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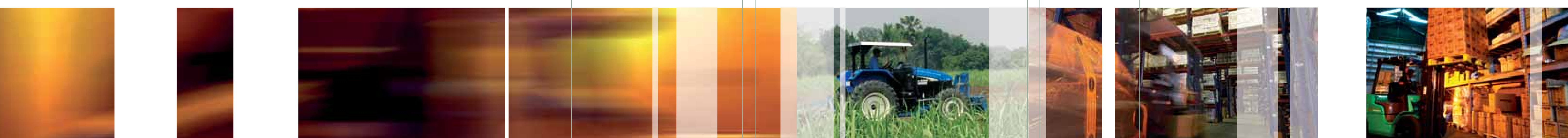

www.hupsoon.com

HUP SOON GLOBAL CORPORATION LIMITED

annual report 2008

reaching out

HUP SOON GLOBAL CORPORATION LIMITED
annual report 2008

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contents

CORPORATE PROFILE

Hup Soon Global Corporation Limited strives to be a value-added marketing and distribution company for industrial equipment, automotive aftermarket products, industrial consumables and energy solutions in South East Asia through its “Borneo Technical”, “Anglo-Thai”, “Kwikpart”, “FactoryPro”, “United Motor Works (Siam)”, “Tai Kwong Yokohama”, “Nichiyu” and “Borid” trade names. Listed on the SGX Catalist, it represents more than 80 leading brands and manufacturers, primarily in Thailand and Malaysia.

MISSION STATEMENT

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

CORPORATE VALUES

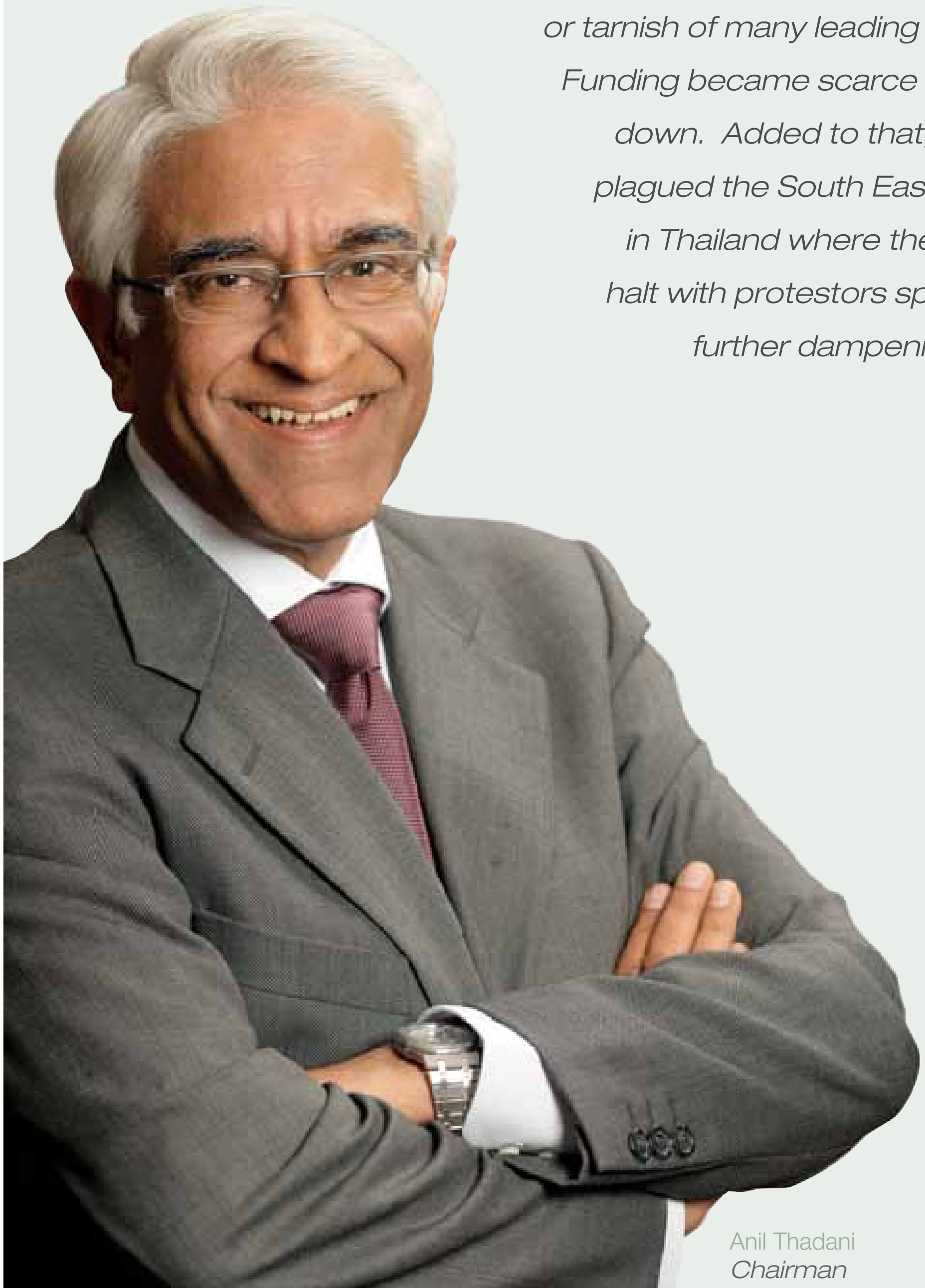
The company was formed with these values in mind:

- We must be of value to the customer
- 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

Dear shareholders,

As the global economic uncertainties that started in the US spread across the globe, FY2008 turned out to be a difficult year for all. What started as a burst in the housing bubble led to a credit crisis of devastating proportion and the ensuing chain reaction resulted in the demise or tarnish of many leading banks around the world. Funding became scarce and investments slowed down. Added to that, localized political unrest plagued the South East Asian region, especially in Thailand where the government stood to a halt with protestors spilling out into the streets, further dampening business confidence.



Anil Thadani
Chairman

A Year in Review

Amidst these difficulties, your company managed to grow its revenue 25% this past year to US$117.9 million, which came mainly from the automotive/ industrial supplies division.

I strongly believe that the growth in the automotive/ industrial supplies division was only possible due to the extensive distribution network that we had built up in Malaysia and Thailand over the years and the efforts of the tireless sales team on the ground. We continue to build upon this network, making it better and more efficient – as of FY2008-end, the Group has 10 branches in Thailand supported by 7 warehouses while in Malaysia it has 25 selling points with 12 warehouses. At the same time, we also added to our sales force to increase our distribution reach and to service more customers. Given the fragmented market and our distribution network, the automotive/ industrial supplies business is poised to survive the economic downturn and even grow.

Not all of our businesses, however, saw growth this past year. The operating environment has changed drastically in the last few years for our agricultural tractor business. The Thai market is maturing as attested by the slow growth in land under cultivation and this was further aggravated last year by falling crop prices. Competition, on the other hand, has become fiercer with brands initiating aggressive marketing and financing campaigns to capture market share. We are doing everything we can to maintain our market leading position in the mid-powered segment in Thailand but we must also look elsewhere for growth. To this effect, in recent years we have been expanding into Cambodia and Laos where currently about 16% of the agricultural equipment revenue comes from. We hope to continue with our ventures in these neighboring countries in the coming years to supplement growth that is slowing down in Thailand. We are also working with our principal to develop a wider range of tractors to cater to the different needs of the market.

The past year also marked the maiden full year for our material handling division in Malaysia, and I am happy to report that it was spent establishing the necessary infrastructure to support long-term growth. In little over a year, we have expanded our reach to cover all of Malaysia where we now have 5 branches. There are challenges facing the division going forward, however, as business sentiments and investing activities are slowing down in light of the global economic malaise. We strive to adapt to the changing business environments and the requirements of our customers, such as with our leasing business which is still in its infancy, but we hope to grow over time.

With the new material handling business and healthy growth in automotive/ industrial supplies, growth in Malaysia has been exceptional in the past few years. Just two years ago, Thailand had contributed over 73% of the Group's revenue, generating some concerns on the Group's high dependency on one country. At present, however, Malaysia accounts for about 41% of the Group's revenue versus Thailand's 59%, reflecting a more balanced performance in the Group's two major markets.

Going Forward

There is no doubt that the year ahead will be more difficult than last year as the true impact of the recent global economic downturn is only just being felt in the real economy. We foresee more factories closing and production dropping. At times like this, it is of paramount importance that we focus all our efforts in staying competitive and relevant in our core businesses. Apart from cost savings efforts by each of the business units, we envision our different divisions working closer with one another in sharing assets, knowledge and customers to eliminate any redundancies and furthermore, create synergy and efficiencies.

All these efforts, we hope, will help strengthen our core so that not only will we weather this storm but we will come out of it with a stronger foundation to build future growth upon. Difficult times also present good opportunities. However, one can only take advantage of those opportunities when one's house is in order.

Appreciation

I would like to thank my fellow directors for their strong support and dedication in steering the Company, with a special thanks to Mr Richard Seow who retired as director of the Company this past year. I would also like to welcome Professor Tan Chin Tiong who has joined the Board this past year and has already brought much knowledge and experience to the Company.

Also, on behalf of the Board, I would like to thank the Management and our 1,300-strong staff for their contributions in the past year and continued support.

Finally, my thanks go out to our valued customers, suppliers, business partners, bankers and shareholders and we look forward to working closer with all of you in weathering the storm ahead.

MESSAGE FROM THE CEO

FY08 was a challenging year littered with deteriorating economic conditions, tightening credit conditions, political unrest in the markets in which we operate and volatile raw material prices. It would be an understatement to say that each of the Group's business units had its fair share of operating challenges, some unique and others shared.

Timothy Chia Chee Ming
Deputy Chairman and
Group Chief Executive Officer

Operations Review

The agricultural tractors division faced many difficulties, operating in a mature market with stiffening competitions. The material handling division, both in Malaysia and Thailand ran into the economic slowdown head on, resulting in companies holding back capital expenditure and spending on new equipment. As for the automotive aftermarket and industrial supplies division, it was able to achieve significant revenue growth both in Malaysia and Thailand but profitability deteriorated due mainly to lower margins stemming from falling raw material prices, namely lead for batteries, rubber for tyres and base oil for lubricants.

Despite these challenges, the Group continued to take steps in building the foundation for future growth. Most noteworthy is the Group's efforts in expanding product offerings and distribution reach. The Group's distribution network is stronger than ever, with more branches staffed by more sales people selling more products. The number of brands that the Group represents has drastically increased in the last few years, exceeding 80 last year from 60 just two years ago.

In a continuing effort to be of greater value to suppliers and the market, the Group joined hands with one of its suppliers, Top USA to form a joint marketing company called Top 1 Oil Asia Pte Ltd. Top USA is a leading manufacturer and supplier of high quality lubricants, grease and specialty additives. The Group hopes this new partnership will strengthen its position in existing markets and expanding its reach into new ones. The management is also working closely with New Holland, another supplier, to introduce a wider range of tractors to Thailand to complement the mid-power range in which the Group has achieved a market leader position.

The Group also formed a partnership with Chewathai Limited, a leading real estate developer in Thailand to jointly redevelop the Group's property in downtown Bangkok. The building being redeveloped was originally acquired in 1955 to be used by one of the Group's associate companies. It was subsequently rented to third party tenants for office space with all tenancies expiring in late 2007 in preparation for a redevelopment. We are very excited about the project as it will release an idle asset that has not generated much cashflow for us in recent years, with minimal capital outlay.

There were no new acquisitions in FY08 though. Valuations were too high and the Group's widely held view is that it is better to wait than to pay a premium. Growth is good but not when it compromises the financial integrity of the Group.

Financial Performance

The Group achieved revenues of US$117.9 million in FY08 representing a 24.9% growth from FY07 and compounded annual growth rate of 18.4% for the last 4 years in line with its focus on growth during that time.

The healthy growth in revenue achieved last year mainly comes from the continued growth in the automotive/ industrial supplies division. Also adding to the revenue growth was a maiden full year contribution of US$5.7 million by the Group's material handling business in Malaysia for FY08.

As a result of falling prices and currency, the Group's gross profit margin deteriorated to 20.7% from 23.2% in FY07. If not for this decline in gross margins, the Group would have been profitable. Going forward, the Group expects margins to improve as prices stabilize and inventory is replenished.

Reflecting the Group's focus on growth in the past year, selling and distribution costs saw an increase of 31.4% from the previous year. Also, the Group's administrative expenses rose by 45% due to the startup cost of the Malaysian material handling business as well as well as the automotive/ industrial supplies business expansion in Thailand. Corporate overhead, however, remained steady considering that the corporate office in its present form was not established until the FY2Q07.

Finance cost increased to US$0.9 million for the entire year as compared to US$0.4 million in the previous year due to increased borrowings in line with the Group's business growth.

The Group recorded a loss before tax of US$1.0 million for the full year compared with the loss before tax of US$34.4 million in FY2007. Excluding one-off and non-operating items the loss before tax for FY2008 would have been US$0.2 million, lower than the US$3.9 million profit for FY2007 after similar adjustments.

In summary, the HSGC Group recorded a net loss of US$ 0.7 million in FY08 as compared to a net loss of US$36.1 million in FY07.

Going Forward

We expect the operating environment for the Group's businesses to be even more challenging in 2009 and possibly into 2010. Business sentiment is likely to deteriorate with slowing demand and consumption, while the credit risk of our customers will rise. While the Group will continue its strategy of long-term organic growth as well as synergistic acquisitions, special efforts will be made to weather the storm, through cost cutting and improving operational efficiencies.

The management has commenced a Group-wide restructuring exercise which led to the winding down of the garage equipment business. The discontinuation of the garage equipment business was to enable the Group to better allocate its resources and to focus them on its core businesses. This restructuring will continue going forward to identify any redundancies or operational inefficiencies. Furthermore, exercises to lower overhead costs are underway in all business divisions.

I look forward to reporting on the progress of these exercises in the coming year.

Appreciation

I would like to acknowledge the dedication and commitment shown by every staff of the Group this past year. In additional, I would like to send my gratitude to the shareholders, bankers and business partners for their continued support.

business units

HUP SOON GLOBAL CORPORATION LIMITED

OUR BUSINESS AT A GLANCE

Hup Soon Global is a leading regional marketer and distributor of agricultural and industrial equipment, automotive/industrial supplies and energy solutions and aims to be the premier regional value-added marketing and distribution company, delivering to customers what they need, when they need it.

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)", "Borid Energy", "Tai Kwong Yokohama" and "Nichiyu" trade names.

Today, with a staff of over 1,300 strong, including those in associate companies, Hup Soon Global distributes to more than 23,000 customers in the region through its extensive distribution network in Malaysia and Thailand.

Agriculture Equipment / Automatic Transmission Systems

The HSGC Group's 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. Although Cambodia is not an awarded territory, the Group also sells tractors in the country with the supplier's knowledge. The Group has 25 dealers and 80 parts dealers covering Thailand.

Add to that, the Group also complements its tractor sales with "add-on" options such as tractor implements under various brands.

Anglo-Thai Co. Ltd. also represents the Allison brand of transmission systems in Thailand by providing after-sales support and marketing services for these automatic transmission systems.

Material Handling Equipment

The Group is the exclusive distributor of Mitsubishi forklifts and parts in Thailand and Malaysia where it also provides after-sales services. In addition to outright sales, the Group also maintains a fleet of forklifts for rental or operating lease to meet the changing requirements of customers.

In Thailand, the distribution of Mitsubishi material handling equipment is carried out by the Group's associate company United Motor Works (Siam) Public Company Limited while in Malaysia it is done through a wholly-owned subsidiary Hup Soon Industrial Equipment Sdn Bhd with 5 branches covering both East and West Malaysia.

In addition, the Group holds a 30.0% stake in Nichiyu Asia Pte Ltd, 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.

Automotive / Industrial Supplies

The HSGC Group markets and distributes a wide range of automotive aftermarket products and industrial supplies through its extensive distribution networks in Thailand and Malaysia which reaches all levels of the supply chain in these countries.

In Malaysia, the Group has 12 stocking points and 25 sales offices covering both East and West Malaysia, reaching a database of about 13,000 accounts, while in Thailand, the Group serves over 10,000 accounts throughout the Kingdom through a distribution network comprising of 10 sales offices supported by 7 warehouses.

The Group's Automotive/ Industrial Supplies business is carried out by Borneo Technical (M) Sdn Bhd and Kwikpart Sdn Bhd in Malaysia and Borneo Technical (Thailand) Ltd in Thailand.

The Group also holds a 30.5% stake in Tai Kwong Yokohama Bhd (TKYB), a premier battery manufacturer and distributor in Malaysia which is listed on Bursa Malaysia. TKYB has an installed capacity of 250,000 units of batteries per month. TKYB also has its own lead recycling plant with a capacity of 850 tonnes per month and caters to the OEM, private label and aftermarket segments both in Malaysia and abroad. The company's own "Yokohama" brand of batteries is the leading brand of batteries in Malaysia and is distributed throughout the country and exported to more than 36 countries.

AGRICULTURE EQUIPMENT / AUTOMATIC TRANSMISSION SYSTEMS

The Agricultural Equipment division was faced with many challenges throughout the year. In an already mature market, the downward trend in international sugar prices, following a brief surge early in the year, has exacerbated the slow growth of land under cultivation in Thailand, adding to the difficult business environment.

Add to that, competitors have also become very aggressive in trying to threaten the Group's "market leader" position in the mid-powered segment through marketing efforts such as financing.

To counter the threats that the division is facing, as well as to foster future growth, the Group is taking several measures. In an effort to supplement the slow growth in arable land in Thailand, the Group is focusing its efforts to expand into neighboring regions such as Cambodia and Laos following its existing customers as well as developing new ones. Currently about 17% of sales comes from outside of Thailand.

Sales Unit Breakdown by Product (Tractors)

Sales Unit Breakdown by Country

The Group is also working with its principal New Holland to introduce a wider range of tractors. Currently the Group is concentrating in the mid-power range which is suitable for sugar plantations but is not present in the small-power segment catering to paddy among other crops. With a distribution network firmly in place in Thailand, the introduction of a new tractor in a new business segment can potentially be a powerful tool in warding off competition and growing market presence.

Furthermore, the Group continues to explore better ways of making its tractors more affordable and accessible to protect and expand market share in Thailand.

For the FY08, the Agriculture Equipment and Transmission division saw its revenue fall by 15.4% to US$24.7 million from the previous year due to slower unit sales. Amidst falling revenues, the division's gross profit margin improved to 25.1% from the previous year's 23% mainly due to the favorable margins achieved in the non-tractor items which include spare parts and the automatic transmission business.

MATERIAL HANDLING EQUIPMENT

The material handling equipment division was confronted by a host of challenges in the past year including the global financial downturn, continued political strife in Thailand and the resultant erosion of business confidence and sentiments as well as a drop in overall manufacturing activities. With companies holding back on capital expenditures, demand for material handling equipment expectedly fell.

The Group's material handling equipment division recorded sales of US$15.4 million, a 55.9% increase from the previous year due mainly to sales registered from its Malaysian business which benefited from a full 12-month of business in 2008. The operation commenced in August 2007.

Sales Unit Breakdown by Activities

Sales Unit Breakdown by Country

While the Group's material handling business in Malaysia contributed approximately US$5.7 million in revenues in its maiden full year, operations in Thailand, conducted by associate company United Motor Works (Siam), saw a drop in number of units sold by about 14% while the number of leased vehicles jumped by 49%, resulting in revenues of US$9.8 million.

The prevailing trend of the industry in the region, especially with the downturn in FY08, was that many users switched their requirements to rental lease as an alternative to equipment purchase for lesser burden on capital outflow and increased flexibility. This shift from outright purchase to operating lease is expected to continue as evident in other developed countries.

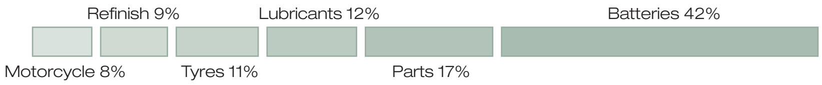
In response to these changing needs of customers, and to supplement the expected slow growth in equipment sales, the Group plans to enhance its leasing business as well as to grow its service and parts business with emphasis on fleet maintenance.

AUTOMOTIVE / INDUSTRIAL SUPPLIES

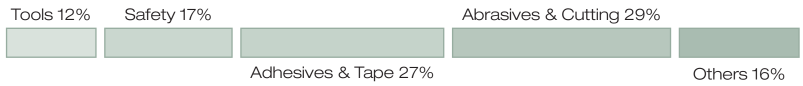
The automotive/ industrial supplies division continued to act as the backbone for the Group's growth, reporting a sales increase of 35.0% from the previous year to record US$86.7million. This growth is made more credible with the fact that selling prices fell during the year. The revenue growth was mainly driven by the on-going expansion of product offerings and distribution reach in both Malaysia and Thailand.

In Thailand, the Group's renewed focus on its automotive supplies business last year yielded a healthy growth of 39.1%, albeit from a much lower base than in Malaysia. As part of the reorganization of the business last year, the Group has established 3 new sales branches and hired 63 new sales professionals, drastically increasing the coverage it has in Thailand.

Sales Breakdown by Product (Automotive)



Sales Breakdown by Product (Industrial)



In Malaysia, the division recorded sales growth of 30% in FY08 where emphasis was put on improving productivity of the staff as well as increasing products and brands represented. Going forward, the Group will continue its efforts to expand products and brands on offer to maximize utilization of its distribution channels.

In Thailand, the Group's special effort will be made to grow the automotive and motorcycle parts business in anticipation of a slow down in demand for industrial consumerables in line with the decline in manufacturing activities and exports. The automotive parts market in Thailand remains very fragmented, offering opportunities for market share expansion and consolidations.

Add to that, the Group hopes to foster cooperation between the Malaysian and Thai operations for sourcing and distribution advantages as well as cost savings.

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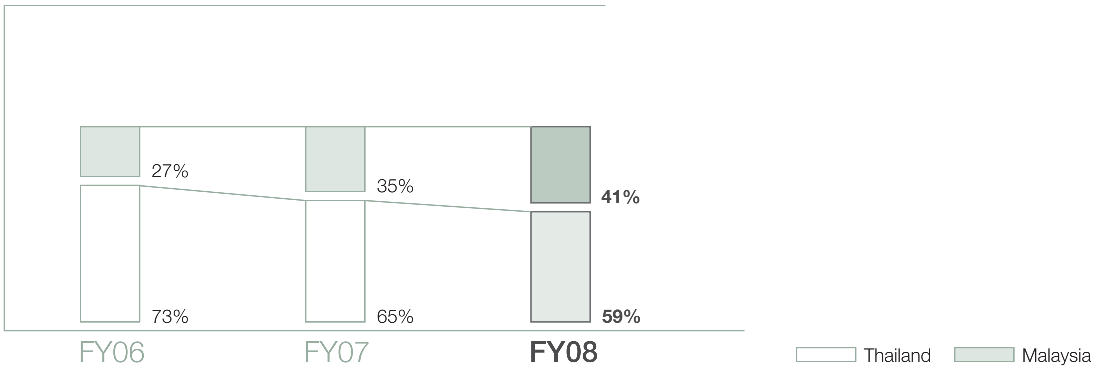
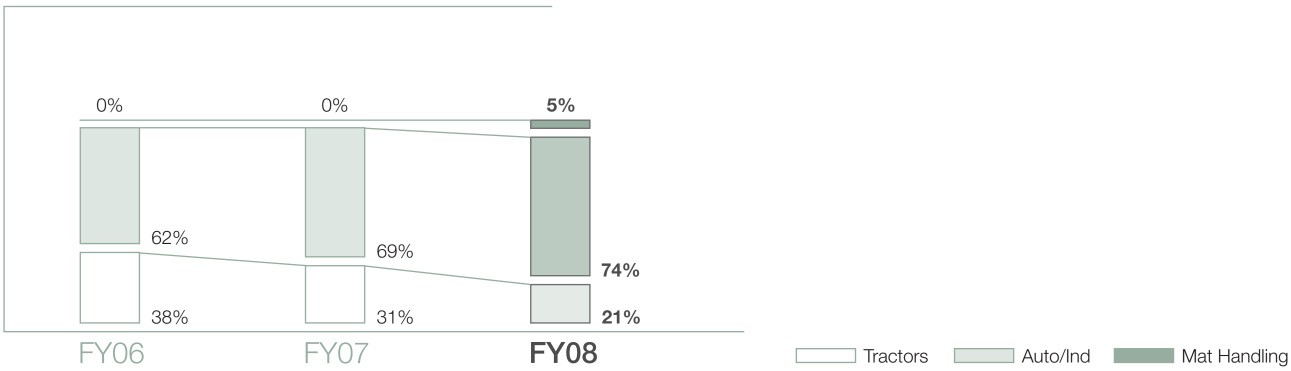
financial highlights

US$'000	FY06	FY07 (RESTATED)	FY08
Revenue	73,428	94,442	**117,885**
Operating Profits	3,309	1,935	**(411)**
Total Assets	49,017	87,763	**99,329**
Total SH's equity	6,987	43,667	**41,515**
NAV per share (US cents)	2.6	12.0	**11.4**
EPS (US cents)	1.4	(11.0)	**(0.2)**

Revenue by Geographical Segments (US$ '000)

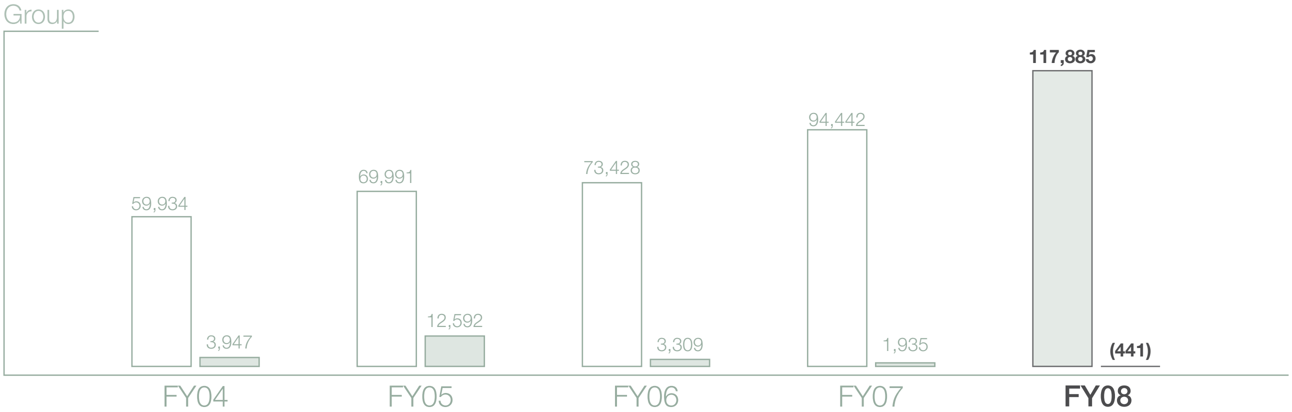


Revenue by Business Segments (US$ '000)

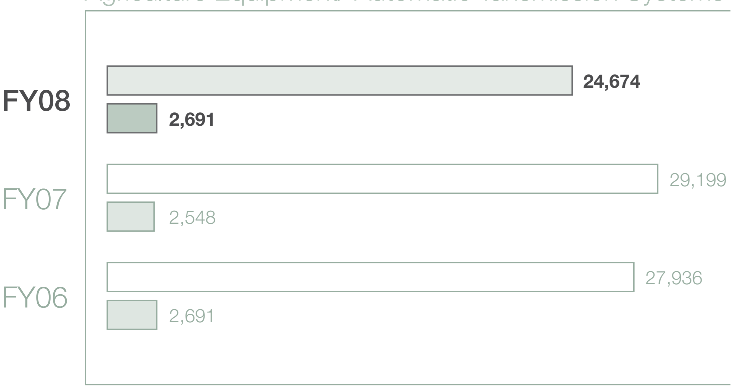


Revenue And Operating Profits (US$'000)

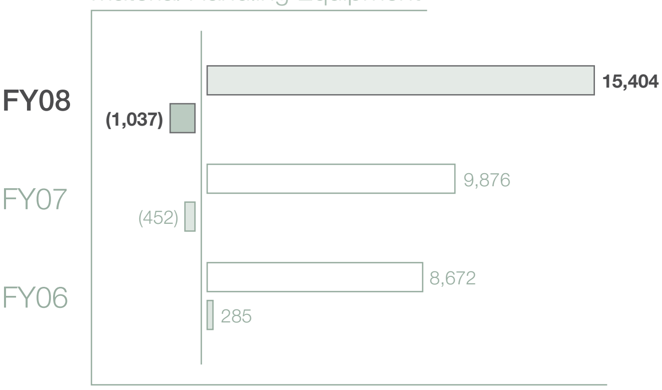
Group



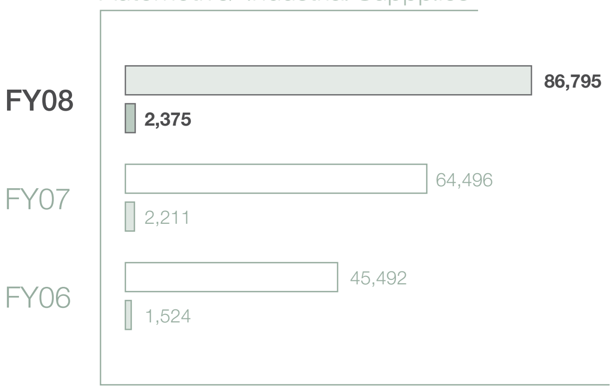
Agriculture Equipment/ Automatic Tansmission Systems



Material Handling Equipment*



Automotive/ Industrial Suppplies



* Includes results of United Motor Works (Siam) an associate company of the Group.

board of directors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1 Anil Thadani
Non-Executive Chairman

2 Timothy Chia Chee Ming
Executive Director , Deputy Chairman and Group Chief Executive Officer

3 Timothy Yong Wei Hsien
Executive Director and Group Chief Operating Officer

4 Dr Victor Fung Kwok King
Non-Executive Director

5 Jennifer Chia Jee Phun
Non-Executive Director

6 Chuen Fah Alain Ahkong
Indepedent Director and Chairman of Audit Committee

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

8 Prof Tan Chin Tiong
Independent Director

9 Robert Ernest Adams
Alternate Director to Dr Victor Fung Kwok King

Anil Thadani *Non-Executive 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 is a member of the Board of Trustees of Singapore Management University ("SMU") and Chairman of the SMU Enterprise Board. He also sits on the boards of several public and private companies in Singapore, Thailand, Hong Kong and India.

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 *Executive Director, Deputy Chairman and Group Chief Executive Officer*

As Deputy Chairman and Chief Executive Officer for the Group, Mr Chia is responsible for the execution of the board's decisions and formulating business strategies for the Group. Mr. Chia was instrumental in the founding of Hup Soon Global and has been involved in its daily operations ever since. Prior to Hup Soon, Mr Chia was a director of PAMA Group Inc ("**PAMA**") from 1986 to 2004 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. In 2009, Mr Chia was appointed Vice-Chairman – Asia for UBS Investment Bank.

Mr Chia serves on the board of several private and public-listed companies, including Banyan Tree Holdings Ltd, Fraser and Neave Ltd, SP Power Grid Limited, Singapore Post Limited and SPI (Australia) Assets Pty Ltd. Amongst his past appointments, Mr Chia was director of KorAm Bank Co., Ltd (Korea), Meritz Securities Co., Ltd (Korea), Singapore Power Ltd, Macquarie Pacific Star Prime REIT Management Ltd, The Hour Glass Ltd, Frasers Centerpoint Ltd and FJ Benjamin Holdings Ltd. Since January 2004, Mr Chia was named a Trustee of the Singapore Management University.

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

Timothy Yong Wei Hsien *Executive Director and Group Chief Operating Officer*

As the Group Chief Operating Officer, Mr Yong reports to the Group CEO and is primarily responsible for working with the Group CEO in formulating and implementing of the Group's strategies. Day-to-day, Mr Yong is tasked with overseeing and monitoring the performance of the Group's various business units and ensuring they have the adequate resources to achieve their business plans. Together with the Deputy Chairman & Group CEO , Mr Yong interfaces between the Board and the staff, and between the Group and its stakeholders and community.

Mr Yong has been with Hup Soon Global since its incorporation in 2005. Prior to that, Mr Yong spent eight years with the PAMA Group (which was founded as the Asian private equity investment arm of the Prudential Insurance Company of America) and another two and a half years in equity research with SBCI & Associates (which was then the stock broking arm of the Swiss Bank Corporation prior to subsequently becoming part of UBS).

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

Dr Victor Fung Kwok King *Non-Executive Director*

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 since July 2008. He is also 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 a member of 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 Bachelor and Master Degrees in Electrical Engineering from the Massachusetts Institute of Technology, and a Doctorate in Business Economics from Harvard University, USA.

Dr Fung is to retire from the Board at the coming Annual General Meeting by rotation and will not seek reelection.

Jennifer Chia Jee Phun *Non-Executive Director*

Ms Chia has served as a non-executive director since 26 April 2007 and was appointed a Member of the Audit Committee on 12 August 2008. She currently runs the Seabanc Group of Companies which is principally risk solution providers as insurance intermediaries. Ms Chia was previously with the United Motor Works Group since 1974 and held various positions in its regional operations.

Ms Chia is a lawyer by training and graduated from the then University of Singapore in 1971 with LL.B (Hons). She was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1971. In 1974, she obtained her LL.M from the University of London.

Chuen Fah Alain Ahkong *Independent Director and Chairman of the Audit Committee*

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 8 directors and engages approximately 55 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 was 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.

Dilhan Pillay Sandrasegara *Independent Director and Chairman of the Remuneration and Nomination Committee*

Mr Pillay is the Managing Partner of WongPartnership LLP. He has 20 years of experience in the legal industry. Mr Pillay is a Trustee of the Singapore Management University as well as a member of the Advisory Board of its Law School. In addition, he is a Council Member of the Law Society of Singapore, a Board Member of the Accounting and Corporate Regulatory Authority of Singapore and Sentosa Development Corporation. He is also a Director of Alexandra Health Pte. Ltd., Babcock & Brown Global Investments Limited, CapitaRetail China Trust Management Limited, Changi Airports International Pte Ltd, Banyan Tree Holdings Ltd., SMRT Corporation Limited, SMRT Buses Ltd., SMRT Road Holdings Ltd., SMRT Trains Ltd. and SPI (Australia) Assets Pty Ltd. He also serves as a member of the Resource Panel of the Singapore Government Parliamentary Committee on Home Affairs and Law and the Steering Committee for Review of the Companies Act appointed by the Minister of Finance to undertake a complete review of the Singapore Companies Act.

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.

Professor Tan Chin Tiong *Independent Director*

Prof Tan is the Deputy President of Singapore Management University. He is a founding member of SMU and was its Provost from 1999 to 2008. Prof Tan is active in management development and consulting, and had worked with many corporations around the globe. He is on the Board of Citibank Singapore Ltd, and several publicly listed companies like Communication Design International Ltd, HMI Ltd, Hersing Corporation Ltd and Superior Multi-Packaging Ltd. He is the Past President and Chairman of Senate of the Marketing Institute of Singapore.

Prof Tan is a leading expert in marketing. He co-authored with Prof Philip Kotler the popular *Marketing Management: An Asian Perspective*, and several other titles. He is active with many government agencies and has served on the committees of various government bodies over the years.

Prof Tan received his PhD in Business from the Pennsylvania State University.

Robert Ernest Adams *Alternate Director to Dr Victor Fung Kwok King/Proposed New Director*

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 listed companies 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. Mr Adams was also Chairman of the American Chamber of Commerce in Hong Kong and Chairman of the Asia Pacific Council of American Chamber of Commerce.

Mr Adams, who currently serves as Dr Fung's alternate director, stands for election at the coming Annual General Meeting with the retirement of Dr Fung.

senior management

Goh Swee Heng *Controlling Director: Automotive/Industrial Supplies*

Besides being the Controlling Director for the Automotive/ Industrial Supplies Business, 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/ 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 by Mr Wasan Tanmanuraxkul, Managing Director of Borneo Technical (Thailand) Limited in Thailand and Mr Chow Yee Kam, Managing Director of Borneo Technical Co. (M) Sdn Bhd in Malaysia.

Mr Goh is a Malaysian national and is based in Kuala Lumpur.

Seri Kulekaluck *Managing Director: Agriculture Equipment/Automatic Transmission Systems*

Mr Kulekaluck is the Country Manager for the Group in Thailand and the Managing Director for the Agriculture Equipment and Transmission Business. 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 General Manager in charge of agriculture equipment 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, merqers & acquisitions activities, corporate restructuring & regional expansion into China & 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 assisted by Mr Michael Chen, General Manager at Hup Soon Industrial Equipment Pte Ltd and Mr Chookiat Jittrapanun, Head of Equipment Marketing Division and Mr Prasong Suriyasa, Head of After Market Division, respectively at United Motor Works (Siam) in Thailand.

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

Melissa Wan May Wah *Chief Financial Officer*

Ms Wan joined Hup Soon Global Corporation Limited on 1 January 2009 as Chief Financial Officer. She brings with her over 20 years of experience in the finance and accounting field. Before joining Hup Soon Ms Wan was Head of Group Accounts and Group Risk management of Singapore Power Limited from November 2007 to June 2008 and Chief Financial Officer of Yellow Pages Limited from December 2004 to July 2007. A graduate of the National University of Singapore with a degree in accounting, Ms Wan is a Certified Public Accountant and a fellow of the Institute of Certified Public Accountants of Singapore and the Association of Chartered Certified Accountants.

Angela Chan Mui Chin *Director - Group Legal & Compliance/Company Secretary*

Ms Chan joined Hup Soon Global Corporation Limited as Director, Group Legal & Compliance/Company Secretary on 1 July 2007. 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.

CORPORATE STRUCTURE

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.

	Thailand	Malaysia	Singapore
Agriculture Equipment/ 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* Borid Energy (M) Sdn Bhd Borid Technologies (M) Sdn Bhd	Top 1 Oil Asia Pte Ltd*
Material Handling Equipment	United Motor Works (Siam) Public Co Ltd*	Hup Soon Industrial Equipment Sdn Bhd	Nichiyu Asia 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	(Independent Director)
Mr Dilhan Pillay Sandrasegara	(Independent Director)
Prof Tan Chin Tiong	(Independent Director)
Mr Robert Ernest Adams	(Alternate Director to Dr Victor Fung Kwok King)

Audit Commitee

Mr Chuen Fah Alain Ahkong
(Chairman)
Prof Tan Chin Tiong
Ms Jennifer Chia Jee Phun

Remuneration & Nomination Commitee

Mr Dilhan Pillay Sandrasegara
(Chairman)
Mr Chuen Fah Alain Ahkong
Prof Tan Chin Tiong

Principal Bankers

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

Company Secretary

Ms Angela Chan Mui Chin

Auditors

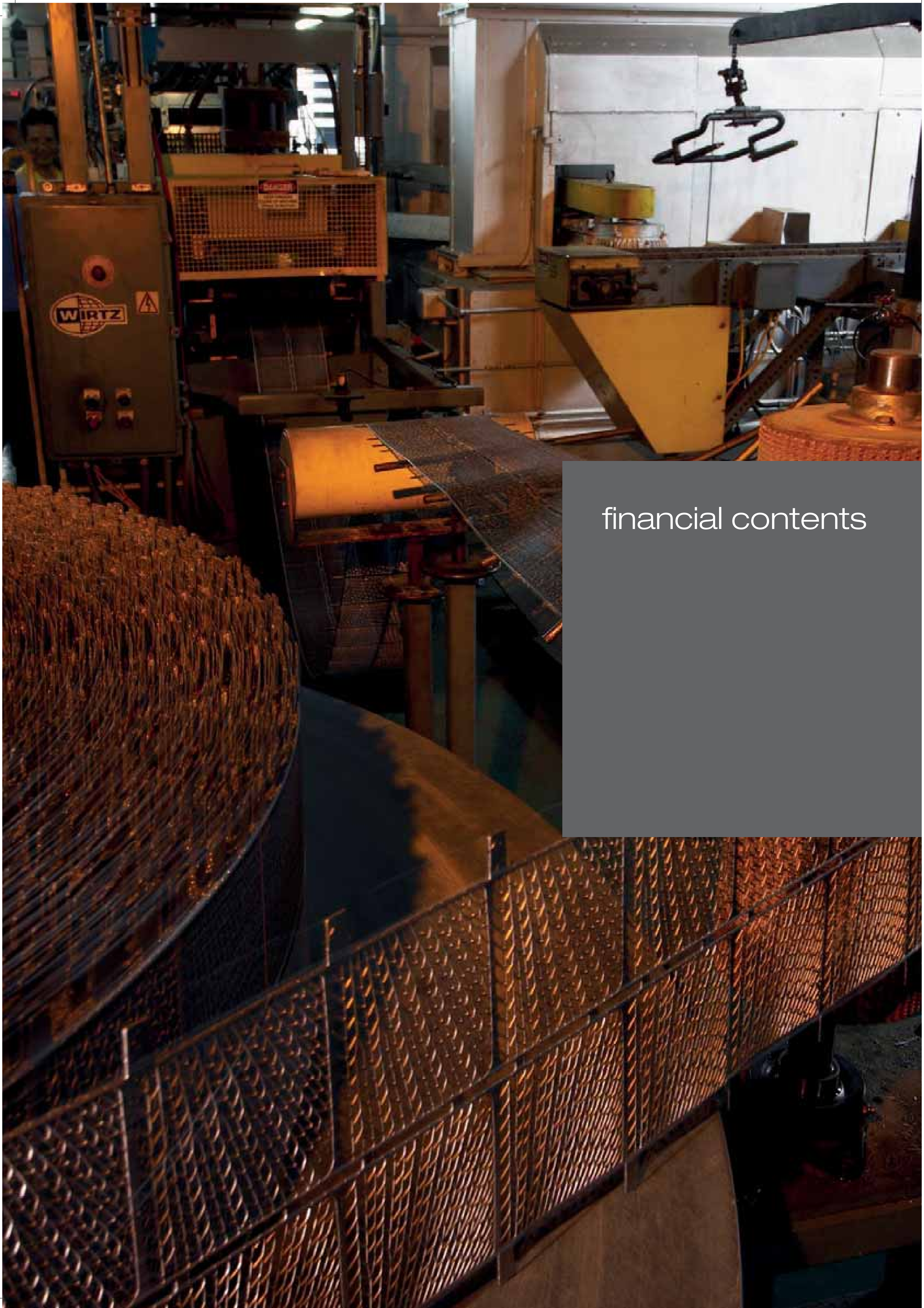
Ernst & Young LLP
(Certified Public Accountants)
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Alvin Phua
(Appointed on : 19 June 2007)

Share Registrar

M & C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

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 ("**Company**") is committed to the principles of good corporate governance in discharging their responsibilities. The Board believes that good corporate governance processes and practices enhance accountability and the performance of the Company and its subsidiaries ("**Group**").

This report describes the Company's corporate governance practices with reference to the Code of Corporate Governance 2005 ("**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 as well as 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 ("**AC**") and the Remuneration and Nomination Committee ("**RNC**").

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.

The attendance of directors at Board meetings and Board Committee meetings during 2008 is set out below:

	Board	Audit Committee	Remuneration and Nomination Committee
Board Members	**No. of meetings attended / meetings held during tenure on Board**	**No. of meetings attended / meetings held during tenure on Board**	**No. of meetings attended / meetings held during tenure on Board**
Anil Thadani – Chairman	**3**/5	N.A.	N.A.
Timothy Chia Chee Ming – Deputy Chairman and Group Chief Executive Officer	**5**/5	N.A.	N.A.
Timothy Yong Wei Hsien – Group Chief Operating Officer	**5**/5	Mr Timothy Yong attended all the meetings at the invitation of the Committee	Mr Timothy Yong attended all the meetings at the invitation of the Committee
Victor Fung Kwok King (Alternate: Robert Ernest Adams)	**2**/5	N.A.	N.A.
[1]Jennifer Chia Jee Phun	**5**/5	**1**/1	N.A.
Chuen Fah Alain Ahkong	**5**/5	**4**/4	**2**/2
[2]Dilhan Pillay Sandrasegara	**5**/5	**3**/3	**2**/2
[3]Tan Chin Tiong	**3**/3	**3**/3	**1**/1
[4]Richard Seow Yung Liang	**2**/2	**1**/1	**1**/1

1 Appointed as a member of AC on 12 August 2008
2 Resigned as a member of AC on 12 August 2008
3 Appointed as a director and member of the AC and RNC on 8 May 2008
4 Resigned as a director and member of the AC and RNC on 30 April 2008

To facilitate operational efficiency and effectiveness, the Company has in place internal guidelines for approvals of acquisitions and divestments, capital expenditure, banking loans and credit facilities. Under these guidelines, the Board approves transactions exceeding certain limits and delegates the approval for transactions below those limits to the two 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 has introduced a comprehensive appointment process for new directors which includes the issue of a formal letter of appointment to new directors setting out a director's duties and obligations as well as to ensure that new directors receive sufficient information and training or professional development opportunities to enable them to discharge their duties as directors of the Company.

Principle 2: Board Composition and Guidance

The size and composition of the Board are reviewed from time to time by the RNC. The RNC is satisfied that the current size and composition of the Board is appropriate in facilitating effective decision making taking into consideration the current and future plans of the Group.

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. The Directors are encouraged to keep themselves abreast of the latest developments on the laws and regulations relevant to directors and the Group in order for them to carry out their duties and responsibilities effectively.

There is sufficient independent element on the Board which 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
Mr Timothy Yong Wei Hsien

Non-Executive Directors:

Mr Anil Thadani
Ms Jennifer Chia Jee Phun
Dr Victor Fung Kwok King (Alternate Director: Mr Robert Ernest Adams)

Independent Directors:

Mr Chuen Fah Alain Ahkong
Mr Dilhan Pillay Sandrasegara
Professor Tan Chin Tiong (appointed on 8 May 2008)

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:

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	Symphony International Holdings Limited Minor International Public Co. Ltd., Thailand Orchid Chemicals & Pharmaceuticals Ltd., India Rajadamri Hotel Public Co. Ltd., Thailand	DSG International Limited, BVI Minor Corporation pcl, Thailand The Waterbase Limited, India
Timothy Chia Chee Ming (Deputy Chairman and Group Chief Executive Officer)	Bachelor of Science cum laude in Management, Fairleigh Dickinson University, United States	26/04/2007 / N.A.	Banyan Tree Holdings Limited Fraser and Neave Limited Singapore Post Limited	The Hour Glass Ltd. Magnecomp Precision Technology Public Co. Ltd. Meritz Securities Co. Ltd. FJ Benjamin Holdings Limited
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.

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)	LL.B (Hons) from University of Singapore Advocate and Solicitor, Supreme Court of Singapore LL.M from the University of London	26/04/2007 / 29/04/2008	Nil	Nil
Chuen Fah Alain Ahkong (Independent Director)	Associate Member of United Kingdom Chartered Institute of Taxation	21/12/2000 / 29/04/2008	Parkway Holdings Limited	Nil
Dilhan Pillay Sandrasegara (Independent Director)	LL.B (Hons) from the National University of Singapore Advocate and Solicitor, Supreme Court of Singapore Solicitor, England and Wales LL.M from University of Cambridge	26/04/2007 / 29/04/2008	Banyan Tree Holdings Limited CapitaRetail China Trust Management Limited Babcock & Brown Global Investments Limited SMRT Corporation Ltd.	The Ascott Group Limited
Tan Chin Tiong (Independent Director)	PhD in Business from the Pennsylvania State University MBA from the Western Illinois University BBA (Hons) from University of Singapore	08/05/2008 / N.A.	Hersing Corporation Ltd. Health Management International Ltd. Communication Design International Ltd. Superior Multi-Packaging Ltd.	Nil
Robert Ernest Adams (Alternate Director to 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 and responsibilities of the Company's leadership as the workings of the Board and the executive responsibilities of the Group are assumed by the different persons.

Mr Anil Thadani is the non-executive Chairman of the Board while Mr Timothy Chia Chee Ming is the Group Chief Executive Officer.

The Chairman leads the Board to ensure its effectiveness on all aspects while the Group Chief Executive Officer 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 RNC comprises the following 3 members, all of whom are independent directors:-

Mr Dilhan Pillay Sandrasegara (Chairman)
Mr Chuen Fah Alain Ahkong
Professor Tan Chin Tiong (Appointed on 8 May 2008)

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 Board has delegated to the RNC the role of making recommendations on all appointments and re-appointments to the Board.

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; 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 the 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.

The RNC has reviewed the proposed appointment of Mr Robert Ernest Adams as a non-executive director of the Company. The RNC and the Board recommend to the shareholders the election of Mr Robert Ernest Adams as a director at the Company's AGM on 29 April 2009. Information on Mr Robert Ernest Adams can be found in the Board of Directors section of this Annual Report.

Pursuant to the Company's Articles of Association, at each annual general meeting of the Company one-third of the directors other than the Chief Executive Officer shall retire from office provided always that all directors other than the Chief Executive Officer submit themselves for re-nomination and re-election at regular intervals and at least once every 3 years. For the purposes of continuity, the Company's Articles of Association does not provide for the annual rotation of the Chief Executive Officer.

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. Where a director has multiple board representations, the RNC also considers if he has been adequately carrying out his duties as a director of the Company. No member of the RNC participates in the deliberations or decisions on recommendations for his own re-nomination to the Board or decisions on his independence.

The RNC has deliberated and is satisfied as to the independence of the 3 independent directors, namely, Mr Chuen Fah Alain Ahkong, Mr Dilhan Pillay Sandrasegara and Professor Tan Chin Tiong.

Mr Pillay is the managing partner of the law firm WongPartnership LLP, one of the legal firms providing legal services to the Company and the Group. Notwithstanding this, the RNC and the Board consider Mr Pillay to be an Independent Director of the Company for the following reasons:

(a) The aggregate payments made to WongPartnership LLP in FY2008 was below S$200,000;

(b) He does not personally provide legal services to the Company; and

(c) Generally, the Company's decision for legal representation is a matter decided by the management and not the Board. In making such decisions, the management uses market rates and comparative service levels when deciding on whom to appoint as external legal counsel. Where such decisions are referred to the Board, Mr Pillay has and will abstain from such decisions.

The RNC has in place a formal Board performance evaluation process based on certain assessment parameters of effectiveness of the Board which covers 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 to provide suggestions to enhance the effectiveness of the Board as a whole. The results are reviewed by the RNC and the resulting recommendations will be discussed by 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 Performance Share Plan and Hup Soon Global Restricted Share Plan (collectively, the "**Share Plans**"). More details of the Share Plans 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 ensuring good information flow within the Board and the Board Committees and between senior management and the non-executive directors as well as facilitating orientation (where required) 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.

In FY2008, the Company put in place the Share Plans, share based performance incentive schemes which form an integral part of the Group's incentive compensation programme. The Share Plans are introduced to align the management's interest with that of shareholders and to link the management's remuneration to both individual and corporate performance. Non-executive directors are not eligible to participate in the Share Plans.

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 fee structure of the Board of Directors;

(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 Share Plans.

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.

Each non-executive director is paid a basic director's fees and is also paid a fee for being the Chairman or a member of a Board Committee. The fees payable to the non-executive directors are subject to shareholders' approval at the Annual General Meeting.

Details of the remuneration of the Company's directors and 5 top-earning executives for FY2008 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						
Timothy Chia Chee Ming	^-	*478,056	#-	127,675	-	605,731
Timothy Yong Wei Hsien	^-	*320,098	135,000	70,174	-	525,272
S$250,000 and below						
Non-Executive Directors						
Victor Fung Kwok King	100%	-	-	-	-	100%
[1]Jennifer Chia Jee Phun	100%	-	-	-	-	100%
Anil Thadani	100%	-	-	-	-	100%
Independent Directors						
Chuen Fah Alain Ahkong	100%	-	-	-	-	100%
[2]Dilhan Pillay Sandrasegara	100%	-	-	-	-	100%
[3]Tan Chin Tiong	100%	-	-	-	-	100%
[4]Richard Seow Yung Liang	100%	-	-	-	-	100%

1 Appointed as a member of AC on 12 August 2008

2 Resigned as a member of AC on 12 August 2008

3 Appointed as a director and member of the AC and RNC on 8 May 2008
4 Resigned as a director and member of the AC and RNC on 30 April 2008
^ Mr Timothy Chia and Mr Timothy Yong have each waived their Director's fees of S$25,000
* Includes employer's contribution to the Central Provident Fund
# Mr Timothy Chia has waived the bonus of S$135,000 awarded to him by the RNC

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:					
Goh Swee Heng	64.4	33.7	1.9	-	100
Seri Kulekaluck	75.5	13.3	11.2	-	100
Wasan Tanmanuraxkul	53.0	37.1	9.9	-	100
Henry Heng Kow Mui	47.1	8.9	44.0	-	100
Below S$250,000:					
Angela Chan Mui Chin	83.5	16.5	-	-	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 a 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 monthly management accounts which present a timely assessment of the Company's performance, position and prospects.

Principle 11: Audit Committee

The AC comprises the following members, all of whom are non-executive and majority of whom are independent directors:

Mr Chuen Fah Alain Ahkong (Chairman) (Independent Director)
Professor Tan Chin Tiong (Independent Director) (appointed on 8 May 2008)
Ms Jennifer Chia Jee Phun (Non-Executive Director) (appointed on 12 August 2008)

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 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 the 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 the 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 the 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 the 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 internal accounting & financial controls as well as operational & compliance controls which is under constant review and assessment as to its effectiveness, relevance, implementation and compliance. The Board is satisfied that the 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.

The Internal Audit function which is outsourced to Deloitte & Touche reports directly to the Audit Committee on audit related matters and reports to the Group Chief Financial Officer on administrative related matters. The Internal Auditor plans its audit schedules in consultation with, but independent of, the management. The audit schedules are approved by the AC.

The Internal Auditor has met the standards as set out by the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. In the year under review, the AC is satisfied with the Company's internal audit function and acknowledges that there are adequate procedures and systems of internal controls.

The AC has reviewed the non-audit services provided by the external auditors and is satisfied with the independence and objectivity of Ernst & Young LLP 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.

As a step towards improving corporate governance, the AC implemented a whistleblowing policy for the Group where concerns relating to financial reporting, unethical or illegal conduct can be reported and independent investigations are undertaken with appropriate follow up action.

In FY2008, the Group engaged external consultants to assist to review and formalise an Enterprise Risk Management framework to identify, evaluate and manage significant risks affecting the Group. The framework has been reviewed by the AC and approved by the Board.

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 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's Articles of Association does not limit the number of proxies that may be appointed 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,

(b) prohibitions on trading in the Company's securities at all times if they are in possession of non-public material information;

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

(d) 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)
Integrated Distribution Services Group Limited	S$150,288	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 2008.

Directors

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

Anil Thadani	Non-Executive Chairman
Timothy Chia Chee Ming	Executive Director, Deputy Chairman and Group Chief Executive Officer
Timothy Yong Wei Hsien	Executive Director and Group Chief Operating Officer
Dr Victor Fung Kwok King	Non-Executive Director
Jennifer Chia Jee Phun	Non-Executive Director
Chuen Fah Alain Ahkong	Independent Director
Dilhan Pillay Sandrasegara	Independent Director
Prof Tan Chin Tiong	Independent Director (Appointed on 8 May 2008)
Robert Ernest Adams	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 director, 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:

	At beginning of financial year or date of appointment		At end of financial year	
Name of director	**Direct interest**	**Deemed interest**	**Direct interest**	**Deemed interest**
The Company				
Ordinary shares				
[1] Timothy Chia Chee Ming	–	161,698,398	–	161,698,398
Share awards				
[2] Timothy Yong Wei Hsien	–	–	–	997,500

1 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.

2 Mr Timothy Yong Wei Hsien was granted a conditional award of 330,000 shares and 225,000 shares pursuant to the Hup Soon Global Performance Share Plan ("**PSP**") and Hup Soon Global Restricted Share Plan ("**RSP**") respectively. Based on the achievement of certain predetermined performance conditions, the actual share awards will range from 0 to 660,000 under PSP and 0 to 337,500 under RSP.

Directors' interests in shares and debentures (cont'd)

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2009.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares or share awards of the Company, or of related corporations, either at the beginning of the financial year, 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 the legal firm of Wong Partnership LLP which provided legal services to the Company, Jennifer Chia Chee Phun who is a shareholder and director of the Seabanc group of companies which provided insurance brokerage services to the Company and Dr Victor Fung Kwok King who is a shareholder and director of Integrated Distribution Services Group which provided logistics services to the Group.

Share plans

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 was a share incentive scheme which applies to Group employees, executive and non-executive directors. The Scheme was terminated pursuant to a resolution passed by the shareholders at an Extraordinary General Meeting on 29 April 2008.

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 2008 are as follows:

Participants	Date of grant	Options granted/ (exercised)/ (lapsed) during the financial year	Aggregate options granted since commencement of 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
Employees							
Employees of the Company	17.8.2001	–	100,000	(100,000)	–	$1.20	17.8.2002 to 16.8.2011

Share awards

At an Extraordinary General Meeting held on 29 April 2008, shareholders approved the Hup Soon Global Performance Share Plan ("**PSP**") and Hup Soon Global Restricted Share Plan ("**RSP**") (collectively the "**Share Awards**") for the granting of share awards to selected employees of the Group ("**Participants**").

The Company has the flexibility to either issue and deliver new shares of the Company, or purchase and deliver existing shares of the Company to participants upon the vesting of the awards.

Share plans (cont'd)

Share awards (cont'd)

Participants will receive fully paid shares of the Company, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance targets are met within a prescribed performance period.

The total number of shares to be finally awarded to the Participants will be between 0 to 1,694,000 shares for PSP and between 0 to 1,287,750 shares for RSP based on the achievement of certain predetermined performance targets as determined by the Remuneration and Nomination Committee, the committee administering the Share Awards ("**Committee**").

Particulars of the unissued shares under awards granted pursuant to the Share Awards, awards exercised, cancelled or lapsed during the financial year, and awards outstanding as at 31 December 2008 are as follows :

Participants	Date of grant	Awards granted/ (exercised)/ (lapsed) during the financial year	Aggregate awards granted since commencement of Share Awards to end of financial year	Aggregate awards (exercised)/ (lapsed) since commencement of the Share Awards to end of financial year	Aggregate awards outstanding as at end of financial year	Vesting period
PSP						
Director of the Company						
Timothy Yong Wei Hsien	22.10.2008	330,000	330,000	–	330,000	22.10.2008 to 31.3.2011 (1)
Employees						
Employees of the Group	22.10.2008	517,000	517,000	–	517,000	22.10.2008 to 31.3.2011 (1)
RSP						
Director of the Company						
Timothy Yong Wei Hsien	22.10.2008	112,500	112,500	–	112,500	22.10.2008 to 31.3.2010 (2)
	22.10.2008	112,500	112,500	–	112,500	22.10.2008 to 31.3.2011 (2)
Employees						
Employees of the Group	22.10.2008	316,750	316,750	–	316,750	22.10.2008 to 31.3.2010 (2)
	22.10.2008	316,750	316,750	–	316,750	22.10.2008 to 31.3.2011 (2)

(1) Shares will be released to a Participant after the vesting period if certain predetermined performance targets as determined by the Committee are achieved or otherwise in accordance with the rules of the PSP.

(2) Shares will be released to a Participant after the vesting period if certain predetermined performance targets as determined by the Committee are achieved or otherwise in accordance with the rules of the RSP.

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

Audit Committee

At the date of this report, the Audit Committee comprises the following members, all of whom are non-executive directors:-

Chuen Fah Alain Ahkong	Chairman of the Audit Committee (Independent Director)
Jennifer Chia Jee Phun	Member (Appointed on 12 August 2008)
Prof Tan Chin Tiong	Member (Independent Director) (Appointed on 8 May 2008)
Dilhan Pillay Sandrasegara	Member (Independent Director) (Resigned on 8 May 2008)

Mr Dilhan Pillay Sandrasegara, the managing partner of Wong Partnership LLP, resigned as a member of the Audit Committee of the Company on 12 August 2008 due to his work commitments. Ms Jennifer Chia Jee Phun has been appointed as a member of the Audit Committee to replace Mr Dilhan Pillay Sandrasegara.

The Audit Committee met four times during the financial year and has reviewed the following:

(a) the audit plan of the internal and external auditors of the Group;

(b) the internal auditors' evaluation of the adequacy of the Group's system of internal controls including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;

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

(d) a whistleblowing policy which has been approved and implemented by the Group;

(e) 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;

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

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

(h) the independence of the external auditors; and

(i) 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.

Report of the Directors

Auditors

Ernst & Young LLP 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 2009

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 income statement, 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 2008 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 2009

Independent Auditors' Report

For the year ended 31 December 2008

To the members of Hup Soon Global Corporation 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 10 to 76, which comprise the balance sheets of the Group and the Company as at 31 December 2008, the statements of changes in equity of the Group and the Company and the income statement and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 accounts and balance sheets 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 management, 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 2008 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 LLP
Public Accountants and
Certified Public Accountants
Singapore
31 March 2009

Consolidated Income Statement

For the year ended 31 December 2008

	Note	Group 2008 US$'000	Group 2007 US$'000 (Restated)
Revenue	5	117,885	94,442
Cost of sales		(93,492)	(72,534)
Gross profit		24,393	21,908
Other operating income	6	1,397	1,848
Selling and distribution costs		(17,822)	(13,566)
Administrative expenses		(8,684)	(5,953)
Share based payment recovered/(expense)		305	(2,302)
(Loss)/Profit from operations	7	(411)	1,935
Finance costs	8	(883)	(428)
Goodwill written-off		(33)	(43,099)
Waiver of shareholders' loans		–	2,500
Share of results of associates (excluding negative goodwill)		(42)	67
Share of results of jointly controlled entities		320	–
Negative goodwill		–	4,644
Share of results of investments accounted for using the equity method		278	4,711
Loss before tax		(1,049)	(34,381)
Tax expense	9	391	(1,765)
Loss for the year		(658)	(36,146)
Attributable to :-			
Equity holders of the Company		(658)	(36,171)
Minority interests		–	25
		(658)	(36,146)
Earnings per share			
Basic and diluted (USD cents)	40	(0.18)	(10.95)

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

Balance Sheets
as at 31 December 2008

	Note	Group 2008 US$'000	Group 2007 US$'000 (Restated)	Company 2008 US$'000	Company 2007 US$'000
Non-current assets					
Property, plant and equipment	10	3,383	2,096	237	530
Investment in subsidiaries	11	–	–	55,955	53,053
Investment in associates	12	12,870	13,144	–	–
Investment in jointly controlled entities	13	1,955	1,736	–	–
Deferred tax assets	14	2,446	1,421	–	–
Goodwill	15	–	33	–	–
Current assets					
Inventories	16	37,896	29,038	–	–
Trade receivables	17	23,944	23,015	–	–
Other receivables	18	1,934	1,778	12	13
Prepayments		407	306	47	34
Tax recoverable		275	52	7	12
Amounts due from related companies	23	4	19	10,061	7,836
Loan to an associate	19	3,262	3,638	–	–
Short term deposits	35	7	8	–	–
Cash and bank balances	35	10,946	11,479	5,642	6,329
		78,675	69,333	15,769	14,224
Current liabilities					
Trade payables	20	21,535	22,362	–	–
Other payables and accruals	21	6,175	6,618	777	493
Provision for liabilities	22	405	344	–	–
Amounts due to related companies	23	2,952	2,189	15	–
Interest-bearing loans and borrowings	24	24,786	10,515	555	–
Provision for taxation		604	980	–	–
		56,457	43,008	1,347	493
Net current assets		22,218	26,325	14,422	13,731
Non-current liabilities					
Interest-bearing loans and borrowings	24	561	167	–	–
Provision for retirement benefits	28	796	921	–	–
		1,357	1,088	–	–
Net assets		41,515	43,667	70,614	67,314
Equity attributable to equity holders of the Company					
Share capital	29	68,248	68,248	65,613	104,331
Legal reserve	31	1,889	1,889	–	–
Accumulated profits/(losses)		9,023	9,681	371	(38,718)
Share grant reserve	32	3,457	3,453	4	–
Translation reserve	33	1,997	3,495	4,626	1,701
Capital reserve	34	(43,099)	(43,099)	–	–
Total equity		41,515	43,667	70,614	67,314

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 2008

Group	Share capital (Note 29) US$'000	Legal reserve (Note 31) US$'000	Accumulated profits/ (losses) US$'000	Share grant reserve (Note 32) US$'000	Translation reserve (Note 33) US$'000	Capital reserve (Note 34) US$'000	Total reserves US$'000	Minority interests US$'000	Total US$'000
Balance at 1 January 2008 as previously reported	68,248	1,889	11,152	3,144	3,495	(43,099)	(23,419)	–	44,829
Prior year adjustments (Note 45)	–	–	(1,471)	309	–	–	(1,162)	–	(1,162)
Balance at 1 January 2008 as restated	68,248	1,889	9,681	3,453	3,495	(43,099)	(24,581)	–	43,667
Net effect of exchange differences	–	–	–	–	(1,498)	–	(1,498)	–	(1,498)
Net income recognised directly in equity	–	–	–	–	(1,498)	–	(1,498)	–	(1,498)
Loss for the year	–	–	(658)	–	–	–	(658)	–	(658)
Total recognised income and expenses for the year	–	–	(658)	–	(1,498)	–	(2,156)	–	(2,156)
Share based payment	–	–	–	4	–	–	4	–	4
Balance at 31 December 2008	68,248	1,889	9,023	3,457	1,997	(43,099)	(26,733)	–	41,515
Balance at 1 January 2007	– *	1,895	2,747	1,151	1,194	–	6,987	26	7,013
Net effect of exchange differences	–	–	–	–	2,301	–	2,301	–	2,301
Net income recognised directly in equity	–	–	–	–	2,301	–	2,301	–	2,301
Loss for the year	–	–	(36,171)	–	–	–	(36,171)	25	(36,146)
Total recognised income and expense for the year	–	–	(36,171)	–	2,301	–	(33,870)	25	(33,845)
Acquisition of minority interests	–	–	–	–	–	–	–	(51)	(51)
Transfer from accumulated profits/(losses) to capital reserve	–	–	43,099	–	–	(43,099)	–	–	–
Transfer from legal reserve to accumulated profits/(losses)	–	(6)	6	–	–	–	–	–	–
Share based payment	–	–	–	2,302	–	–	2,302	–	2,302
Issuance of ordinary shares during the year	68,248	–	–	–	–	–	–	–	68,248
Balance at 31 December 2007	68,248	1,889	9,681	3,453	3,495	(43,099)	(24,581)	–	43,667

Statements of Changes in Equity
For the year ended 31 December 2008

Company	Share capital (Note 29) US$'000	Shares to be issued (Note 30) US$'000	Accumulated profits/ (losses) US$'000	Share grant reserve (Note 32) US$'000	Translation reserve (Note 33) US$'000	Capital reserve (Note 34) US$'000	Total reserves US$'000	Total US$'000
Balance at 1 January 2008	104,331	–	(38,718)	–	1,701	–	(37,017)	67,314
Net effect of exchange differences	–	–	–	–	2,925	–	2,925	2,925
Net income recognised directly in equity	–	–	–	–	2,925	–	2,925	2,925
Profit for the year	–	–	371	–	–	–	371	371
Total recognised income and expenses for the year	–	–	371	–	2,925	–	3,296	3,296
Share based payment	–	–	–	4	–	–	4	4
Transfer from accumulated profits/(losses) to share capital	(38,718)	–	38,718	–	–	–	38,718	–
Balance at 31 December 2008	65,613	–	371	4	4,626	–	5,001	70,614
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

* 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 2008

	2008 US$'000	2007 US$'000 (Restated)
Cash flows from operating activities:		
Loss before tax	(1,049)	(34,381)
Adjustments for :-		
Depreciation of property, plant and equipment	942	458
Fair value loss/(gain) on forward currency contracts	79	(12)
Interest expense	883	428
Interest income	(223)	(447)
Share of results of investments accounted for using the equity method	(278)	(4,711)
Goodwill written-off	33	43,099
Share based payment	4	2,302
Gain on disposal of property, plant and equipment	(27)	(25)
Waiver of shareholders' loans	–	(2,500)
Property, plant and equipment written-off	29	2
Currency realignment	(1,075)	2,134
Operating (loss)/profit before working capital changes	(682)	6,347
Increase in inventories	(8,858)	(10,345)
Increase in receivables	(1,171)	(6,467)
(Decrease)/Increase in payables	(662)	8,751
Cash flows used in operations	(11,373)	(1,714)
Interest paid	(883)	(428)
Interest received	223	447
Taxation paid	(1,129)	(1,696)
Net cash flows used in operating activities	(13,162)	(3,391)
Cash flows from investing activities:		
Purchase of property, plant and equipment (Note 10)	(2,617)	(1,532)
Proceeds from disposal of property, plant and equipment	291	92
Investment in associates and jointly controlled entity (Notes 12, 13)	–	(4,155)
Net cash inflow on completion of reverse acquisition (Note 2)	–	14,255
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 (used in)/from investing activities	(2,326)	8,158
Cash flows from financing activities:		
Proceeds from loans and borrowings	14,195	2,739
Increase in shareholders' loans, net	–	2,649
Decrease/(increase) in short term deposits pledged	1	(8)
Decrease/(increase) in loan to associate	376	(684)
Redemption of preference shares	–	(1,100)
Net cash flows from financing activities	14,572	3,596
Net (decrease)/increase in cash and cash equivalents	(916)	8,363
Cash and cash equivalents at beginning of year	11,463	3,100
Cash and cash equivalents at end of year (Note 35)	10,547	11,463

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

1. Corporate information

Hup Soon Global Corporation Limited (the "**Company**"), 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).

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 had 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) was recorded as equity. The cost of acquisition was 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 was deemed to be incurred by the Acquired Group in the form of equity issued to the owners of the legal parent.

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	

The goodwill arising from the acquisition of S$42,461,000 was written-off in 2007 as reflected in the consolidated income statement (restated).

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. Summary of significant accounting policies (cont'd)

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:

Reference		Description	Effective for annual periods beginning on or after
INT FRS 113	:	Customer Loyalty Programmes	1 July 2008
INT FRS 116	:	Hedges of a Net Investment in Foreign Operations	1 October 2008
INT FRS 117	:	Distributions of Non-cash Assets to Owners	1 July 2009
FRS 1	:	Presentation of Financial Statements – Revised Presentation	1 January 2009
	:	Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23	:	Borrowing Costs	1 January 2009
FRS 27	:	Consolidated and Separate Financial Statements – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Equity or Associate	1 January 2009
FRS 32	:	Financial Instruments: Presentation – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 39	:	Financial Instruments: Recognition and Measurement – Amendments relating to eligible hedged items	1 July 2009
FRS 101	:	First-time Adoption of Financial Reporting Standard – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 102	:	Share-based Payment – Vesting Conditions and Cancellations	1 January 2009
FRS 108	:	Operating Segments	1 January 2009

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 1 and FRS 108 as indicated below:

FRS 1 Presentation of Financial Statements - Revised Presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt.

FRS 108 Operating Segments

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.

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 income statement.

(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 cumulative amount in equity relating to that foreign entity is recognised in the income statement 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.

3. Summary of significant accounting policies (cont'd)

3.4 ***Basis of consolidation (cont'd)***

Purchase method (cont'd)

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 income statement on the date of acquisition.

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 income statement 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.

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. Summary of significant accounting policies (cont'd)

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.

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 income statement. 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 in line with those of the Group.

3. Summary of significant accounting policies (cont'd)

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 income statement 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.

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 income statement in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property, plant and equipment.

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%
Forklifts	-	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 income statement in the year the asset is derecognised.

3.11 ***Intangible assets***

(a) ***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.

3. Summary of significant accounting policies (cont'd)

3.11 ***Intangible assets***

(a) ***Goodwill (cont'd)***

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 income statement. 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.

(b) ***Other intangible assets***

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

Brand

The brand was acquired in the acquisition of equity interest in an associate. The useful lives of the brand is estimated to be indefinite because based on the current market share of the brand, management believes there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows for the Group.

The brand is accounted as part of the investment in associate.

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.

3. Summary of significant accounting policies (cont'd)

3.12 ***Impairment of non-financial assets (cont'd)***

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 income statement.

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 been recognised previously. Such reversal is recognised in the income statement.

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.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

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 or loss, loans and receivables and financial assets available-for-sale.

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

Financial assets held for trading are classified as financial assets at fair value through profit or loss. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets 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 income statement. 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 income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

3. Summary of significant accounting policies (cont'd)

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 income statement.

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.

In order 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 income statement.

(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.

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 ***Inventories***

Inventories representing raw materials and finished goods which 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.

3.17 ***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.

3. Summary of significant accounting policies (cont'd)

3.17 ***Financial liabilities (cont'd)***

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.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Net gains or losses on derivatives include exchange differences.

3.18 ***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.

3.19 ***Borrowing costs***

Borrowing costs are recognised in the income statement as incurred.

3.20 ***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 in the income statement. 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.

3. Summary of significant accounting policies (cont'd)

3.20 ***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.

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 option/award plans***

Employees of the Group receive remuneration in the form of share options and/or share awards as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options/awards at the date on which the options/awards are granted. This cost is recognised in the income statement, with a corresponding increase in the employee share grant reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options/awards that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options/awards that do not ultimately vest, except for options/awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share grant reserve is transferred to retained earnings upon expiry of the share options/awards. When the options/awards are exercised, the employee share grant reserve is transferred to share capital if new shares are issued, or to treasury shares if the options/awards are satisfied by the reissuance of treasury shares.

3.21 ***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 income statement. 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 income statement 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.

3.22 ***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.

3. Summary of significant accounting policies (cont'd)

3.22 ***Revenue recognition (cont'd)***

(b) ***Interest income***

Interest income is recognised using the effective interest method.

(c) ***Dividend income***

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

3.23 ***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 income statement 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 income statement 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.

3. Summary of significant accounting policies (cont'd)

3.22 *Revenue recognition (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.

3.24 *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 income statement 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.

3.25 *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.

3.26 *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.

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. Significant accounting estimates and judgements

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$604,000 (2007 : US$980,000) and US$2,446,000 (2007 : US$1,421,000) 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$796,000 (2007 : US$921,000). Further details are given in Note 28.

(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$55,955,000 (2007 : US$53,053,000).

(c) ***Impairment of loans and receivables***

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the balance sheet date is disclosed in Note 43 to the financial statements.

(d) ***Impairment of inventory***

An impairment review is made periodically on inventory for excess inventory, obsolescence and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require management to estimate future demand for the products. Possible changes in these estimates could result in revisions to the valuation of inventory. As at 31 December 2008, the carrying amount of the Group's inventory is $37,896,000 (2007: $29,038,000).

5. Revenue

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

6. Other operating income

	Group	
	2008	2007
	US$'000	US$'000
Interest income from loans and receivables	223	447
Foreign exchange gain, net	16	705
Rebate and claim	500	275
Sale of scrap	90	115
Gain on disposal of property, plant and equipment	27	25
Commission income	170	-
Subsidy from suppliers	141	139
Refund of duty from re-export	74	17
Others	156	125
	1,397	1,848

7. (Loss)/Profit from operations

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

	Group	
	2008	2007
	US$'000	US$'000
		(Restated)
Depreciation of property, plant and equipment (Note 10)	(942)	(458)
Allowance for doubtful trade debts (Note 17)	(397)	(275)
Allowance for doubtful non-trade debts (Note 18)	(19)	-
Executive officers' emoluments	(2,053)	(2,038)
Salaries and employees' benefits (excluding executive officers' emoluments)		
- Wages, salaries and bonus	(7,650)	(6,369)
- Defined contribution plans	(838)	(714)
- Other employee benefits	(2,751)	(1,960)
Non-audit fees paid to		
- Auditors of the Company	(11)	(19)
- Other auditors	(14)	(11)
Rental expense (Note 39)	(1,738)	(1,130)
Share based payment recovered/(expense) (Note 32)	305	(2,302)
Retirement benefits (Note 28)	(102)	(106)
Fair value (loss)/gain on forward currency contracts (Note 36)	(79)	12
Waiver of shareholders' loans (Note 27)	–	2,500

8. Finance costs

Finance costs comprise the following:-

	Group 2008 US$'000	Group 2007 US$'000
Revolving bank loans interest	(126)	(145)
Term loan interest	(475)	(177)
Obligations under finance leases	(13)	(8)
Bankers acceptance	(258)	(80)
Bank overdraft interest	(9)	(12)
Bank letter of credit interest	(2)	–
Preference share dividends	–	(6)
	(883)	(428)

9. Tax expense

	Group 2008 US$'000	Group 2007 US$'000
Provision for taxation in respect of profit for the year:-		
Current taxation	(1,429)	(1,954)
Deferred taxation (Note 14)	1,213	181
	(216)	(1,773)
Overprovision of current taxation in respect of prior year	568	5
Overprovision of deferred taxation in respect of prior year (Note 14)	39	3
	391	(1,765)

A reconciliation between the tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 December 2008 and 2007 is as follows :-

	Group 2008 US$'000	Group 2007 US$'000 (Restated)
Loss before tax	(1,049)	(34,381)
Taxation at the domestic rate applicable to (losses)/profits in the countries where the Group operates	(1,773)	5,454
Non-deductible expenses for taxation purposes	(936)	(7,108)
Deferred tax benefits not recognised	(360)	(712)
Overprovision in respect of prior year	607	8
Income not subject to corporate tax	1,732	541
Effect of reduction in tax rate	(54)	–
Tax effect on income received from overseas	(136)	(86)
Deferred tax benefits previously not recognised	1,311	138
	391	(1,765)

9. **Tax expense (cont'd)**

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

A related company intends to transfer current year unutilised trade losses to the Company under the group relief system, subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore.

The corporate income tax rate applicable to Malaysian companies of the Group was reduced from 27% to 26% and 25% for the year of assessment 2008 and the year of assessment 2009 onwards respectively.

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

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	
	2008	2007
	US$'000	US$'000
Deductible temporary differences	297	293
Unused tax losses	886	4,642
Unutilised capital allowances	429	368

10. Property, plant and equipment

Group	Leasehold improvement US$'000	Plant, machinery and equipment US$'000	Furniture, fittings and office equipment US$'000	Renovation US$'000	Motor vehicles US$'000	Forklifts US$'000	Total US$'000
Cost							
At 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 and 1 January 2008	712	871	2,230	561	908	–	5,282
Additions	38	359	819	204	390	894	2,704
Disposals	–	(203)	(74)	(7)	(97)	–	(381)
Written-off	–	(4)	(11)	(29)	–	–	(44)
Exchange difference	(104)	(25)	(681)	18	(110)	(31)	(933)
At 31 December 2008	646	998	2,283	747	1,091	863	6,628
Accumulated depreciation and impairment							
At 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 and 1 January 2008	587	191	1,677	115	616	–	3,186
Depreciation charge for the year	75	150	244	271	111	91	942
Disposals	–	(8)	(40)	(3)	(66)	–	(117)
Written-off	–	(1)	(4)	(10)	–	–	(15)
Exchange difference	(88)	(7)	(587)	8	(74)	(3)	(751)
At 31 December 2008	574	325	1,290	381	587	88	3,245
Net book value							
At 31 December 2007	125	680	553	446	292	–	2,096
At 31 December 2008	72	673	993	366	504	775	3,383

10. Property, plant and equipment (cont'd)

Company	Plant, machinery and equipment US$'000	Renovation US$'000	Total US$'000
Cost			
At 1 January 2007	45	–	45
Additions	244	404	648
Disposals	(4)	–	(4)
Exchange difference	13	18	31
At 31 December 2007 and 1 January 2008	298	422	720
Additions	4	–	4
Exchange difference	(42)	1	(41)
At 31 December 2008	260	423	683
Accumulated depreciation and impairment			
At 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 and 1 January 2008	84	106	190
Depreciation charge for the year	87	215	302
Exchange difference	(42)	(4)	(46)
At 31 December 2008	129	317	446
Net book value			
At 31 December 2007	214	316	530
At 31 December 2008	131	106	237

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of US$2,704,000 (2007 : US$1,631,000) of which US$87,000 (2007 : US$99,000) was acquired by means of finance leases. Cash outflow on acquisition of property, plant and equipment amounted to US$2,617,000 (2007 : US$1,532,000).

The carrying amount of property, plant and equipment held under finance leases at balance sheet date was US$207,000 (2007 : US$240,000).

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

11. Investment in subsidiaries

	Company 2008 US$'000	Company 2007 US$'000
Shares, at cost	177,753	177,753
Less: Impairment loss	(124,700)	(124,700)
Exchange differences	2,902	–
Carrying amount of investments	55,955	53,053

11. Investment in subsidiaries (cont'd)

For the financial year ended 31 December 2007, an impairment loss of US$124,700,000 was recognised in the income statement 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. No impairment loss was recognised for the year ended 31 December 2008.

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 three-year (2007 : five-year) period. The pre-tax discount rate applied to the cash flow projections ranges from 8.5% to 10% (2007 : 8.8% to 9.5%). The growth rate used to extrapolate the cash flows of the subsidiaries beyond the three-year period ranges from 0% to 2.5% (2007 : 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 2008 %	2007 %
	Held by the Company			
#	Hup Soon Global Pte. Ltd. (Singapore)	Investment holding (Singapore)	100	100
#	Borid Energy Investment Holdings Pte. Ltd. (Singapore)	Investment holding (Singapore)	100	100
#	HSG (Glenmarie) Pte. Ltd. (Singapore)	Investment holding (Singapore)	100	100
#	HSG Holdings Pte. Ltd. (formerly known as Hup Soon Industrial Equipment Holdings Pte. Ltd.) (Singapore)	Investment holding (Singapore)	100	100
#	Hup Soon Industrial Equipment Pte. Ltd. [(1)] (Singapore)	Investment holding (Singapore)	100	100
#	HSG Investments Pte.Ltd. (Singapore)	Investment holding (Singapore)	100	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

11. Investment in subsidiaries (cont'd)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2008 %	2007 %
	Held through subsidiaries			
	Held by Hup Soon Global Pte. Ltd.			
#	Borneo Technical (S) Pte. Ltd. (formerly known as Borid Energy (S) Pte. Ltd.) (2) (Singapore)	Marketing and distribution of automotive related products (Singapore)	100	100
*	Borneo Technical (Thailand) Limited (Thailand)	Marketing and distribution of automotive related products and industrial supplies (Thailand)	100	100
*	Anglo Thai Tractors Limited (Thailand)	Assembly of tractors (Thailand)	100	100
*	Factory Products Centre (Thailand) Limited (Thailand)	Dormant	100	100
*	Borneo Technical Co. (M) Sdn. Bhd. (Malaysia)	Marketing and distribution of automotive related products and industrial supplies (Malaysia)	100	100
*	Kwikpart Sdn. Bhd. (Malaysia)	Marketing and distribution of automotive related products and industrial supplies (Malaysia)	100	100
	Held by Borid Energy Investment Holdings Pte. Ltd.			
#	Borid Energy Holdings Pte. Ltd. (Singapore)	Investment holding (Singapore)	100	100
	Held by HSG (Glenmarie) Pte. Ltd.			
*	Hup Soon Global (M) Sdn. Bhd. (Malaysia)	Investment holding (Malaysia)	100	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	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
- 31 December 2008

11. **Investment in subsidiaries (cont'd)**

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2008 %	2007 %
	Held by Arboretum Mauritius Ltd.			
**	Twinwood Technologies (IT Services) Pvt.Ltd. (India)	Dormant	100	100
	Held by Borid Energy Holdings Pte. Ltd.			
*	Borid Energy (M) Sdn. Bhd. (Malaysia)	Provides battery charging services and marketing and distribution of technical products (Malaysia)	100	100
*	Borid Electrical Components Sdn. Bhd. (Malaysia)	Dormant	100	100
*	Borid 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	100
	Held by Borneo Technical (Thailand) Limited			
*	Anglo-Thai Company Limited (Thailand)	Marketing and distribution of tractors, and marketing of automatic transmissions (Thailand)	100	100

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

	Percentage of equity held in 2008 and 2007 %
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 LLP, 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 liquidation.
(1) In 2008, HSG Holdings Pte. Ltd. transferred its 100% equity interest in Hup Soon Industrial Equipment Pte. Ltd. to Hup Soon Global Corporation Ltd for a cash consideration of US$1 (equivalent to US$0.69).
(2) In 2008, Borid Energy Holdings Pte Ltd transferred its 100% equity interest in Borneo Technical (S) Pte. Ltd. to Hup Soon Global Pte. Ltd. for a cash consideration of US$1 (equivalent to US$0.69).

11. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries

In 2007, 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) Borneo Technical (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	

From the date of acquisition to 31 December 2007, 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 previous financial year, the Group's loss, net of tax for the financial year ended 31 December 2007 would have been US$34,926,000 and revenue would have been US$94,936,000.

Acquisition of minority interests

In 2007, 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 2008 US$'000	Group 2007 US$'000 (Restated)
Shares, at cost	6,041	6,025
Share of post-acquisition reserves *	6,829	7,119
Carrying amount of investments	12,870	13,144

The share of post acquisition reserves includes negative goodwill of US$4,408,000 arising from the acquisition of associate, Tai Kwong Yokohama Berhad in 2007.

* Includes the recognition of the Yokohama brand arising from the purchase price allocation in relation to the acquisition of a 30.5% equity interest in Tai Kwong Yokohama Berhad. During the year, the fair values of the identifiable assets (including the recognition of Yokohama brand) and liabilities of Tai Kwong Yokohama Berhad determined based on the purchase price allocation exercise has been finalised. Accordingly, a reduction of US$1,313,000 on negative goodwill recognised previously has been adjusted as a prior year adjustment (Note 45). As at 31 December 2008, the carrying value of the brand, adjusted for the proportion of ownership interest held by the Group, is US$2,216,000.

The associates as at 31 December are :-

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2008 %	Proportion of ownership interest 2007 %
	Held through subsidiaries			
#	Capricorn Holdings Limited (Thailand)	Investment holding (Thailand)	49	49
#	Tai Kwong Yokohama Berhad (Malaysia)	Investment holding (Malaysia)	30.5	30.5

\# Audited by member firms of Ernst & Young Global in the respective countries.

In 2007, the Group acquired 30.5% equity interest in Tai Kwong Yokohama Berhad for a purchase consideration of US$4,042,000 whereby 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.

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group is as follows:-

	2008 US$'000	2007 US$'000 (Restated)
Assets and liabilities :		
Current assets	30,420	34,912
Non-current assets	33,093	35,172
Intangible assets	7,082	7,393
Total assets	70,595	77,477
Current liabilities	30,118	32,871
Non-current liabilities	4,582	6,570
Total liabilities	34,700	39,441
Post acquisition results :		
Revenue	68,304	14,672
Loss for the year	(373)	(286)

13. Investment in jointly controlled entities

	Group 2008 US$'000	Group 2007 US$'000
Shares, at cost	1,504	1,500
Share of post-acquisition reserves	451	236
Carrying amount of investments	1,955	1,736

The share of post-acquisition reserves includes negative goodwill of US$236,000 arising from the investment in a jointly controlled entity, Nichiyu Asia Pte Ltd in 2007.

The jointly controlled entities as at 31 December are :-

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2008 %	Proportion of ownership interest 2007 %
	Held by HSG Investments Pte. Ltd.			
*	Nichiyu Asia Pte Ltd (Singapore)	Distribution of the "Nichiyu" brand of electric material handling equipment (Singapore)	30	30
	Held by Borneo Technical (S) Pte. Ltd.			
#	Top 1 Oil Asia Pte Ltd (Singapore)	Distribution of the "Top 1" brand of lubricants and additives (Singapore)	50	–

Audited by Ernst & Young LLP, Singapore.
* Audited by PKF-CAP LLP, Singapore.

During the year, the Group entered into a Joint Venture Agreement ("**JVA**") with Atlas Asia-Pacific ("**Top USA**"), a company incorporated in the State of California in the United States of America.

Pursuant to the JVA, Top 1 Oil Asia Pte. Ltd. has been incorporated in Singapore on 16 September 2008 to distribute the entire range of the Top 1 brand of lubricants and additives in various Asian countries. The Group own 50% equity interest in the jointly controlled entity.

On 18 December 2007, the Group acquired a 30% equity interest in a jointly controlled entity, Nichiyu Asia Pte. Ltd. for a purchase consideration of US$1,500,000. The purchase consideration was fully settled via cash.

13. Investment in jointly controlled entities (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 entities are as follows:

	Group	
	2008	2007
	US$'000	US$'000
Assets and liabilities :		
Current assets	4,270	3,059
Non-current assets	1,211	969
Total assets	5,481	4,028
Current liabilities	3,513	2,281
Non-current liabilities	52	47
Total liabilities	3,565	2,328
Results :		
Revenue	8,810	–
Profit for the year	320	–

14. Deferred tax assets

	Group	
	2008	2007
	US$'000	US$'000
Balance at beginning of year	1,421	1,026
Credit to income statement (Note 9)	1,252	184
Exchange difference	(227)	211
Balance at end of year	2,446	1,421

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

	2008	2007
Deferred tax liability :-		
Difference in depreciation	(62)	(26)
Others	(19)	–
	(81)	(26)
Deferred tax assets:-		
Allowance for slow-moving inventories	280	600
Allowance for doubtful debts	213	238
Difference in depreciation	10	–
Provision for retirement benefits	237	276
Provision for liabilities	384	94
Unused tax losses	924	–
Unutilised capital allowances	439	–
Others	40	239
	2,527	1,447
Net deferred tax assets	2,446	1,421

15. Goodwill

	Group 2008 US$'000	Group 2007 US$'000
Cost :		
At 1 January	43,132	–
Goodwill arising from acquisition of subsidiaries (Note 11)	–	671
Goodwill arising from reverse acquisition (Note 2)	–	42,461
At 31 December	43,132	43,132
Accumulated amortisation and impairment:		
At 1 January	(43,099)	–
Goodwill arising from acquisition of subsidiaries written off (Note 34)	(33)	(638)
Goodwill arising from reverse acquisition written off (Note 34)	–	(42,461)
	(43,132)	(43,099)
Net carrying amount :		
At 31 December	–	33

16. Inventories

	Group 2008 US$'000	Group 2007 US$'000
Balance sheet		
Raw materials		
At cost	–	1,232
At net realisable value	191	142
Finished goods		
At cost	15,147	17,380
At net realisable value	17,841	605
Work-in-progress (at cost)	5	11
Consumables (at cost)	26	1
Goods in transit (at cost)	4,686	9,667
Total inventories at lower of cost and net realisable value	37,896	29,038
Income statement		
Inventories recognised as an expense in cost of sales	92,784	71,761
Inclusive of the following charge/(credit) :		
- Inventories written-down	614	583
- Reversal of write-down of inventories	(5)	(3)

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

17. Trade receivables

	Group 2008 US$'000	Group 2007 US$'000
External parties	25,190	24,199
Less: Allowance for doubtful debts	(1,246)	(1,184)
	23,944	23,015

The currency profile of trade receivables is as follows:-

	Group 2008 US$'000	Group 2007 US$'000
Ringgit	9,372	9,483
Baht	14,527	13,489
Singapore Dollar	45	43
	23,944	23,015

For the year ended 31 December 2008, an impairment loss of US$397,000 (2007 : US$275,000) (Note 7) was recognised in the income statement subsequent to a debt recovery assessment performed on trade receivables as at 31 December 2008.

Receivables that are past due but not impaired.

The Group has trade receivables amounting to US$4,045,000 (2007: US$ 3,863,000) 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 2008 US$'000	Group 2007 US$'000
Trade receivables past due :		
Lesser than 30 days	2,563	2,029
30 to 60 days	749	535
More than 60 days	733	1,299
	4,045	3,863

17. Trade receivables (cont'd)

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	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Trade receivables – nominal amounts	1,652	3,454	1,016	409
Less: Allowance for impairment	(254)	(791)	(992)	(393)
	1,398	2,663	24	16
Movement in allowance accounts				
At 1 January	(791)	(623)	(393)	(225)
(Charge)/Write back for the year	460	(34)	(857)	(241)
Written off	49	–	144	94
Exchange differences	28	(134)	114	(21)
At 31 December	(254)	(791)	(992)	(393)

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.

18. Other receivables

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Sundry receivables	1,257	1,117	10	11
Deposits	666	649	2	2
Fair value of forward currency contracts (Note 36)	11	12	–	–
	1,934	1,778	12	13

Sundry receivables are stated after allowance for doubtful debt of US$19,000 (2007 : US$Nil).

19. Loan to an associate

Loan to an associate bears interest at the Company's cost of funds of 7.04% (2007 : 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. 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	
	2008	2007
	US$'000	US$'000
Ringgit	1,572	2,143
Baht	6,175	6,513
US Dollar	9,007	10,636
Euro	84	236
Japanese Yen	3,403	1,488
Pound Sterling	1,226	894
Singapore Dollar	–	45
Australian Dollar	68	407
	21,535	22,362

21. Other payables and accruals

	Group		Company	
	2007	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Accruals	3,798	4,087	741	473
Deposits from customers	145	226	–	–
Sundry payables	2,142	2,305	36	20
Fair value of forward currency contract (Note 36)	90	–	–	–
	6,175	6,618	777	493

22. Provision for liabilities

		Group	
	Warranty	Rebate	Total
	US$'000	US$'000	US$'000
At 1 January 2007	149	24	173
Charge to income statement	563	28	591
Utilised during the year	(417)	(35)	(452)
Exchange difference	31	1	32
At 31 December 2007 and at 1 January 2008	326	18	344
Charge to income statement	694	111	805
Utilised during the year	(625)	(86)	(711)
Unused amounts reversed during the year	(4)	–	(4)
Exchange difference	(28)	(1)	(29)
At 31 December 2008	363	42	405

22. Provision for liabilities (cont'd)

(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% to 6% of sales of qualifying products generated during the financial year.

23. Amounts due from/(to) related companies

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Amounts due from related companies :				
Subsidiaries	–	–	10,060	7,835
Associates	1	19	1	1
Jointly controlled entities	3	–	–	–
	4	19	10,061	7,836
Amounts due to related companies :				
Associates	(2,952)	(2,189)	(15)	–

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$596,000 (2007 : US$560,000) due from a subsidiary which bears interest at 5% (2007 : 5%) per annum.

Amounts due from associates and jointly controlled entities 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	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	4	–	10,061	7,898
Ringgit	(2,833)	(1,987)	(15)	(62)
Baht	(119)	(183)	–	–
	(2,948)	(2,170)	10,046	7,836

24. Interest-bearing loans and borrowings

	Group 2008 US$'000	Group 2007 US$'000	Company 2008 US$'000	Company 2007 US$'000
Floating rate				
Banker's acceptance	6,754	3,403	–	–
Bank overdrafts (Note 35)	399	16	–	–
Revolving loans	17,202	6,991	555	–
Term loan	808	89	–	–
Fixed rate				
Obligations under finance leases (Note 25)	184	183	–	–
	25,347	10,682	555	–
Less:				
Term loan (non-current)	(454)	(50)	–	–
Obligations under finance leases (non-current) (Note 25)	(107)	(117)	–	–
	24,786	10,515	555	–

The interest-bearing loans and borrowings are unsecured, except for an amount of US$2,080,000 (2007 : US$2,210,000) 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 2008 US$'000	Group 2007 US$'000	Company 2008 US$'000	Company 2007 US$'000
Ringgit	10,753	6,110	–	–
Baht	13,657	4,191	–	–
Singapore Dollar	937	381	555	–
	25,347	10,682	555	–

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

	Group 2008 %	Group 2007 %
Banker's acceptances	4.32	4.43
Bank overdrafts	6.75	7.00
Revolving loans	4.08	4.29
Term loan	7.00	7.00

25. Finance lease obligations

	Group			
	2008		2007	
	Minimum lease payments US$'000	Present value of payments (Note 24) US$'000	Minimum lease payments US$'000	Present value of payments (Note 24) US$'000
Not later than one year	86	77	76	66
Later than one year but not later than five years	114	107	125	117
Total minimum lease payments	200	184	201	183
Less: Amounts representing finance charges	(16)	–	(18)	–
Present value of minimum lease payments	184	184	183	183

The effective interest rates of the finance leases range from 4.39% to 9.02% (2007 : 5.12% to 9.02%) 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.

26. Preference shares

	Group	
	2008 US$'000	2007 US$'000
Issued and fully paid :-		
At 1 January		
Nil (2007 : 1,100,000) 4% preference shares	–	1,100
Nil (2007 : 1,100,000) redemption of 4% preference shares	–	(1,100)
At 31 December		
Nil (2007 : Nil) 4% preference shares	–	–

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 in 2007.

27. Shareholders' loans

The shareholders' loans were part of the capital structure of the Acquired Group prior to the reverse acquisition. In the previous 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.

28. 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 income statement 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	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Current service cost	29	30	13	14	10	10	52	54
Interest cost on benefit obligation	24	25	14	14	9	9	47	48
Net actuarial losses recognised during the year	–	–	–	–	3	4	3	4
Net benefit expense	53	55	27	28	22	23	102	106

Amounts recognised in the balance sheets as at:-

	2008	2007	2008	2007	2008	2007	2008	2007
Defined benefit obligation	413	477	233	269	149	168	795	914
Unrecognised net actuarial loss/(gain)	22	31	17	23	(38)	(47)	1	7
Benefit liability	435	508	250	292	111	121	796	921

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

	2008	2007	2008	2007	2008	2007	2008	2007
Benefit obligation at beginning of year	477	385	269	220	168	140	914	745
Translation differences	(67)	82	(38)	46	(24)	30	(129)	158
Current service cost	27	33	13	15	9	11	49	59
Interest cost on benefit obligation	23	27	13	15	8	10	44	52
Unrecorded net actuarial loss/(gain)	22	30	17	23	(38)	(47)	1	6
Benefits paid	(47)	(49)	(24)	(27)	(12)	(23)	(83)	(99)
Benefit obligation at end of year	435	508	250	292	111	121	796	921

28. Provision for retirement benefits (cont'd)

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

	2008 %	2007 %
Discount rates	4.5	6.0
Price inflation	3.5	3.5
Salary inflation	6.0	6.0
	Per Baht weight of Gold *	
Gold prices (Baht)	13,000	12,000

* increasing with price inflation

Employee turnover

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 income statement.

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

	2008 US$'000	2007 US$'000
Legal Severance Payment Plan	435	508
Long Service Provision Plan	250	292
Long Service Award Plan	111	121
	796	921

29. Share capital

	Group Number of ordinary shares '000	Group US$'000	Company Number of ordinary shares '000	Company US$'000
Issued and fully paid:				
At 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 (Note 30)	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 and 1 January 2008	364,354	68,248	364,354	104,331
Transfer from accumulated losses arising from capital reduction [6]	–	–	–	(38,718)
At 31 December 2008	364,354	68,248	364,354	65,613

(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 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.

(6) Pursuant to shareholders' approval on 29 April 2008, the capital reduction exercise to reduce the issued and paid-up share capital of the Company by US$38,718,000, which is lost or unrepresented by available assets is completed and effective from 12 June 2008.

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.

30. Shares to be issued

	Company			
	2008		2007	
	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
Cancelled during the year	–	–	(41,035)	(1,755)
Issued during the year (Note 29)	–	–	(10,620)	(454)
At 31 December	–	–	–	–

In 2007, 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 in 2007.

31. 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.

32. Share grant reserve

On 22 October 2008, the Company has issued RSP and PSP to eligible executives. Based on the fair value of the share awards determined using Monte-Carlo model, the share based payment of approximately US$43,000 is to be expensed over the vesting period, i.e. from 22 October 2008 to 31 March 2011. As a result, the charge for the financial year ended 31 December 2008 is approximately US$4,000.

In 2007, 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, i.e. 26 April 2007.

33. 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.

34. Capital reserve

Capital reserve of the Group represents the transfer of goodwill arising from acquisition of subsidiaries and reverse acquisition written off to income statement in 2007 from accumulated losses to capital reserve amounting to US$638,000 and US$42,461,000 respectively (Note 15).

In 2007, the capital reserve of the Company arising from the adjustment of US$116,718,000 made to share capital (Note 29) has been utilised to reduce the accumulated losses of the Company.

35. 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	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Cash and bank balances	10,946	11,479	5,642	6,329
Short term deposits pledged with licensed bank	7	8	–	–
Bank overdrafts (Note 24)	(399)	(16)	–	–
	10,554	11,471	5,642	6,329
Less: Short term deposits pledged	(7)	(8)	–	–
	10,547	11,463	5,642	6,329

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 (2007 : one day to 12 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	
	2008 US$'000	2007 US$'000	2008 US$'000	2007 US$'000
Ringgit	2,976	2,667	–	–
Ringgit (bank overdrafts)	(399)	(16)	–	–
Baht	1,446	1,188	–	–
Singapore Dollar	5,709	6,442	5,434	5,967
US Dollar	818	1,187	208	362
Indian Rupee	4	3	–	–
	10,554	11,471	5,642	6,329

36. Derivative financial instruments

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

	Group 2008 US$'000	Group 2007 US$'000
Notional amount		
Pound Sterling	1,044	302
Australian Dollar	69	–
US Dollar	5,773	4,268
Euro	–	63
Thai Bath	39	–
Japanese Yen	3,342	808
	10,267	5,441

Net fair value

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

	Group 2008 US$'000	Group 2008 US$'000
Fair value (loss)/gain on forward currency contracts (Note 18, 21)	(79)	12

37. 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 2008 US$'000	Group 2007 US$'000
Related parties :-		
Preference share dividend	–	6
Management services fees	–	167
Purchase of goods and equipment	9,074	1,664
Purchase of services	–	123
Sale of goods	(11)	(66)

37. Related party transactions (cont'd)

(a) ***Sale and purchase of goods and services (cont'd)***

Company/firm related to a director:

Wong Partnership, a firm of which a director of the Company is also a partner of, provided legal and professional services to the Group amounting to US$112,000 (2007 : US$28,000).

Seabanc Insurance Brokers Ltd, in which a director of the Company has equity interest, provided insurance brokerage services to the Group amounting to US$24,000 (2007 : US$36,000).

In the previous financial year the Group engaged logistic services amounted to US$91,000 and purchased goods amounting to US$31,000 from Integrated Distribution Services Group, in which a director of the Company has equity interest.

(b) ***Compensation of key management personnel***

	Group	
	2008	**2007**
	US$'000	**US$'000**
Short-term employee benefits	2,053	1,222
Share based payment *	-	816
Total compensation paid to key management personnel	2,053	2,038
Comprise amounts paid to :-		
Directors of the Company	1,179	609
Other key management personnel	874	1,429
	2,053	2,038

* In 2007, the share based payment comprised one-off share grants granted by shareholders of Hup Soon Global Pte Ltd.

38. Capital commitments

	Group	
	2008	**2007**
	US$'000	**US$'000**
Capital commitments in respect of property, plant and equipment approved and contracted for	2,734	2,855

39. Operating lease commitments

The Group leases certain land and building, properties and motor vehicles. These non-cancellable leases have remaining lease terms of between 1.5 months and 5 years with renewal 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 income statement during the year amounted to US$1,738,000 (2007 : US$1,130,000).

39. Operating lease commitments (cont'd)

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

	Group	
	2008	2007
	US$'000	US$'000
Within one year	1,282	1,004
After one year but not more than five years	1,050	1,418
	2,332	2,422

40. Earnings per share

Basic earnings per share amounts are calculated by dividing the loss 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 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:

	2008	2007
	US$'000	US$'000 (Restated)
Loss attributable to ordinary equity holders of the Company	(658)	(36,171)

	2008	2007
	'000	'000
Weighted average number of ordinary shares	364,354	330,443

Due to the reverse acquisition in the previous financial year, the number of ordinary shares outstanding from the beginning of the previous financial year to the acquisition date for purpose of calculating the weighted average number of ordinary shares was 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 was the actual number of ordinary shares of the Company outstanding in the previous period.

41. 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.

41. Segment information (cont'd)

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.
- Material handling equipment - Marketing and distribution of material handling equipment.
- 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.

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 2008 and 2007 and assets, liabilities and other segment information regarding the Group's business segments at 31 December 2008 and 2007.

41. **Segment information (cont'd)**

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

	Automotive aftermarket products and industrial supplies US$'000	Agriculture tractors and engine transmission US$'000	Material handling equipment US$'000	Corporate US$'000	Others US$'000	Eliminations US$'000	Total US$'000
Year ended 31 December 2008							
Revenue							
Sales to external Customers	87,462	24,674	5,670	–	79	–	117,885
Segment results	4,149	3,563	(1,171)	(2,753)	(69)	(4,130)	(411)
Finance costs	(1,685)	(82)	(71)	–	(28)	983	(883)
Share of results of associates							(42)
Share of results of jointly controlled entities							320
Goodwill written-off							(33)
Loss before tax							(1,049)
Tax expense							391
Loss for the year							(658)
Assets and liabilities							
Segment assets	60,493	37,096	14,027	18,494	734	(31,515)	99,329
Segment liabilities	67,859	10,119	8,852	1,929	608	(31,553)	57,814
Capital expenditure	1,567	92	1,019	4	22	–	2,704
Depreciation charge	385	98	142	307	10	–	942
Year ended 31 December 2007							
Revenue							
Sales to external customers	64,778	29,199	390	–	75	–	94,442
Segment results	2,626	3,589	(390)	(1,962)	(86)	(1,842)	1,935
Finance costs	(1,363)	(79)	(1)	(29)	(4)	1,048	(428)
Share of results of associate							67
Negative goodwill							4,644
Goodwill written-off							(43,099)
Waiver of shareholders' loans							2,500
Loss before tax							(34,381)
Tax expense							(1,765)
Loss for the year							(36,146)
Assets and liabilities							
Segment assets	46,644	46,199	8,459	22,759	852	(37,150)	87,763
Segment liabilities	57,917	15,332	2,132	1,221	718	(33,224)	44,096
Capital expenditure	685	156	167	561	62	–	1,631
Depreciation charge	209	90	8	149	2	–	458

41. Segment information (cont'd)

(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	Singapore US$'000	Eliminations US$'000	Total US$'000
Segment revenue					
Year ended 31 December 2008	48,302	69,209	374	–	117,885
Year ended 31 December 2007	33,130	61,200	112	–	94,442
Segment assets					
At 31 December 2008	33,452	42,071	37,383	(13,577)	99,329
At 31 December 2007	24,230	37,290	37,625	(11,382)	87,763
Capital expenditure					
Year ended 31 December 2008	1,772	808	124	–	2,704
Year ended 31 December 2007	667	279	685	–	1,631

42. 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 the 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 42% (2007 : 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$818,000 (2007 : US$1,187,000) and US$208,000 (2007 : 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 2008, the Group had hedged 13% (2007 : 40%) of its foreign currency denominated purchases, for which firm commitments existed at the balance sheet date.

42. Financial risk management objectives and policies (cont'd)

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

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.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax and equity to a reasonably possible change in the USD and JPY exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group	
	2008 US$'000 Loss net of tax	2007 US$'000 Loss net of tax
USD		
Strengthened 5% (2007 : 5%)	435	431
Weakened 5% (2007 : 5%)	(435)	(431)
JPY		
Strengthened 5% (2007 : 5%)	176	71
Weakened 5% (2007 : 5%)	(176)	(71)

(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) 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 97.8% (2007 : 98.4%) of the Group's loans and borrowings 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.

42. Financial risk management objectives and policies (cont'd)

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

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.

	2008			2007		
	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	21,535	–	21,535	22,362	–	22,362
Other payables and accruals	6,175	–	6,175	6,618	–	6,618
Amounts due to related companies	2,952	–	2,952	2,189	–	2,189
Interest-bearing loans and borrowings	24,795	568	25,363	10,525	175	10,700
	55,457	568	56,025	41,694	175	41,869
Company						
Other payables and accruals	777	–	777	493	–	493
Amounts due to related companies	15	–	15	–	–	–
Interest-bearing loans and borrowings	555	–	555	–	–	–
	1,347	–	1,347	493	–	493

(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 cash and cash equivalents.

Sensitivity analysis for interest rate risk

At the balance sheet date, if the Groups' effective interest rates had been 75 (2007 : 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$82,000 (2007 : US$73,000), 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.

42. Financial risk management objectives and policies (cont'd)

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

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 43(a)).

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 :

	2008		2007	
	US$'000	% of total	US$'000	% of total
By country:				
Malaysia	9,372	39	9,483	41
Thailand	14,527	61	13,489	59
Singapore	45	–	43	–
	23,944	100	23,015	100

Financial assets that are neither past due nor impaired

Trade receivables, other receivables, amounts 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).

43. Financial instruments

(a) *Classification of financial instruments*

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

The Group	2008 Loans and receivables US$'000	2008 Liabilities at amortised cost US$'000	2007 Loans and receivables US$'000	2007 Liabilities at amortised cost US$'000
Assets				
Trade receivables (Note 17)	23,944	–	23,015	–
Other receivables (excluding fair value of forward currency contract) (Note 18)	1,923	–	1,766	–
Amounts due from related companies (Note 23)	4	–	19	–
Loan to an associate (Note 19)	3,262	–	3,638	–
Short term deposits (Note 35)	7	–	8	–
Cash and bank balances (Note 35)	10,946	–	11,479	–
	40,086	–	39,925	–
Liabilities				
Trade payables (Note 20)	–	(21,535)	–	(22,362)
Other payables and accruals (excluding fair of forward currency contracts) (Note 21)	–	(6,085)	–	(6,618)
Amounts due to related companies (Note 23)	–	(2,952)	–	(2,189)
Interest bearing loans and borrowings (Note 24)	–	(25,347)	–	(10,682)
	–	55,919	–	(41,851)

The Company	2008 Loans and receivables US$'000	2008 Liabilities at amortised cost US$'000	2007 Loans and receivables US$'000	2007 Liabilities at amortised cost US$'000
Assets				
Other receivables (Note 18)	12	–	13	–
Amounts due from related companies (Note 23)	10,061	–	7,836	–
Cash and bank balances (Note 35)	5,642	–	6,329	–
	15,715	–	14,178	–
Liabilities				
Other payables and accruals (Note 21)	–	(777)	–	(493)
Amounts due to related companies (Note 23)	–	(15)	–	–
Interest bearing loans and borrowings (Note 24)	–	(555)	–	–
	–	(1,347)	–	(493)

43. **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 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.

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.

No amount has been recognised in the income statement 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 2008 and 2007.

44. **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 2008 and 31 December 2007.

As disclosed in Note 31, 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 2008 and 2007.

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, amounts due to related companies, trade payables, other payables and accruals, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the Company less translation reserve and the abovementioned legal reserve.

44. Capital management (cont'd)

	Group 2008 US$'000	Group 2007 US$'000 (Restated)
Trade payables (Note 20)	21,535	22,362
Other payables and accruals (Note 21)	6,175	6,618
Amounts due to related companies (Note 23)	2,952	2,189
Interest-bearing loans and borrowings (Note 24)	25,347	10,682
Less: Cash and cash equivalents (Note 35)	(10,953)	(11,487)
Net debt	45,056	30,364
Equity attributable to the equity holders of the Company	41,515	43,667
Less:		
Legal reserve	(1,889)	(1,889)
Translation reserve	(1,997)	(3,495)
Total capital	37,629	38,283
Capital and net debt	82,685	68,647
Gearing ratio	54%	44%

45. Prior year adjustments

(a) During the year, the Group recorded a prior year adjustment relating to the fair values of the identifiable assets and liabilities of its associate, Tai Kwong Yokohama Berhad which has been determined on a provisional basis in prior year as the purchase price allocation exercise has not been finalised by the date the financial statements for the year ended 31 December 2007 was authorised for issue. The Group has finalised the purchase price allocation exercise during the year within the 12 months period from the date of acquisition in accordance with FRS 103: Business Combinations. Accordingly, the fair values of the identifiable assets and liabilities of Tai Kwong Yokohama Berhad has been revised from US$9,735,000 to US$8,422,000 which resulted in a prior year adjustment of US$1,313,000 to reduce the negative goodwill recognised previously.

(b) During the year, the Group recorded a prior year adjustment to reverse the recognition of US$309,000 in respect of the share based payments recovered from an associate, United Motor Works (Siam) Public Company Limited in 2007 and accordingly, an adjustment of US$151,000 to the share of results in the associate in FY07 in relation to the reversal of share based payments in the associate. The share based payments recovered recognised in 2007 was not in accordance with the substance of the transaction whereby the Group will only recover the amount from its associate if the Thailand tax authority allowed the expense as a tax deductible expense in the associate. The Thailand tax authority has only approved in 2008 that the share based payments are tax deductible for the associate. As such, the share based payments recovered of US$309,000 should only be taken-up in 2008.

45. Prior year adjustments (cont'd)

The effect to the Group's comparative figures arising from the above prior year adjustments is as follows :

	As previously reported US$'000	Effects of prior year adjustments US$'000	As restated US$'000
Income statement:			
For the financial year ended 31 December 2007			
Share based payments	(1,993)	(309)	(2,302)
Share of results of investments accounted for using the equity method (excluding negative goodwill)	(84)	151	67
Negative goodwill	5,957	(1,313)	4,644
Basic and diluted earnings per share (USD cents)	(10.50)	(0.45)	(10.95)
Balance sheet:			
As at 31 December 2007			
Investment in associates	14,306	(1,162)	13,144
Share grant reserve	3,144	309	3,453
Accumulated profits	11,152	(1,471)	9,681

46. Events occurring after the balance sheet date

On 22 January 2009, the Singapore Finance Minister announced the revision in the Singapore corporate tax rate from 18% to 17% with effect from year of assessment 2010. In accordance with FRS 12, Income taxes and FRS 10 Events After the Balance Sheet Date, this is a non-adjusting event and the financial effect of the reduced tax rate will be reflected in the 31 December 2009 financial year. The Company's deferred tax liabilities have been computed on the year end prevailing tax rate of 18%.

On 20 February 2009, Top 1 Oil Asia Pte. Ltd., a jointly controlled entity between Borneo Technical (S) Pte. Ltd. and Atlas Asia-Pacific, increased its issued and paid up capital from S$2 to S$10,000 via issuance of 4,999 new ordinary shares to each joint venture partner.

On 19 March 2009, Modern Info International Limited, a wholly-owned subsidiary company has been dissolved after obtaining the Certificate of Dissolution from the Registrar of Corporate Affairs.

47. Authorisation of financial statements

The financial statements for the year ended 31 December 2008 were authorised for issue in accordance with a resolution of the directors on 31 March 2009.

Statistics of Shareholdings
As at 16 March 2009

Share Capital

Issued share capital	:	S$101,216,517
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	2,499	42.38	849,805	0.23
1,000 – 10,000	2,782	47.18	8,055,294	2.21
10,001 – 1,000,000	607	10.29	35,924,229	9.86
1,000,001 and above	9	0.15	319,525,059	87.70
TOTAL			**364,354,387**	**100.00**

Shareholding Held In Hands Of Public

Based on information available to the Company as at 16 March 2009, approximately 17.77% of the issued ordinary shares of the Company are held by the public. Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is therefore complied with.

Directors' Shareholding as at 21 January 2009

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
[1]Timothy Chia Chee Ming	-	161,698,398
[2]Timothy Yong Wei Hsien	-	997,500

Notes:

1 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.

2 Mr Timothy Yong was granted a conditional award of 330,000 shares and 225,000 shares pursuant to the Hup Soon Global Performance Share Plan ("**PSP**") and Hup Soon Global Restricted Share Plan ("**RSP**") respectively. Based on the achievement of certain predetermined performance conditions, the actual share awards will range from 0 to 660,000 under the PSP and 0 to 337,500 under the RSP.

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	3,097,100	0.85
7	CHOW SIEW HON	2,500,000	0.69
8	UOB KAY HIAN PTE LTD	2,263,100	0.62
9	HSBC (SINGAPORE) NOMINEES PTE LTD	1,300,000	0.36
10	CHOW JIN YIAN	1,000,000	0.27
11	CHOW SIM YIAN	1,000,000	0.27
12	CHOW TSIN YIAN	1,000,000	0.27
13	TAN IAN-MAO	904,000	0.25
14	CITIBANK NOMINEES SINGAPORE PTE LTD	871,000	0.24
15	DBS NOMINEES PTE LTD	780,200	0.21
16	KIM ENG SECURITIES PTE. LTD.	672,000	0.19
17	TANMANURAXKUL WASAN	665,000	0.18
18	UNITED OVERSEAS BANK NOMINEES PTE LTD	651,700	0.18
19	DMG & PARTNERS SECURITIES PTE LTD	621,000	0.17
20	PHILLIP SECURITIES PTE LTD	526,247	0.15
	TOTAL	**328,216,206**	**90.08**

Statistics of Shareholdings
As at 16 March 2009

Substantial Shareholders
(As recorded in the Register of Substantial Shareholders)

Name of substantial shareholders	Number of shares held Direct Interest	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] Fung Capital Asia Fund (I) Ltd	-	56,849,198	15.60
[3] Fung Capital Ltd	-	56,849,198	15.60
[3] Fung Holdings Ltd	-	56,849,198	15.60
[3] King Lun Holdings Limited	-	56,849,198	15.60
[3] HSBC Trustee (C.I.) Limited	-	56,849,198	15.60
[3] HSBC Private Bank (C.I.) Limited	-	56,849,198	15.60
[3] HSBC Private Banking Holdings (Suisse) S.A.	-	56,849,198	15.60
[3] HSBC Europe (Netherlands) B.V.	-	56,849,198	15.60
[3] HSBC Bank plc	-	56,849,198	15.60
[3] HSBC Holdings plc	-	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 has 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 Fung Capital Asia Fund (I) Ltd, Fung Capital Ltd, Fung Holdings Ltd, King Lun Holdings Limited, HSBC Trustee (C.I) Limited, HSBC Private Bank (C.I) Limited, HSBC Private Banking Holdings (Suisse) S.A., HSBC Europe (Netherlands) B.V., HSBC Bank plc, HSBC Holdings plc and Dr William Fung Kwok Lun are deemed interested in the Shares held by Viewsmart Profits Limited. Viewsmart Profits Limited is 100% owned by Fung Capital Asia Fund (I) Ltd, which is 100% owned by Fung Capital Ltd, which is further 100% owned by Fung Holdings Ltd, which in turn is 100% owned by King Lun Holdings Limited. King Lun Holdings Limited is 50% owned by HSBC Trustee (C.I) 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. HSBC Trustee (C.I.) Limited is a wholly-owned subsidiary of HSBC Private Bank (C.I.) Limited, which is a wholly-owned subsidiary of the HSBC Private Banking Holdings (Suisse) S.A., which is a wholly-owned subsidiary of HSBC Europe (Netherlands) B.V., which is a wholly-owned subsidiary of HSBC Bank plc, which is a wholly-owned subsidiary of HSBC Holdings plc.

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 Ballroom 1 (Lower Level), The Pines, 30 Stevens Road, Singapore 257840 on Wednesday, 29 April 2009 at 11.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 December 2008.

2. To re-elect as Director, Professor Tan Chin Tiong who was appointed during the year.

3. To re-elect as Director, Mr Timothy Yong Wei Hsien who will retire by rotation.

4. To elect as Director, Mr Robert Ernest Adams.

5. To approve the payment of Directors' fees of S$207,016 for the financial year ended 31 December 2008. (2007: S$181,863).

6. To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

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

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

"That, pursuant to Section 161 of the Companies Act, Chapter 50, ("**Companies Act**") 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,

Provided always that:

(1) (aa) save and except as set out in sub-paragraph 1(bb) below, 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 not taking into account 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 not taking into account 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), and

(bb) the aggregate number of Shares to be issued pursuant to this Resolution on a pro-rata basis to shareholders of the Company by way of a renounceable rights issue (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 100% (or such other limit permitted by the SGX-ST from time to time) of the issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), and in determining whether such 100% limit has been reached, all Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall be taken into account (unless the SGX-ST's prevailing regulations and requirements otherwise provide);

(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 requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST (in each case, unless such compliance has been waived by the SGX-ST), the Companies Act and all other applicable legal requirements, 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."

8. **Authority for an increased discount limit in respect of a share placement**

"That without prejudice to the generality of, and pursuant and subject to the approval of the general mandate to issue Shares set out in Resolution 7, authority be and is hereby given to the Directors of the Company to issue Shares other than on a pro-rata basis to shareholders of the Company, at a discount to the weighted average price of the Shares for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding market day), exceeding 10% but not more than 20%, 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,

Provided that:

(a) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), the Companies Act and all other applicable legal requirements, and the Articles of Association for the time being of the Company; and

(b) (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."

9. **Authority to grant awards ("Awards") and issue shares under the Hup Soon Global Performance Share Plan ("PSP") and Hup Soon Global Restricted Share Plan ("RSP")**

"That the Directors of the Company be and are hereby authorised to grant PSP and RSP Awards in accordance with the provisions of the PSP and RSP rules and pursuant to Section 161 of the Companies Act:

(i) to allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the vesting of PSP and RSP Awards under the PSP and RSP rules; and

(ii) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) to allot and issue shares pursuant to any PSP and RSP Awards granted by the Directors in accordance with the PSP and RSP rules while this Resolution was in force,

provided that the aggregate number of new Shares to be allotted and issued and existing Shares which may be delivered (whether such existing Shares are acquired, pursuant to a share purchase mandate or (to the extent permitted by law) held as treasury shares, or otherwise) pursuant to the PSP and RSP shall not exceed 10% of the total number of issued Shares from time to time; and subject to the same being allowed by law, the Directors of the Company be and are hereby authorised to apply any Shares purchased under any share purchase mandate towards the satisfaction of PSP and RSP Awards granted under the PSP and RSP rules."

10. **Renewal of Share Purchase Mandate**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued Shares not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on Catalist ("**SGX-Catalist**") transacted through the Central Limit Order Book trading system and/or any other securities exchange on which the Shares may be listed or quoted from time to time ("**Other Exchange**"); and/or

(ii) off-market purchase(s) (if effected otherwise than on SGX-Catalist, or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), SGX-Catalist or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held;

(ii) the date by which the next annual general meeting of the Company is required by law to be held; and

(iii) the date on which Share purchases or acquisitions of Shares pursuant to the Share Purchase Mandate have been carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means the average of the closing market prices of a Share over the five (5) consecutive market days on which the Shares are transacted on SGX-Catalist, or Other Exchange, as the case may be, immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST or SGX-Catalist, or Other Exchange, as the case may be, for any corporate action that occurs after the relevant five-day period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an off-market purchase, stating therein the purchase price (which shall not be more than the Maximum Price of an off-market purchase) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"**Maximum Percentage**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any Shares which are held as treasury shares as at that date);

"**Relevant Period**" means the period commencing from the date on which the last annual general meeting was held and expiring on the date the next annual general meeting is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

(i) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an off-market purchase of a Share, 120% of the Average Closing Price of the Shares;

(d) the Directors of the Company be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Purchase Mandate in any manner as they think fit, which is permitted under the Companies Act; and

(e) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution."

BY ORDER OF THE BOARD

Ms Angela Chan
Company Secretary

Date: 13 April 2009

Notice of Annual General Meeting

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. Professor Tan Chin Tiong who is an independent director will, upon re-election, continue to serve as member of the Audit Committee as well as the Remuneration and Nomination Committee.

ii. In relation to Resolution 4, for more information relating to Mr Robert Ernest Adams, please refer to the Board of Directors section in the Hup Soon Global Corporation Limited Annual Report 2008.

iii. The proposed Resolution 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, or the date by which the next Annual General Meeting of the Company is required by law to be held (unless varied or revoked by the Company in general meeting), whichever is the earlier, 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. The foregoing is subject to the exception that where the Company undertakes a renounceable pro-rata rights issue of Shares (including Shares to be issued pursuant to such instruments), the maximum number of such Shares that can be issued is 100% of the issued Shares (excluding treasury shares) in the capital of the Company. For the purpose of determining the aggregate number of Shares that may be issued, 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 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.

   In exercising the authority conferred by Resolution 7, the Company shall comply with the requirements of the SGX-ST (unless waived by the SGX-ST), all applicable legal requirements and the Company's Articles of Association. Rule 806 of the Listing Manual of the SGX-ST presently allows a listed issuer to seek a general mandate from shareholders for, inter alia, issuance of new shares and convertible securities on a pro-rata basis amounting to not more than 50% of its issued share capital (excluding treasury shares). On 19 February 2009, the SGX-ST released a press release of new measures effective on 20 February 2009 (the "**Press Release**"). The new measures include allowing issuers to issue up to 100% of its issued share capital via a pro-rata renounceable rights issue, subject to the condition that the issuer makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in its annual report. The Press Release states that this new measure will be in effect until 31 December 2010 when it will be reviewed by the SGX-ST.

iv. The Press Release has also included a new measure allowing issuers to undertake placements of new shares using the general mandate to issue shares, priced at discounts of up to 20%, subject to the conditions that the issuer seeks shareholders' approval in a separate resolution at a general meeting to issue new shares on a non pro-rata basis at a discount exceeding 10% but not more than 20%, and the general share issue mandate resolution is not conditional on this resolution. In this regard, the proposed Resolution 8, if passed, will empower the Directors of the Company, pursuant to the general mandate set out in Resolution 7, to issue Shares other than on a pro-rata basis to shareholders of the Company, at a discount exceeding 10% but not more than 20% to the weighted average price of the Shares on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding market day). The Press Release states that this new measure will also be in effect until 31 December 2010 when it will be reviewed by the SGX-ST.

v. The proposed Resolution 9, 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, or the date by which the next Annual General Meeting of the Company is required by law to be held (unless varied or revoked by the Company in general meeting), whichever is the earlier, to offer and grant awards and to issue new Shares in the capital of the Company, pursuant to the PSP and RSP, provided that the aggregate number of new Shares to be issued pursuant to the PSP and RSP shall not exceed 10% of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time.

vi. The proposed Resolution 10, 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, or the date by which the next Annual General Meeting of the Company is required by law to be held (unless varied or revoked by the Company in general meeting), whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price. The rationale for the authority and limitation on the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2008 are set out in greater detail in the Letter to Shareholders enclosed with this Notice.

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 Ballroom 1 (Lower Level), The Pines, 30 Stevens Road, Singapore 257840 on Wednesday, 29 April 2009 at 11.00 a.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 may vote or abstain from voting at *his/her/their discretion, these resolutions and 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 adopt the Directors' Report and Audited Accounts for the financial year ended 31 December 2008.				
2. To re-elect as Director Professor Tan Chin Tiong who was appointed during the year.				
3. To re-elect as Director Mr Timothy Yong Wei Hsien who will retire by rotation.				
4. To elect as Director Mr Robert Ernest Adams.				
5. To approve the payment of Directors' fees of $207,016 for the financial year ended 31 December 2008.				
6. To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration.				
7. To authorise Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50.				
8. To authorise an increased discount limit in respect of a share placement.				
9. To authorise Directors to grant awards and issue shares under the Hup Soon Global Performance Share Plan and Hup Soon Global Restricted Share Plan.				
10. To approve the renewal of the Share Purchase Mandate.				

Dated this ________day of ___________________ 2009

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.

Fold along this line (1)

AFFIX
STAMP

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

Fold along this line (2)