Holdings Limited which in turn is a 90% shareholder of United Motor Works (Mauritius) Limited.

TOP TWENTY SHAREHOLDERS

No.	Name	No. of shares	%
1	UNITED MOTOR WORKS (MAURITIUS) LIMITED	161,698,398	44.38
2	RAFFLES NOMINEES PTE LTD	66,051,600	18.13
3	VIEWSMART PROFITS LIMITED	56,849,198	15.60
4	ARANDA INVESTMENTS PTE LTD	15,000,000	4.12
5	ANGLO BORNEO INVESTMENTS PTE LTD	10,765,663	2.95
6	OCBC SECURITIES PRIVATE LTD	3,278,100	0.90
7	CHOW SIEW HON	2,500,000	0.69
8	UOB KAY HIAN PTE LTD	2,429,100	0.67
9	HSBC (SINGAPORE) NOMINEES PTE LTD	1,600,000	0.44
10	KIM ENG SECURITIES PTE. LTD.	1,112,000	0.31
11	CHOW JIN YIAN	1,000,000	0.27
12	CHOW SIM YIAN	1,000,000	0.27
13	CHOW TSIN YIAN	1,000,000	0.27
14	UNITED OVERSEAS BANK NOMINEES PTE LTD	929,000	0.25
15	DMG & PARTNERS SECURITIES PTE LTD	893,000	0.25
16	DBS NOMINEES PTE LTD	840,924	0.23
17	TANMANURAXKUL WASAN	665,000	0.18
18	CHOW YEE KAM	482,880	0.13
19	WAHID SULEIMAN HAMID	482,000	0.13
20	DBS VICKERS SECURITIES (S) PTE LTD	446,600	0.12
	TOTAL	**329,023,463**	**90.30**

STATISTICS OF SHAREHOLDINGS (CONT'D)

AS AT 17 MARCH 2008

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of substantial shareholders	Number of shares held Direct interest	Number of shares held Deemed Interest	Shareholding Percentage %
United Motor Works (Mauritius) Limited	161,698,398	-	44.38
[1] Gracefield Holdings Limited	-	161,698,398	44.38
[1] Timothy Chia Chee Ming	-	161,698,398	44.38
Islandwide Investment Limited	66,026,600	-	18.12
[2] Schroder Ventures Asia Pacific Fund LP1	-	66,026,600	18.12
[2] Schroder Ventures Asia Pacific Fund LP2	-	66,026,600	18.12
Viewsmart Profits Limited	56,849,198	-	15.60
[3] King Lun Asia Fund (II) Limited	-	56,849,198	15.60
[3] King Lun Capital (I) Holding Limited	-	56,849,198	15.60
[3] King Lun Investments Limited	-	56,849,198	15.60
[3] King Lun Holdings Limited	-	56,849,198	15.60
[3] J.P Morgan Trust Company (Jersey) Limited	-	56,849,198	15.60
[3] Dr William Fung Kwok Lun	-	56,849,198	15.60

Notes:

1 Gracefield Holdings Limited and Mr Timothy Chia Chee Ming each have a deemed interest in the Shares held by United Motor Works (Mauritius) Limited. Mr Timothy Chia Chee Ming is the sole shareholder of Gracefield Holdings Limited which in turn is a 90% shareholder of United Motor Works (Mauritius) Limited.

2 Schroder Ventures Asia Pacific Fund LP1 and Schroder Ventures Asia Pacific Fund LP2 are deemed interested in the shares held by Islandwide Investment Limited.

3 Viewsmart Profits Limited is 100% owned by King Lun Asia Fund (II) Ltd, which is 100% owned by King Lun Capital (I) Holding Limited, which is further 100% owned by King Lun Investments Limited, which in turn is 100% owned by King Lun Holdings Limited. King Lun Holdings Limited is 50% owned by J.P. Morgan Trust Company (Jersey) Limited, the trustee of a trust established for the benefit of the family members of Dr Victor Fung Kwok King, and 50% owned by Dr William Fung Kwok Lun.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hup Soon Global Corporation Limited (the "**Company**") will be held at The Pines, 30 Stevens Road, Singapore 257840 on Tuesday, 29 April 2008 at 3.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the audited financial statements of the Company for the financial year ended 31 December 2007 together with the Report of the Directors and the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Article 106 of the Company's Articles of Association:-

   Mr Chuen Fah Alain Ahkong **(Resolution 2)**

   Mr Dilhan Pillay Sandrasegara **(Resolution 3)**

   Ms Jennifer Chia Jee Phun **(Resolution 4)**

   Notes:

   Mr Chuen Fah Alain Ahkong who is an independent director will, upon re-election, continue to serve as Chairman of the Audit Committee and member of the Remuneration and Nomination Committee.

   Mr Dilhan Pillay Sandrasegara who is an independent director will, upon re-election, continue to serve as Chairman of the Remuneration and Nomination Committee and member of the Audit Committee.

3. To approve the Directors' fees of S$181,863 for the financial year ended 31 December 2007. (2006: S$206,369). **(Resolution 5)**

4. To re-appoint Messrs Ernst & Young as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

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

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without any amendments, the following resolutions as ordinary resolutions:-

6. **Authority to allot and issue shares**

   "That, pursuant to Section 161 of the Companies Act, Chapter 50, and the rules of the listing manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) 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 or exchangeable into Shares;

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force, allot and issue Shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Provided always that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution but excluding Shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 50% of the total number of issued Shares excluding any treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution but excluding Shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 20% of the total number of issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below),

(2) subject to such manner of calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares excluding treasury shares shall be based on the total number of issued Shares excluding treasury shares at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(Resolution 7)

7. **Authority to grant options and issue shares under the Hup Soon Global Share Option Scheme (formerly known as the Twinwood Share Option Scheme 2001)**

"That, pursuant to Section 161 of the Companies Act, Chapter 50, authority be and is hereby given to the Directors of the Company to:

(a) offer and grant options under the Hup Soon Global Share Option Scheme (formerly known as the Twinwood Share Option Scheme 2001) (the "**Scheme**") and to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Scheme;

(b) (notwithstanding that the authority under this Resolution may have ceased to be in force) to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Scheme while this Resolution was in force; and

(c) do all such acts and things as may be necessary or expedient to carry the same into effect.

provided always that the aggregate number of Shares to be issued pursuant to the Scheme shall not exceed 15% of the total number of issued Shares of the Company from time to time." **(Resolution 8)**

BY ORDER OF THE BOARD

Ms Angela Chan
Company Secretary

Date: 11 April 2008

Notice Of Annual General Meeting (cont'd)

Notes:

1. *A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company and where there is more than one proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated.*

2. *If a proxy is to be appointed, the proxy form must be deposited at the registered office of the Company at 15 Scotts Road #04-08 Thong Teck Building, Singapore 228218, not less than forty-eight (48) hours before the time appointed for the Annual General Meeting.*

Explanatory Notes:-

i. Proposed Resolution 7 in item 6, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting until the date of next Annual General Meeting (unless varied or revoked by the Company in general meeting), to allot and issue Shares and/or convertible securities in the Company up to an aggregate of not more than 50% of the total number of issued Shares of the Company excluding treasury shares, of which the total number of Shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued Shares of the Company excluding treasury shares, for such purposes as they consider would be in the interests of the Company. For the purpose of determining the aggregate number of Shares that may be issued, Rule 806(3) of the Listing Manual currently provides that the total number of issued Shares excluding treasury shares will be based on the total number of issued Shares excluding treasury shares of the Company at the time of passing of Resolution 7 after adjusting for:-

   (a) new Shares arising from the conversion or exercise of convertible securities; or

   (b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time Resolution 7 is passed; and

   (c) any subsequent bonus issue, consolidation or subdivision of Shares.

ii. Proposed Resolution 8 in item 7, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting until the date of next Annual General Meeting to grant options and issue Shares in the capital of the Company, pursuant to the exercise of options granted under the Scheme, provided that the aggregate number of Shares to be issued under the Scheme does not exceed 15% of the total number of issued Shares of the Company from time to time.

   It will be proposed for the approval of shareholders at an extraordinary general meeting ("EGM") to be held immediately following the conclusion or adjournment of the Annual General Meeting that the Scheme be terminated in the event shareholders approve the adoption of the two new share plans. Additional information on the proposed termination of the Scheme and the new share plans is set out in a circular to Shareholders dated 7 April 2008.

HUP SOON GLOBAL CORPORATION LIMITED

(Registration Number: 199204815Z)
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT
1. For investors who have used their CPF monies to buy shares in the capital of Hup Soon Global Corporation Limited, this Annual Report is forwarded to them at the request of their 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.

I/We, ____________________(Name) NRIC/Passport No. ____________

of ____________________(Address)

being a *member/members of **HUP SOON GLOBAL CORPORATION LIMITED** (the "**Company**") hereby appoint::-

Name	Address	NRIC/ Passport No.	Proportion of Shareholding (%)

*and/or

Name	Address	NRIC/ Passport No.	Proportion of Shareholding (%)

or failing *him/her, the Chairman of the Annual General Meeting ("**AGM**") as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the AGM of the Company to be held at The Pines, 30 Stevens Road, Singapore 257840 on Tuesday, 29 April 2008 at 3.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

	TO BE USED ON A SHOW OF HANDS		TO BE USED IN THE EVENT OF A POLL	
Ordinary Resolutions	**For#**	**Against#**	**For##**	**Against##**
1. To receive and consider the Audited Financial Statements of the Company for the financial year ended 31 December 2007, Report of the Directors and the Auditors' Report thereon. **(Resolution 1)**				
2. To re-elect Mr Chuen Fah Alain Ahkong pursuant to Article 106 of the Company's Articles of Association. **(Resolution 2)**				
3. To re-elect Mr Dilhan Pillay Sandrasegara pursuant to Article 106 of the Company's Articles of Association. **(Resolution 3)**				
4. To re-elect Ms Jennifer Chia Jee Phun pursuant to Article 106 of the Company's Articles of Association. **(Resolution 4)**				
5. To approve the directors' fees of S$181,863 for the financial year ended 31 December 2007. **(Resolution 5)**				
6. To re-appoint Messrs Ernst & Young as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**				
7. To authorise Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50. **(Resolution 7)**				
8. To authorise Directors to grant options and issue shares under the Hup Soon Global Share Option Scheme (formerly known as Twinwood Share Option Scheme 2001) **(Resolution 8)**				

Dated this ________ day of ____________ 2008

Total Number of Shares Held

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

* Delete as appropriate.
\# Please indicate your vote "For" or "Against" with an "X" within the box provided.
\#\# If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

IMPORTANT: Please read notes overleaf

NOTES:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion (expressed as a percentage of the whole) of his/her shareholding to be represented by each proxy.
3. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Annual General Meeting.
4. This instrument of proxy must be signed by the appointor or his/her duly authorised attorney or, if the appointor is a body corporate, signed by a duly authorised officer or its attorney or affixed with its common seal thereto.
5. A body corporate which is a member may also appoint by resolution of its directors or other governing body an authorised representative in accordance with its Articles of Association or its constitutive documents and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote for and on behalf of such body corporate.
6. This instrument appointing a proxy or proxies (together with the power of attorney (if any) under which it is signed or a duly certified copy thereof), must be deposited at the registered office of the Company, not less than forty-eight (48) hours before the time for holding the Annual General Meeting.
7. A member should insert the total number of shares held. If the member has shares entered against his/her name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he/she should insert that number of shares. If the member has shares registered in his/her name in the Register of Members of the Company, he/she should insert that number of shares. If the member has shares entered against his/her name in the Depository Register and registered in his/her name in the Register of Members, he/she should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all shares held by the member.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of members whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if a member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. For investors who have used their CPF monies to buy shares in the Company, this Notice is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
10. 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.

1st Fold

AFFIX

STAMP

The Company Secretary
HUP SOON GLOBAL CORPORATION LIMITED
15 Scotts Road
#04-08 Thong Teck Building
Singapore 228218

2nd Fold