A New Beginning

Hup Soon Global Corporation Limited

ANNUAL REPORT 2009

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LOGO

The logo is a combination of two Chinese words "合" and "順", which in Chinese means "unity and smooth co-operation." The logo has its beginnings in the 1960s from the United Motor Works Group of Companies, which the current Hup Soon Global Corporation Limited can trace part of its heritage as well as its name from.

Following our acquisition of United Motor Works (Siam) a few years ago and more recently of United Motor Works International Private Limited in 2009, the logo is for the exclusive use by the Group and its entities.

After nearly 50 years since creation, this year marks a "homecoming" of a proud and historical logo to where it rightfully belongs; a group of companies that we have named "Hup Soon Global Group."

MISSION STATEMENT

To be the premier regional value-added marketing and distribution company for automotive aftermarket products, industrial equipment and consumables, as well as a leading automotive battery manufacturer, 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 everyone
- 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

GROUP AT A GLANCE

GROUP REVENUE

USD 122.0 mn.
(+ 3.5%)

GROUP OPERATING PROFIT

USD 0.9 mn.
(ttb*)

*ttb means turn to black

CORPORATE PROFILE

Hup Soon Global Corporation Limited strives to be a value-added marketing and distribution company for automotive aftermarket products, industrial equipment and consumables as well as being a premier battery manufacturer. Listed on the SGX Catalist, it represents more than 80 leading brands and manufacturers, primarily in Thailand and Malaysia.

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

Today, with a staff of over 1,700 strong, the HSGC Group reaches a wide range of customers in the region through its extensive distribution network in Malaysia and Thailand.

GROUP AT A GLANCE

AUTOMOTIVE / INDUSTRIAL SUPPLIES

The HSGC Group markets and distributes a wide range of automotive aftermarket products and industrial supplies through its extensive proprietary distribution network in Thailand and Malaysia which reach all levels of the supply chain. The Group is also the largest automotive battery manufacturer in Malaysia through its subsidiary Tai Kwong Yokohama Bhd*, which is listed on Bursa Malaysia.

AGRICULTURE EQUIPMENT / AUTOMATIC TRANSMISSION SYSTEMS

The HSGC Group's Agriculture Equipment business is focused on the distribution of agricultural tractors, parts and related implements. The Group has represented New Holland for over 60 years and currently markets and distributes its agriculture tractors in Thailand, Laos and Cambodia.

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 leases to meet the changing needs of customers.

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 the "Nichiyu" brand electric material handling equipment.

*Tai Kwong Yokohama Bhd became a subsidiary of the Group in March 2010.

VALUE PROPOSITION

- **Distribution network**
  - Comprehensive Network – in both coverage and penetration
  - We own most of our distribution network
  - Connects buyers and sellers

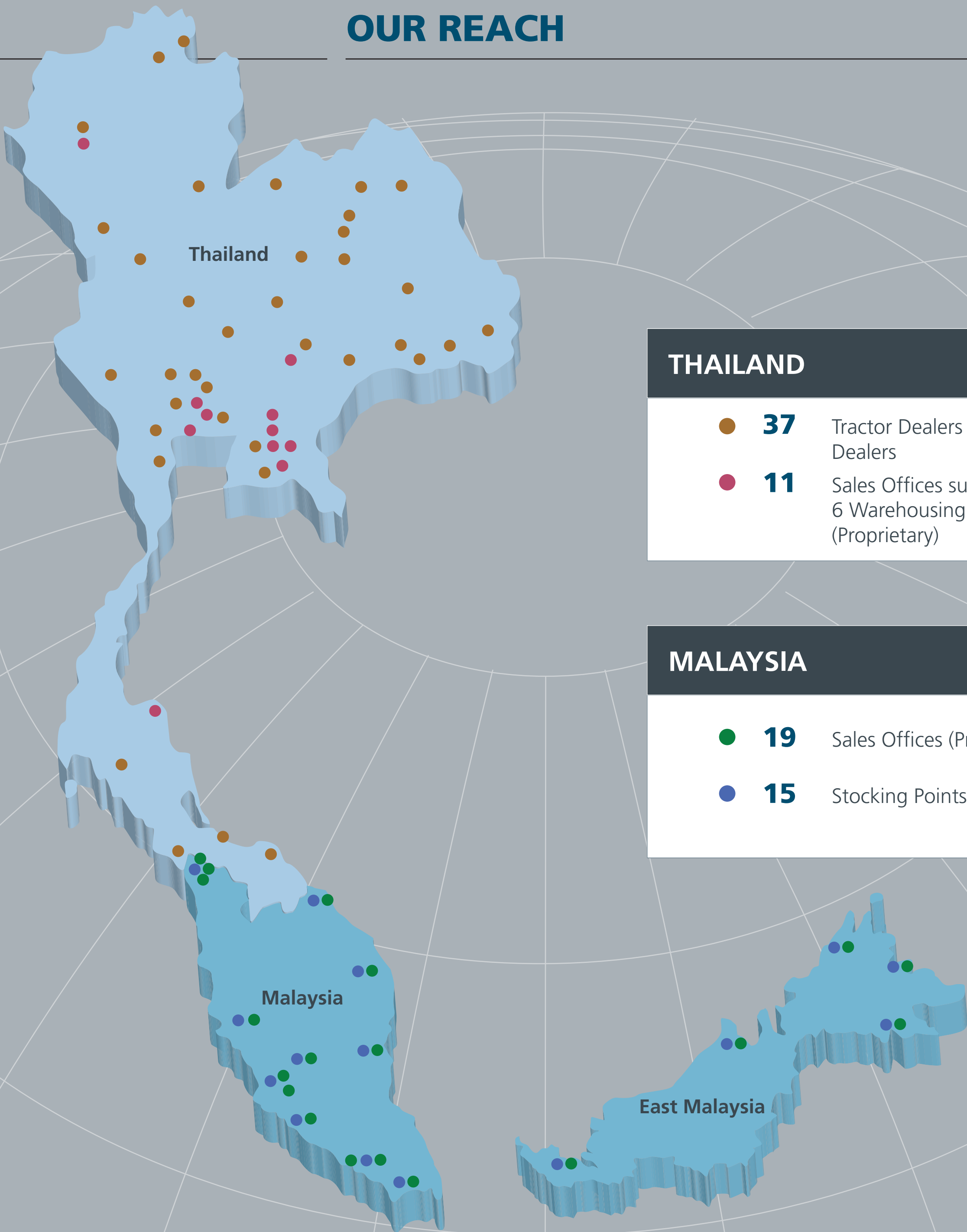
- **Domain knowledge**
  - Experience at both corporate and operating levels
  - The operating subsidiaries have been in the business for many, many years.

- **Market leader in certain segments**
  - 70-120hp tractor segment in Thailand
  - Largest distributor of automotive batteries in Malaysia
  - Major distributor for 3M abrasive and adhesives in Thailand

- **Sourcing capabilities**
  - Represents over 80 brands from all over the world

- **Reputation**
  - The market knows our name

OUR REACH



THAILAND

- **37** Tractor Dealers and 83 Parts Dealers
- **11** Sales Offices supported by 6 Warehousing Locations (Proprietary)

MALAYSIA

- **19** Sales Offices (Proprietary)
- **15** Stocking Points (Proprietary)

The Group has one of the most extensive distribution networks in Thailand and Malaysia, with a wide geographical coverage as well as reaching all levels of the supply chain. Not easily duplicated, our physical network coupled with our seasoned sales staff on the ground with their priceless experience and market knowledge provides the backbone for the Group's regional operations.

In Malaysia, the Group reaches over 10,000 accounts for its automotive/industrial supplies business through its network of 19 sales offices supported by 15 stocking points. In Thailand, the Group also has 11 sales offices and 6 warehousing locations serving more than 10,000 accounts for its automotive/industrial business. In addition, the Group has 37 tractor and parts dealers and 83 parts dealers that cover all corners of the Kingdom as well as 3 additional tractor dealers in Laos.

The Group has sales offices at the following locations.

In Malaysia: Klang Valley/ Alor Setar/ Butterworth/ Sungai Petani/ Ipoh/ Johor Bharu/ Kota Bharu/ Kuantan/ Melaka/ Kuching/ Kota Kinabalu/ Tawau/ Seremban/ Miri/ Kuala Terengganu/ Sandakan/ Ayer Itam, Johor/ Cheras/ Batu Pahat.

In Thailand: Chiangmai/ Korat/ Suratthani/ Chonburi(2)/ Laemchabang/ Chacheongsao/ Rayong/ Ayuthaya/ Samutsakorn/ Laksi.

CHAIRMAN'S STATEMENT

"The most significant event of 2009 and the main driver of your Group's improvement is the securing of the distribution of the "Yokohama" brand of automotive batteries in Malaysia in June."

Anil Thadani Chairman

My Fellow Shareholders,

It gives me great pleasure to present the FY2009 Annual Report to you.

The year 2009 was an extremely challenging one, both globally and regionally. It picked up from where 2008 left off – a deep recession and tight credit with many businesses experiencing reduced volumes and many people fearing unemployment. Fortunately, the stimulus packages implemented by governments around the world did result in a positive impact and the global economic situation started to stabilize in the second half.

Against this backdrop, your Group managed to improve its underlying business revenue by US$10.1 million or 8.6% and reported a turnaround in operating profit through acquiring new businesses and controlling its costs. These improvements were mitigated by a strengthening USD which muted the reported growth in revenue, and profits in certain operations which could not be offset by losses or expenses in others, and therefore led to a small loss after tax.

The most significant event of 2009 and the main driver of your Group's improvement is the securing of the distribution of the "Yokohama" brand of automotive batteries in Malaysia in June. This was done as part of our efforts to extract synergies and improve the operating efficiencies and profitability of our own distribution business and that of Tai Kwong Yokohama Berhad, the manufacturer of "Yokohama" batteries, in which your Group acquired a 30.5% stake in late 2007. The tie-up will also enforce the "Yokohama" brand's leadership position and Tai Kwong Yokohama Berhad's position as the largest battery manufacturer in Malaysia, I am also happy to report that Tai Kwong Yokohama Berhad reported its best ever performance in 2009.

With automotive batteries becoming a significant contributor to your Group's product portfolio, your management decided to increase its stake in Tai Kwong Yokohama Berhad. A general offer for all the shares is currently underway and as at the date of this Annual Report, I am pleased to announce that your Group has secured 59% of all outstanding shares, making Tai Kwong

Against this backdrop, your Group managed to improve its underlying business revenue by **US$10.1 million or 8.6%.**

Yokohama Berhad a subsidiary going forward. Having a brand and manufacturing facilities of our own makes it easier to expand into new markets.

On the property front, I have 2 developments to report. Firstly, your Group purchased an industrial office and warehouse in Glenmarie, Malaysia for its own use. Named "Wisma Hup Soon", it houses the Automotive Aftermarket and Industrial Consumables distribution business.

Secondly, your Group is on schedule to complete its property development project in Bangkok – The Surawong – by June 2010. As at March-end 2010, 29 units (or 56%) have been sold despite the difficult situation in Thailand. The project was first launched in Singapore in March 2009 and since then, we were able to increase the selling price by 7%. The development company – a 50:50 joint venture with prominent Thai developer Chewathai – is well capitalized and borrowings are expected to be minimal even if the remainder units remain unsold.

2009 was also a year where we made a lot of changes internally.

Our Agriculture and Material Handling businesses in Thailand were previously separately run and action was taken to merge the management of these businesses and to have common support services so as to reduce operating costs. Both business units now report to a common head, and we expect them to be co-located by end June to begin the integration process.

More significantly, certain of our Directors have expressed their desire to step down in view of their other business commitments and we have decided to take the opportunity to restructure your Board. In this regard, the Board will be reduced in size to 5 members. Having served on the Board as Chairman since 2000, I will not be seeking re-election at the upcoming meeting and will pass on the chairmanship to Mr Timothy Chia, our current Deputy Chairman and CEO as part of an orderly transition Mr Chia and I have been discussing since the acquisition of Hup Soon Global Pte Ltd in 2007. Mr Philip Eng, who joined your Board in Nov 2009 as an Independent Director and is also the current Audit Committee Chairman, has agreed to join the Group and will assume the role of Executive Deputy Chairman and CEO and work with our Executive Director and Group COO Mr Timothy Yong. As you may all be aware, Mr Eng is a leading corporate figure in the region, with an illustrious career at the Jardine Cycle & Carriage Group, serving as its Group Managing Director from 1996 to his retirement in 2005. With his wealth of experience in the automotive sector and his in-depth knowledge of the markets in which we operate, we are indeed fortunate to have persuaded him to join the executive bench of our Group. In view of this, your Board is also proposing the election of Mr Yap Chee Keong as an Independent Director and to take over as Audit Committee Chairman. Mr Yap was most recently the Group Chief Financial Officer of Singapore Power Limited and currently serves as an Independent Director of a number of companies, details of which can be found at page 22. The upcoming meeting is a good forum for you to meet your new team and I strongly encourage you to be present.

I would also like to express, on behalf of the Group, my heartfelt appreciation and gratitude to Mr Alain Ahkong, Ms Jennifer Chia, Mr Dilhan Pillay Sandrasegara and Mr Robert Adams, all of whom will be stepping down from the Board. They have contributed to the workings of the Board in the steering of your Group through one of the most difficult times and to set it on a platform for continued growth.

Lastly, I wish to extend my thanks to the management and our staff for their hard work and support in the past 10 years that has made my time as Chairman a memorable one. I leave your Group in good hands and sincerely wish your new Board every success.

MESSAGE FROM THE CEO

"This growth in revenue was mainly on the back of healthy growth witnessed in the automotive business division, which offset the revenue decline in the Group's equipment business divisions."

Timothy Chia Chee Ming Deputy Chairman and Group Chief Executive Officer

Operations Review

2009 was certainly a busy year for each of our business divisions, albeit for different reasons.

Overall, we managed to grow revenue by 3.5% and most of this was driven by the automotive aftermarket product business which managed to increase its revenue by 32% and 10% respectively in Malaysia and Thailand. The bulk of the growth in Malaysia is attributed to securing the distribution of the "Yokohama" batteries. Without it, revenue would have been flat despite higher underlying volume as the product prices in 2009 were generally lower compared with 2008. In Thailand, revenue growth was driven by a growing automotive business which compensated for lower revenue from the Industrial Supplies segment. Also, in each country, we made efforts to expand our distribution reach and customer base, selling to more customers than before. The Industrial Supplies business was badly affected in the first half of 2009 as sales are dependent on manufacturing output. Glad to say, with the stabilization of the economic situation, revenue from the Industrial Supplies business was back to pre-crisis levels and we expect to maintain this level going forward.

The Group's material handling equipment division was the hardest hit by the recent global economic crisis. Dependent on manufacturing and trade activities which were affected the most by the crisis, it is estimated that demand for forklifts dropped by about 60% and 50% in Malaysia and Thailand respectively as end users curbed discretionary capital expenditure. During the crisis, more businesses turned to leasing forklifts and we managed to take the opportunity of this demand shift in Thailand to grow our operating lease fleet by 22%. In Malaysia, we continued to suffer from start-up losses, and as such, operations were restructured to operate at a lower fixed cost level. We are also taking further steps to bring the operations to a breakeven point quickly.

The agriculture equipment business operated in a very competitive environment in 2009 resulting in fewer units being sold and an 11.3% decline in revenue to US$21.9 million. While we have traditionally been market leaders in the 70-120hp segment, our competitors have chipped away at our market share with aggressive financing schemes and marketing programs. To stem the revenue decline, we have just started marketing a new range of small tractors in the 30-50hp segment that will mainly

MESSAGE FROM THE CEO

The Group achieved a
3.5% growth
in revenue to US$122.0 million compared to US$117.9 million in the previous year.

be used for rice planting. The paddy segment is going through a mechanization phase where demand has been growing at about 30% p.a. and reached 21,000 units last year. This is the largest segment in Thailand and one we have not been present in. With New Holland's reputation and build quality behind the new tractors, we have a good chance of capturing a significant share of this paddy market. To support the introduction of the new tractors, and to promote growth of the medium power tractors, we will be embarking on a program to grow our dealership network. We are also looking at setting up permanent presence in Laos and Cambodia to support the growing agricultural economy in these two markets.

Our property development project in Bangkok – The Surawong – is progressing as schedule and completion is expected before end of first half of 2010. To date, about 56% of the project has been sold. We have chosen to adopt the "Completion Method" and as at end of 2009, have recognized about US$0.1 million in losses in our accounts. Revenue and profit will only be recognized upon completion of the project and transfer of title. We plan to launch this project in Thailand nearer completion.

Financial Performance

For the financial year ended 31 December ("FY") 2009, the Group achieved a 3.5% growth in revenue to US$122.0 million compared to US$117.9 million in the previous year, achieving 3 consecutive years of growth from the acquisition of Hup Soon Global Pte Ltd. Last year's growth was despite currency translation losses of US$5.9 million due to the strengthening of US dollar against Thai Baht and Malaysian Ringgit. Stripping away the effects of currency movement, the actual revenue growth was US$10.1 million, or a growth rate of 8.6%.

The Group's gross profit margin remained steady at 20.6%, compared to 20.7% during FY2008. The first half of last year saw deteriorating margins as our inventories included many higher cost stock that we ordered before the crisis. However, margins improved as the Group cleared out those high-cost stocks and replenished inventories with re-orders. Towards the end of the year, margins improved further and the Group's margins for the year returned to previous year's level with a steep increase in product prices as well as further selling and replenishing of inventory.

Selling and distribution costs increased to US$19.0 million, representing 15.6% of total revenue, as compared to the US$17.8 million (15.1% of revenue) recorded in FY08. The increase in selling and distribution cost was mainly attributable to the increase in business in the automotive business division - notably the new profit sharing scheme it has with Tai Kwong Yokohama Berhad as well as increased headcount, both in line with the new distribution agreement for the Yokohama batteries.

Administrative expenses decreased to US$6.7 million in FY09 as compared to US$8.7 million in FY08 mainly due to one-off expenses in FY2008 that did not recur in FY2009.

Overall, the Group recorded a profit before tax of US$1.0 million in FY009 turning to black from the previous year's loss before taxation of US$ 1.0 million. However, with tax expenses of US$1.3 million, the Group recorded a net loss of US$0.4 million in FY09 compared to a US$0.7 million in FY08. Excluding one-off items of US$1.2 million, such as provisions for doubtful debt and inventory as well as severance pay to employees, the Group would have recorded an after-tax profit as well.

The Group's gearing ratio increased to 0.75X in FY09 from the previous year's 0.61X in line with increased borrowings of around US$6.1 million to reach US$31.4 million. The increase in borrowings was due to term loans of about US$2.2 million for the purchase of the office/warehouse building in Malaysia as well as working capital increases. At the same time, the overall cash position of the Group closed at US$11.7 million as at 31 December 2009 from US$10.5 million of 2008-end with an operational cash inflow of US$2.6 million in FY2009.

Appreciation

I would like to take this opportunity to acknowledge and thank the commitment and hard work shown by the Group's staff, especially those on the ground. A very special welcome goes out to the staff of Tai Kwong Yokohama, which has recently become part of our Group. I would also like to extend my thanks to our customers, shareholders, bankers and business partners.

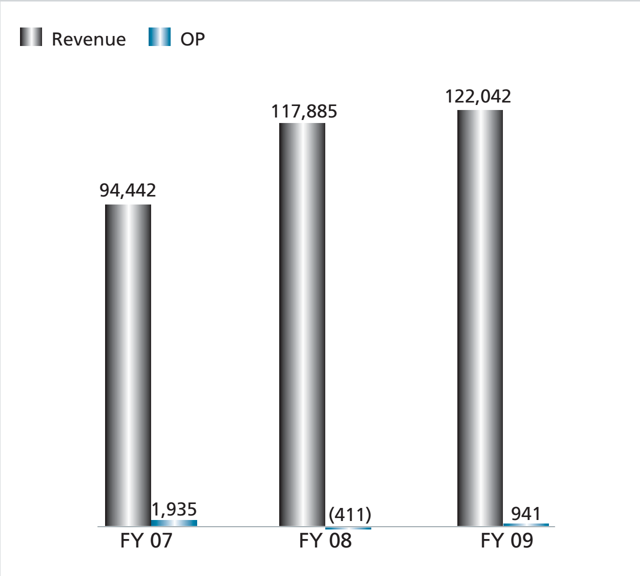
OPERATIONAL REVIEW

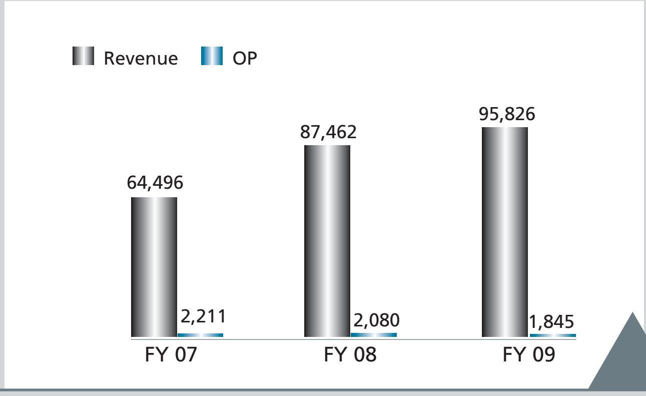
Summary

The Group recorded three consecutive years of growth, reaching revenues of US$122.0 million for the financial year ended 31 December 2009 (“FY09”).

Actual top line growth for the year was around US$10.1 million, or 8.6% from the previous year but the strengthening US dollar resulted in currency translation losses of around US$5.9 million.

The Group managed to turn in a profit from operations from a loss the previous year.





AUTOMOTIVE/INDUSTRIAL SUPPLIES

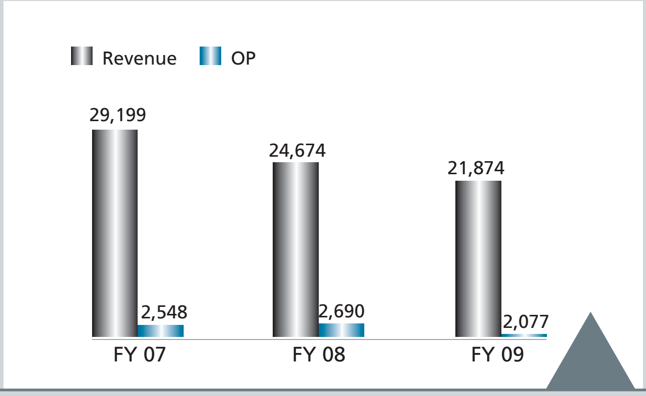
The automotive aftermarket business in Malaysia saw increased revenues of 32% mainly due to the new distribution of the Yokohama batteries, which started from the second half of last year.

In Thailand, the automotive aftermarket business grew by around 10% from the previous year, however experienced some teething problems with receivable and inventory management, which we intend to resolve going forward.

Meanwhile, the industrial supplies business saw its revenue fall by around 7% despite significant recoveries made in the second half of the year. Demand for the industrial supplies is tied to the industrial and manufacturing activities of the region, which suffered significant slowdown this past year.

Overall, the division managed to record revenues of US$95.9 million in FY09, a 9.6% growth compared to the previous year’s US$87.5 million while maintaining gross profit at 20%. This revenue increase of US$8.4 million was despite currency translation losses of US$4.8 million.

OPERATIONAL REVIEW



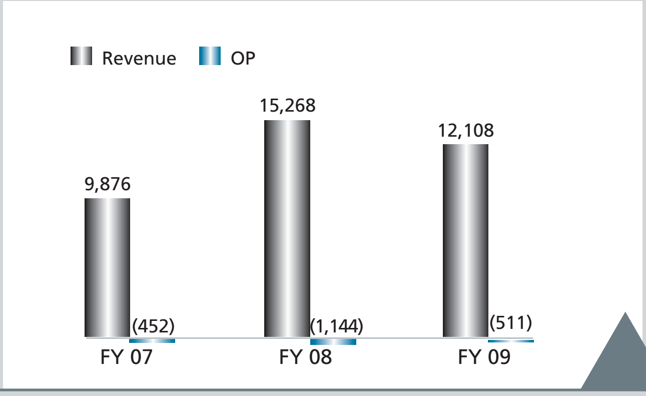
AGRICULTURAL EQUIPMENT/ AUTOMATIC TRANSMISSION SYSTEMS

In FY09, the agriculture equipment division recorded revenues of US$21.9 million compared to US$24.7 million in FY08, a decrease of 11.3%. This fall in revenue was attributed to currency translation losses of US$0.9 million adding to the decrease in revenue of US$1.9 million caused by stiffer competition in the market.

In recent years, aggressive competitors have been successful in encroaching the Group's market share in the medium sized tractor segment where it had enjoyed a lion's share in the past.

The new range of smaller tractors targeting the faster growing market segment had minimum contribution to the operations in FY09 as it was introduced towards the year-end. The Group, however, anticipates the new tractors to mitigate further deterioration of the sales going forward.

Gross profit margin for the division remained steady at about 25% from the previous year.



MATERIAL HANDLING EQUIPMENT

The Group's Material Handing division recorded revenues of US$12.1million in FY09, a drop of over 21% caused by the drastic deterioration of equipment demand in line with the slow down in industrial activities brought on by the global recession.

In Malaysia, the division's revenue fell by 23.4% to approximately US$4.3 million, while in Thailand, the Group's associate company United Motor Works (Siam) recorded sales of US$7.8 million in FY09, a 19.1% decline from the previous year.

The operating lease business remains an important part for the division; with incomes from rentals remaining at similar levels despite the decline in truck demand, the contribution of truck rentals to overall sales increased to 23% from 13% in FY09.

BUSINESS UNITS

AUTOMOTIVE/INDUSTRIAL SUPPLIES

The HSGC Group markets and distributes a wide range of automotive and industrial supplies through wholesalers as well as its proprietary distribution network in Thailand and Malaysia. The business in Malaysia, which was started over 50 years ago, is conducted through the Group's subsidiaries Borneo Technical Co (M) Sdn Bhd and Kwikpart Sdn Bhd. The Group has 15 stocking points and 19 sales offices covering both East and West Malaysia, reaching a database of over 10,000 wholesalers, garages, work shops and tyre service centres.

In Thailand, through its subsidiary Borneo Technical (Thailand) Ltd, the Group has been involved in the business for over 30 years. Through the distribution network comprising 11 sales offices supported by 6 warehousing locations, the Group serves over 10,000 accounts for industrial supplies and automotive aftermarket products.

Automotive Aftermarket Products

The Group carries a gamut of automotive aftermarket products which include a full range of batteries, lubricants, and various other automotive aftermarket parts, such as shock absorbers and brakes. The Group believes it is one of the largest independent distributors of automotive batteries in Malaysia. Apart from carrying brands of its key suppliers, the Group has also established its own brand names for certain automotive aftermarket products to serve specific market niches.

The Group also manufactures automotive and motorcycle batteries through its subsidiary Tai Kwong Yokohama Bhd ("TKY"), a leading battery manufacturer in Malaysia. TKY became a subsidiary of the Group in March 2010 and has an installed capacity to produce 160,000 automotive and 120,000 motorcycle batteries per month, making it the largest manufacturer in Malaysia. The company also has a lead reclamation plant which can produce 750 metric tons of lead per month. The "Yokohama" brand of batteries is a leading brand of batteries in Malaysia and the company also supplies its batteries to the OEM as well as export markets. Since June 2009, Hup Soon Global has been the exclusive distributor of the "Yokohama" brand of batteries in Malaysia.

Industrial Supplies

The range of industrial supplies distributed by Hup Soon Global through its distribution network in Thailand and Malaysia include abrasives, adhesives, hand tools, pneumatic tools, safety products and electrical parts under various brand names. The Group reaches its customers through multiple channels, selling directly to the medium to large corporations while working with distributors to reach the smaller end users.

Apart from carrying the brands of its key suppliers, the Group has also established its own brand names to compliment its product offerings.

Growth Strategy

The extensive distribution network that the Group's automotive/ industrial supplies division has built in Thailand and Malaysia is its most important asset. The Group will continue to grow and improve the distribution network, expanding its coverage as well as penetration to reach more customers.

Progress has been made in our on-going efforts to improve our sales force both in quantity as well in quality. We will continue to invest in training our sales staff. At the same time, the Group will seek more business opportunities.

Special emphasis will be put on the growth of the automotive business in Thailand to grow its presence and gain market share.

BUSINESS UNITS

AGRICULTURAL EQUIPMENT/ AUTOMATIC TRANSMISSION SYSTEMS

Agriculture Equipment

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

New Holland is one of the world's leading brands for tractors. In Thailand, most of the New Holland tractors sold are mid-powered tractors in the 70 to 120 horsepower range and are targeted for agriculture use such as land preparation for sugar cane, tapioca and maize plantations. This past year, the Group has expanded its product range and started offering tractors in the small horse power category to address the growing market segment. These are in the 30-50 horsepower range and suitable for various crops such as rice and maize.

The Group also complements its tractor sales with "add-on" options such as tractor implements as well as related goods including cane harvesters and rice combines.

Automatic Transmission Systems

The HSGC Group, through its subsidiary Anglo-Thai Co. Ltd, has been representing the Allison brand of transmission systems in Thailand for over 35 years. The main scope of the business is to provide after-sales support and marketing services for these automatic transmission systems.

Growth Strategy

Although the Group had enjoyed a leading position in the mid-powered tractor market in Thailand, it has been faced with limited growth due to the mature nature of the market segment as well as the emergence of aggressive competitors vying for market share in recent times. The Group intends to gain back market share in this segment by restructuring its network to be more effective, while expanding its coverage and offering better technical support. Furthermore, the Group intends to work with external parties to provide financing to make the tractors more accessible.

The Group will also continue its efforts to build its business in Laos and Cambodia, with setting up permanent presences as well as better technical support, which it believes to be very important for the future growth for the business division.

The Group can now compete in the biggest and fastest growing market segment, i.e. small tractors, driven by mechanization. The Group aims to secure a significant market share going forward.

MATERIAL HANDLING EQUIPMENT

The Group's material handling equipment division focuses on the distribution of material handling equipment such as forklifts and parts as well as various warehouse equipment including pallet trucks and stackers. For this, the Group works with two powerhouses in the business: Mitsubishi, an established player in internal combustion forklifts and Nichiyu, the electric forklift specialist.

The HSGC 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 leases to meet the changing requirements of customers. In Thailand, the distribution of Mitsubishi material handling equipment is carried out by its associate company United Motor Works (Siam) while in Malaysia, it is done through a wholly-owned subsidiary Hup Soon Industrial Equipment Sdn Bhd.

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

NAS, which was incorporated in Singapore in 1992, distributes Nichiyu electric forklift trucks in Singapore, Malaysia and Thailand directly while covering other markets such as Australia Indonesia, Vietnam, the Philippines, and India through distributors.

Growth Strategy

This past year, the Group has made some difficult decisions in light of the recent economic recession and the subsequent impact it had on the material handling equipment demand. In Malaysia, the Group has reviewed and restructured its operations which will significantly lower its overheads and improve operations going forward.

The leasing business continues to gain importance as companies become increasingly unwilling to lay out heavy capital investments. Continued efforts, therefore will be made to grow this business.

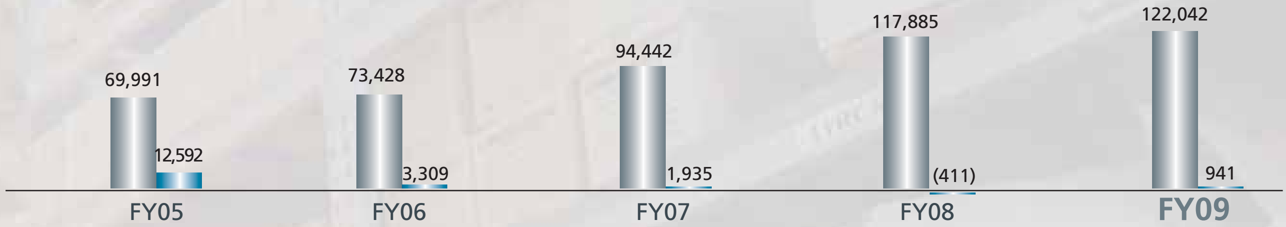
BUSINESS UNITS

FINANCIAL HIGHLIGHTS

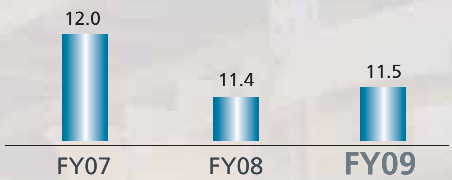
FINANCIAL HIGHLIGHTS

US$'000	FY05 (Restated)	FY06	FY07 (Restated)	FY08 (Restated)	FY09
Revenue	69,991	73,428	94,442	117,885	122,042
Operating Profits	12,592	3,309	1,935	(411)	941
Total Assets	32,690	49,017	88,925	99,329	117,294
Total SH's equity	892	7,013	43,667	41,515	41,821
Cash and Equivalents	741	3,100	11,479	10,953	14,478
Net Asset Value Per Share (US cents)	0.3	2.6	12.0	11.4	11.5
Earnings Per Share (US cents)	3.9	1.4	-11.0	-0.2	-0.1

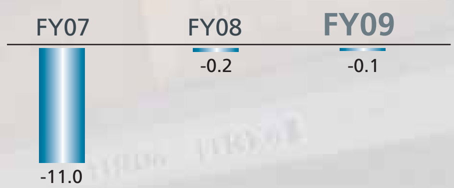
Revenue and Operating Profits (US$'000)



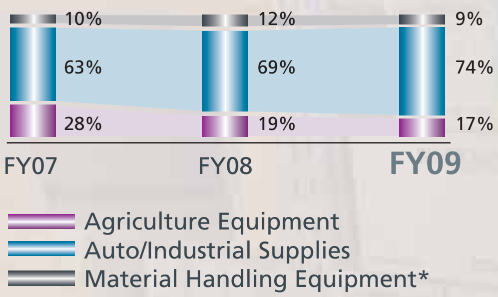
Net Asset Value Per Share (US cents)



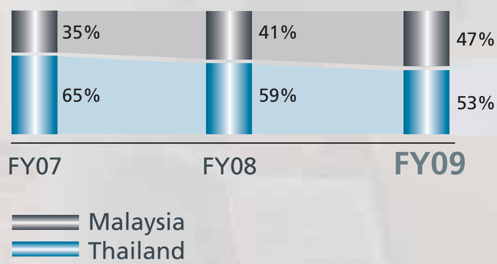
Earnings Per Share (US cents)



Revenue by Business Segments



Revenue by Geographical Segments

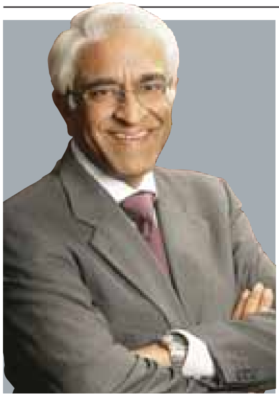


*Includes results of associated company United Motor Works (Siam)

BOARD OF DIRECTORS

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.

Mr Thadani is to retire from the Board at the upcoming Annual General Meeting by rotation and will not seek re-election.

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 the 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 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.

Mr Chia will be appointed Chairman with effect from 1 May 2010.

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 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.

BOARD OF DIRECTORS

Dilhan Pillay Sandrasegara

Independent Director

Mr Pillay is the Managing Partner of WongPartnership LLP. He has over 20 years of experience in the legal industry. In February 2010, Mr Pillay was appointed a member to the Corporate Governance Council newly established by the Monetary Authority of Singapore. Mr Pillay is a Trustee of the Singapore Institute of Applied Technology and Singapore Management University, as well as a member of the Advisory Board of its Law School. In addtion, he is a Council Member of the Law Society of Singapore, a Board Member of the Accounting and Corporate Regulatory Authority of Singapore, Jurong Town Corporation and Sentosa Development Corporation, a Director of Alexandra Health Pte Ltd, 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. Mr Pillay 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 Law from the University of Cambridge. He was admitted to the Singapore Bar in 1989

Mr Pillay is to retire from the Board at the upcoming Annual General Meeting by rotation and will not seek re-election.

Chuen Fah Alain Ahkong

Independent Director/Chairman of the Remuneration and Nomination 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.

Mr Ahkong is to resign from the Board at the upcoming Annual General Meeting.

Professor Tan Chin Tiong

Independent Director

Prof Tan is the Deputy President of Singapore Institute of Technology. He is a founding member of Singapore Management University and was its Provost from 1999 to 2009. Prof Tan is active in management development and consulting, and had worked with many corporations around the globe. He is the Non-Executive Chairman of Superior Multi-Packaging Ltd and sits on the Board of Citibank Singapore Ltd, and several publicly listed companies including Communication Design International Ltd, HMI Ltd, and Hersing Corporation Ltd. He is the Past President 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.

BOARD OF DIRECTORS

Jennifer Chia Jee Phun

Non-Executive Director

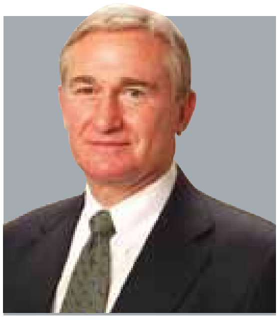
Ms Chia has served as a non-executive director since 26 April 2007 and was appointed a Member of the Audit Committee on 12 August 2008. She currently runs the Seabanc Group of Companies which is principally risk solution providers as insurance intermediaries. Ms Chia was previously with the United Motor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

Ms Chia is to retire from the Board at the upcoming Annual General Meeting by rotation and will not seek re-election.

Robert Ernest Adams

Non-Executive Director



Mr Adams is the Managing Director of Fung Capital 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. Previous experience covers the management consulting and banking industries. Past Chairman of the American Chamber of Commerce in Hong Kong and Chairman of the Asia Pacific Council of American Chamber of Commerce.

Mr Adams is to resign from the Board at the upcoming Annual General Meeting.

Philip Eng Heng Nee

Independent Director/Chairman of the Audit Committee

Mr Eng joined the Board of Directors of Hup Soon Global Corporation Limited on 26 November 2009. He is also currently the Deputy Chairman of MCL Land Limited and Non-Executive Chairman of mDR Limited and Frasers Centerpoint Asset Management Ltd.

Mr Eng also serves on the Board of several local and regional companies including NTUC Income, Chinese Development Assistance Council, OpenNet Pte Ltd, The Hour Glass Ltd, SingHealth Pte Ltd, Hektar Asset Management Sdn Bhd and PT Adira Dinamika Multi Finance Tbk. Mr Eng is also Singapore's Ambassador to Greece and High Commissioner to Cyprus. He spent 23 years with the Jardine Cycle & Carriage Group before retiring in 2005 as Group Managing Director.

Mr Eng graduated from the University of New South Wales with a Bachelor of Commerce in Accountancy and is an Associate Member of the Institute of Chartered Accountants in Australia.

Mr Eng stands for re-election at the upcoming Annual General Meeting and will be appointed Executive Deputy Chairman with effect from 1 May 2010.

Yap Chee Keong

Mr Yap is the Lead Independent Director of The Straits Trading Limited and an independent non-executive director of CapitaMalls Asia Limited. Mr Yap is also the chairman of the audit committee of these companies. He is also an independent non-executive director of Tiger Airways Holdings Ltd and the chairman of its remuneration committee. In addition, he serves as a non-executive director of SPI (Australia) Assets Pty Ltd and chairman of Singapore District Cooling Pte Ltd. Mr Yap previously served as an adviser to Singapore Power Limited ("SP") and is presently an adviser to Entropy Ventures Limited. Mr Yap was previously the chief financial officer of the Singapore Power Group where he also sat on the boards of certain SP subsidiaries including SPI Management Services Pty Ltd, the manager of SP AusNet which is dual listed on the Australian Stock Exchange and the SGX-ST. Prior to SP, Mr Yap worked as the chief financial officer and in other senior management roles in several multinational and listed companies. Mr Yap has 25 years of experience in senior management, strategic planning, merger & acquisitions, corporate finance, treasury, financial management and risk management functions in diverse industries.

Mr Yap holds a Bachelor of Accountancy from the National University of Singapore and is a Fellow of the Institute of Certified Public Accountants of Singapore and CPA Australia.

Mr Yap stands for election at the upcoming Annual General Meeting.

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 Manit Lertsakornsiri, Country 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.

Henry Heng Kow Mui

Managing Director: Agriculture and 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, mergers & 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 Ms Naruemol Mahasukontharat, the General Manager at Anglo-Thai Company Limited; Mr Michael Chen, the General Manager at Hup Soon Industrial Equipment Pte Ltd; Mr Chookiat Jittrapanun, Head of Equipment Marketing Division and Mr Prasong Suriyasa, Head of After Market Division, both at United Motor Works (Siam) in Thailand.

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

Manit Lertsakornsiri

Country Director: Thailand Automotive/Industrial Supplies

Mr Lertsakornsiri is the Country Manager for the Group in Thailand and the Country Director of Borneo Technical (Thailand) Limited. Mr Lertsakornsiri was the former Managing Director of Borneo Technical (Thailand) Limited before he was transferred to hold various senior positions within the Li & Fung Group including Investment Director of South East Asia, Chairman of Slumberland Thailand and Country Manager of Toys "R" Us (Thailand). Mr Lertsakornsiri is a qualified accountant and had spent over 6 years with Ernst & Young's Thailand Office. He received a Bachelor Degree in Accounting (Hons.) from Chulalongkorn University and a Master Degree in Accounting and Marketing from Thammasat University in Thailand. He has also attended the Senior Executive Management Program at INSEAD in France.

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

SENIOR MANAGEMENT

Dr Patrick Yong Mian Thong

Chief Executive Officer - Tai Kwong Yokohama Bhd

Dr Patrick Yong was appointed Chief Executive Officer of Tai Kwong Yokohama Bhd in late 2009. Prior to that, and since 2008, he was the Chief Operating Officer.

Prior to joining Tai Kwong, he was the founder and Managing Director of Sulfarid Technologies (M) Sdn Bhd since 2004 which was renamed Borid Technologies (M) Sdn Bhd after it was sold to the HSGC Group. Dr Yong started his career as an engineer with the National Electricity Board of Malaysia (LLN) upon graduating from the Polytech of Brighton in the United Kingdom with a BSc (Hons) in Electronics and Electrical Engineering under an LLN Scholarship. He left civil service in 1989 to join the corporate world and subsequently entered the field of Consultancy in Electrical Engineering.

Throughout his line of work, he established his proficiency in electrical distributions systems and pursued research in the field of efficiency in energy conversion leading to a PhD in Electrical Engineering.

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 Vice President (Group Legal) and 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 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)
Ms Jennifer Chia Jee Phun	(Non-Executive Director)
Mr Robert Ernest Adams	(Non-Executive Director)
Mr Chuen Fah Alain Ahkong	(Independent Director)
Mr Dilhan Pillay Sandrasegara	(Independent Director)
Prof. Tan Chin Tiong	(Independent Director)
Mr Philip Eng Heng Nee	(Independent Director)

Audit Commitee

Mr Philip Eng Heng Nee (Chairman)
Prof. Tan Chin Tiong
Ms Jennifer Chia Jee Phun

Remuneration & Nomination Commitee

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

Principal Bankers

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

Company Secretary

Ms Angela Chan Mui Chin

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 Group'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.

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.

The attendance of directors at Board meetings and Board Committee meetings during 2009 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	**4**/5	N.A.	N.A.
Timothy Chia Chee Ming	**5**/5	N.A.	N.A.
Timothy Yong Wei Hsien	**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
[1]Victor Fung Kwok King (Alternate: Robert Ernest Adams)	**1**/1	N.A.	N.A.
[2]Robert Ernest Adams	**4**/4	N.A.	N.A.
Jennifer Chia Jee Phun	**4**/5	**3**/4	N.A.
[3]Chuen Fah Alain Ahkong	**2**/5	**3**/4	**1**/1
[4]Dilhan Pillay Sandrasegara	**4**/5	N.A.	**1**/1
Tan Chin Tiong	**5**/5	**4**/4	**1**/1
[5]Philip Eng Heng Nee	-	-	N.A.

1 Dr Victor Fung retired as a director on 29 April 2009
2 Mr Robert Ernest Adams was appointed as a director on 29 April 2009
3 Mr Chuen Fah Alain Ahkong stepped down as AC Chairman and was appointed RNC Chairman on 26 November 2009
4 Mr Dilhan Pillay Sandrasegara stepped down as RNC Chairman on 26 November 2009 but remains a member of the RNC
5 Mr Eng was appointed on 26 November 2009 after the last AC and Board meetings of the year.

REPORT ON CORPORATE GOVERNANCE

Newly appointed directors are given the opportunity to meet with senior management of the Group 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 a comprehensive appointment process for new directors. A formal letter of appointment is issued to a new director setting out a director's duties and obligations enclosing an information pack containing the Group's corporate and business information.

Principle 2: Board Composition and Guidance

The size and composition of the Board are reviewed from time to time by the RNC to facilitate effective decision making taking into consideration of the current and future plans of the Group. The Board ensures that its directors possess the necessary competencies to lead and govern the Company effectively. 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 current Board which comprises 9 directors, of whom 2 are executive, 3 are non-executive and 4 are independent directors.

The current 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
Mr Robert Ernest Adams

Independent Directors:

Mr Chuen Fah Alain Ahkong
Mr Dilhan Pillay Sandrasegara
Professor Tan Chin Tiong
Mr Philip Eng Heng Nee (appointed on 26 November 2009)

The key information on each Board member is set out below:

Name	Academic / Professional Qualification	Date of Appointment / Last Re-election	Current Directorships in Other Listed Companies	Past Directorships in Listed Companies for the preceding 3 years
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 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

REPORT ON CORPORATE GOVERNANCE

Name	Academic / Professional Qualification	Date of Appointment / Last Re-election	Current Directorships in Other Listed Companies	Past Directorships in Listed Companies for the preceding 3 years
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	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 / 29/04/2009	Nil	Nil
Jennifer Chia Jee Phun (Non-Executive Director)	LL.B (Hons) from University of Singapore LL.M from the University of London Advocate and Solicitor, Supreme Court of Singapore	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 LL.M from University of Cambridge Advocate and Solicitor, Supreme Court of Singapore Solicitor, England and Wales	26/04/2007 / 29/04/2008	Banyan Tree Holdings Limited CapitaRetail China Trust Management Limited SMRT Corporation Ltd.	The Ascott Group Limited Global Investments Limited (formerly known as: Babcock & Brown Global Investments Limited)

REPORT ON CORPORATE GOVERNANCE

Name	Academic / Professional Qualification	Date of Appointment / Last Re-election	Current Directorships in Other Listed Companies	Past Directorships in Listed Companies for the preceding 3 years
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 / 29/04/2009	Hersing Corporation Ltd. Health Management International Ltd. Communication Design International Ltd. Superior Multi-Packaging Ltd.	Nil
Robert Ernest Adams (Non-Executive Director)	MSc Oklahoma State University BA Oklahoma State Universty	29/04/2009 / N.A.	Hong Kong Aircraft Engineering Co., Ltd.	Nil
Philip Eng Heng Nee (Independent Director)	University of New South Wales – Bachelor of Commerce in Accountancy Associate Member of the Institute of Chartered Accountants in Australia	26/11/2009 / N.A	MCL Land Limited mDR Limited PT Adira Dinamika Multi Finance Tbk The Hour Glass	P T Bank Danamon Tbk Singapore Computer Systems Ltd

Mr Anil Thadani, Mr Chuen Fah Alain Ahkong, Ms Jennifer Chia, Mr Dilhan Pillay Sandrasegara and Mr Robert Adams have all expressed their desire to step down from the Board at the conclusion of the upcoming Annual General Meeting. The RNC in its review of the composition of the Board has proposed that, given the size of the Company, a smaller Board would be able to undertake the effective oversight of the Company's management and its business, operations and affairs. In view of the appointment of Mr Philip Eng as Executive Deputy Chairman and CEO of the Company, the Board is proposing to shareholders at the AGM the election of Mr Yap Chee Keong as an Independent Director. If elected, Mr Yap will serve as Chairman of the Audit Committee and a member of the RNC. It is therefore proposed that the new board will comprise of:

Timothy Chia Chee Ming	(Non-executive Chairman)
Philip Eng Heng Nee	(Executive Director, Deputy Chairman and Group Chief Executive Officer)
Timothy Yong Wei Hsien	(Executive Director and Group Chief Operating Officer)
Professor Tan Chin Tiong	(Independent Director)
Yap Chee Keong	(Proposed Independent Director).

Further details of the directors can be found in the Board of Directors section of the Annual Report.

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 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 principle of separation will be maintained with the new changes being effected on the Board as explained above.

REPORT ON CORPORATE GOVERNANCE

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 Chuen Fah Alain Ahkong	(Chairman w.e.f. 26 November 2009) (Independent Director)
Mr Dilhan Pillay Sandrasegara	(Chairman until 26 November 2009) (Independent Director)
Professor Tan Chin Tiong	(Independent Director)

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 board appointments and re-appointments to the Board.

The RNC is governed by written terms of reference which is reviewed from time to time to incorporate best practices in corporate governance. Under its terms of reference, the RNC 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 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.

The RNC is also tasked with reviewing and considering the Group's senior management appointments. For a proposed appointment of a Chief Financial Officer, the RNC will consider the AC's views on his/her suitability for the appointment and evaluate if he/she has the experience, expertise, character and integrity expected.

The RNC uses its best efforts to ensure that directors appointed to the Board possess the skill, experience and knowledge in the business, finance and management necessary to the Group's business. The Company has 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.

Pursuant to the Company's Articles of Association, one-third of the directors other than the Chief Executive Officer retire from office at each annual general meeting of the Company 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 excludes the Chief Executive Officer from the process of retirement by rotation.

The RNC reviews the performance of the directors due to retire based on the principles contained in the Code such as a director's contribution and performance taking into account factors such as attendance, preparedness, participation and candour. 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. A member of the RNC will abstain from participating in the deliberations or decision on the recommendation for his own re-nomination to the Board or the decision on his independence.

At the Company's upcoming AGM on 27 April 2010, the 3 directors due for rotation this year pursuant to the Company's Articles of Association namely Mr Anil Thadani, Mr Dilhan Pillay Sandrasegara and Ms Jennifer Chia Jee Phun have conveyed their intention to retire from the Board and not seek re-election. Mr Chuen Fah Alain Ahkong and Mr Robert Adams have also conveyed their intention to step down at the conclusion of the AGM.

The RNC has deliberated and is satisfied as to the independence of the current independent directors based on the principles of independence embodied in the Code including Mr Pillay the managing partner of the law firm WongPartnership LLP, one of the legal firms providing legal services to the Company and the Group, for which it was paid an aggregate of less than S$200,000 in FY2009.

The RNC has also reviewed the proposed appointment of Mr Yap Chee Keong as an independent director of the Company. The RNC and the Board recommend to the shareholders the election of Mr Yap Chee Keong as a director at the Company's AGM on 27 April 2010. Information on Mr Yap Chee Keong can be found in the Board of Directors section of this Annual Report.

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 of the Board with a view to taking any action required to enhance the Board's function and effectiveness. The RNC will in due course study the possible methods to evaluate the contribution of each individual director to the effectiveness of the Board and implement this process at an appropriate time.

Principle 6: Access to Information

The Board and Board Committee members are provided with 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 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.

The Company has in place the Share Plans, a share based performance incentive scheme which forms an integral part of the Group's incentive compensation programme. The Share Plans were 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.

REPORT ON CORPORATE GOVERNANCE

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 FY2009 are as follows:

Remuneration of the Company's Directors						
	Fees S$	**Salary S$**	**Bonus S$**	**Allowance/ Benefits in kind S$**	**Stock Incentives S$**	**Total S$**
Executive Directors						
Timothy Chia Chee Ming	^-	*496,056	*201,124	129,009	-	826,189
Timothy Yong Wei Hsien	^-	*331,836	*303,262	66,765	-	701,863
S$250,000 and below						
Non-Executive Directors						
[1] Victor Fung Kwok King	100%	-	-	-	-	100%
[2] Robert Ernest Adams	100%	-	-	-	-	100%
Jennifer Chia Jee Phun	100%	-	-	-	-	100%
Anil Thadani	100%	-	-	-	-	100%
Independent Directors						
Chuen Fah Alain Ahkong	100%	-	-	-	-	100%
Dilhan Pillay Sandrasegara	100%	-	-	-	-	100%
Tan Chin Tiong	100%	-	-	-	-	100%
Philip Eng Heng Nee	100%	-	-	-	-	100%

1 Mr Victor Fung retired as a director on 29 April 2009
2 Mr Robert Ernest Adams was appointed as a director on 29 April 2009
^ 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

REPORT ON CORPORATE GOVERNANCE

Remuneration of 5 top-earning executives					
Name	Salary & Provident Fund %	Bonus %	Allowance/ Benefits in kind %	Stock Incentives %	Total %
Between S$500,000 to S$750,000:					
Goh Swee Heng	56.7	41.4	1.9	-	100
Henry Heng Kow Mui	47.2	11.5	41.3	-	100
Below S$250,000:					
[1] Melissa Wan May Wah	90.6	8.3	1.1	-	100
Angela Chan Mui Chin	81.3	17.6	1.1	-	100
[2] Lee Kee-Hwan	85.7	14.3	-	-	100

1 Ms Melissa Wan was the Company's Chief Financial Officer from 1 January 2009 to 3 March 2010
2 Mr Lee Kee-Hwan is the Company's Director of Corporate Finance and Investor Relations

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 its interim financial statements in accordance with the listing rules of SGX-ST.

The Board is provided with an analysis of management accounts which presents an 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 a majority of whom are independent directors:

Mr Philip Eng Heng Nee (Chairman) (Independent Director) (appointed on 26 November 2009)
Professor Tan Chin Tiong (Independent Director)
Ms Jennifer Chia Jee Phun (Non-Executive Director)

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 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 its release. 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) reviewing the proposed appointment of the Chief Financial Officer to consider his/her suitability, specifically whether he/she has the experience, expertise, character and integrity expected of a Chief Financial Officer of a listed company, and any other relevant factor;

REPORT ON CORPORATE GOVERNANCE

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

(d) 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;

(e) 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;

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

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

(h) 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;

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

(j) reviewing and approving interested person transactions.

Principle 12: Internal Controls
Principle 13: Internal Audit

The Company has internal accounting & financial controls as well as operational & compliance controls which are reviewed and assessed from time to time. The Board is satisfied that the management is aware of the importance of internal controls and has in place a system of controls which is periodically reviewed and that would help to safeguard the Group's assets and manage its risks.

The Internal Audit function of the Group for FY2008 and FY2009 was outsourced to Deloitte & Touche. BDO Governance Advisory Sdn Bhd was appointed to take-over the Group's Internal Audit function for a two year tenure with effect from FY2010. The Internal Auditor reports directly to the AC on audit related matters and reports to the Chief Financial Officer on administrative matters. The Internal Auditor plans its audit schedule independent of, but in consultation with, the management and the AC approves the audit schedules.

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 has reviewed the internal auditors' quarterly reports. The AC will continue to ensure that there are adequate procedures and systems of internal controls and work towards improving its internal processes, with special focus on the businesses in Thailand.

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.

The Group has a whistleblowing policy where concerns relating to financial reporting, unethical or illegal conduct can be reported to the AC and prescribes that independent investigations be undertaken with appropriate follow up action.

The Group also has an Enterprise Risk Management framework to identify, evaluate and manage significant risks affecting the Group. The AC receives and reviews the Quarterly Risk Management Reports and is satisfied that the management has a system for identifying and managing risks.

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 Company's Annual Reports which includes all relevant information about the Group and press releases on major developments of the Group.

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 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 Group.

The Company's policies are in line with the best practices on dealing in securities provided in Rule 1204(18) of SGX-ST's Listing Manual Section B: Rules of Catalist, with a more stringent blackout period than that prescribed by SGX-ST.

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)
–	Nil	Nil

Catalist Sponsor

On 11 December 2009, the Company completed its transition to the Catalist Sponsored Supervised Regime. The Company's sponsor is CIMB Bank Berhad, Singapore Branch. There were no fees relating to non-sponsorship activities or services paid to CIMB Bank Berhad, Singapore Branch, during FY2009.

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 2009.

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	
Robert Ernest Adams	Non-Executive Director	(Appointed on 29 April 2009)
Jennifer Chia Jee Phun	Non-Executive Director	
Chuen Fah Alain Ahkong	Independent Director	
Dilhan Pillay Sandrasegara	Independent Director	
Prof Tan Chin Tiong	Independent Director	
Philip Eng Heng Nee	Independent Director	(Appointed on 26 November 2009)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share awards 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	–	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 on 22 October 2008. 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. As certain performance targets of RSP for the period from 1 January 2008 to 31 December 2009 were not met, all the share awards outstanding as at 31 December 2009 granted under the RSP lapsed on 26 February 2010.

REPORT OF THE DIRECTORS

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 2010.

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 for Dilhan Pillay Sandrasegara who is a partner in the legal firm of Wong Partnership LLP which provided legal services to the Company, Jennifer Chia Jee Phun who is a shareholder and director of the Seabanc group of companies which provided insurance brokerage services to the Company and Dr Victor Fung Kwok King (director up to 29 April 2009) who is a shareholder and director of Integrated Distributor Services Group which provided logistics services to the Group.

Share plans

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.

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").

REPORT OF THE DIRECTORS

Share plans (cont'd)

Share awards (cont'd)

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 2009 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. As certain performance targets of RSP for the period from 1 January 2008 to 31 December 2009 were not met, all the share awards outstanding as at 31 December 2009 lapsed on 26 February 2010.

Controlling shareholders of the Company and their associates are not eligible to participate in the Share Awards and as at the end of the financial year, there were no Participants who were granted 5% or more of the total number of awards granted pursuant to the Share Awards.

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.

REPORT OF THE DIRECTORS

Audit Committee

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

Philip Eng Heng Nee	Chairman of the Audit Committee (Independent Director) (Appointed on 26 November 2009)
Jennifer Chia Jee Phun	Member
Prof Tan Chin Tiong	Member (Independent Director)

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) 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;

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

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

(g) the independence of the external auditors;

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

(i) certain subsidiaries and associates of the Group not audited by the auditors or member firms of the auditors of the Company and together with the Company's board of directors are satisfied that this does not compromise the standard and effectiveness of the audit of the Company.

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.

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 2010

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 statement of comprehensive income, 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 2009 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 2010

INDEPENDENT AUDITORS' REPORT

For the year ended 31 December 2009

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 9 to 78, which comprise the balance sheets of the Group and the Company as at 31 December 2009, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated 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 2009 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 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

		Group	
		2009	**2008**
	Note	US$'000	US$'000
Revenue	4	122,042	117,885
Cost of sales		(96,877)	(93,492)
Gross profit		25,165	24,393
Other operating income	5	1,532	1,397
Selling and distribution costs		(19,004)	(17,822)
Administrative expenses		(6,752)	(8,379)
Profit/(loss) from operations	6	941	(411)
Finance costs	7	(987)	(883)
Other expenses	7	(13)	(33)
Share of results of associates		889	(42)
Share of results of jointly controlled entities		163	320
Share of results of investments accounted for using the equity method		1,052	278
Profit/(loss) before tax		993	(1,049)
Tax (expense)/income	8	(1,344)	391
Loss for the year		(351)	(658)
Other comprehensive income/(expense):			
Foreign currency translation gain/(loss)		649	(1,498)
Other comprehensive income/(expense) for the year, net of tax		649	(1,498)
Total comprehensive income/(expense) for the year		298	(2,156)
Loss attributable to :-			
Equity holders of the Company		(351)	(658)
Total comprehensive income/(loss) attributable to :-			
Equity holders of the Company		298	(2,156)
Earnings per share			
Basic and diluted (USD cents)	9	(0.10)	(0.18)

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

BALANCE SHEETS

As at 31 December 2009

		Group		Company	
		2009	**2008**	**2009**	**2008**
	Note	US$'000	US$'000	US$'000	US$'000
Non-current assets					
Property, plant and equipment	10	7,253	3,383	46	237
Investment in subsidiaries	11	–	–	57,521	55,955
Investment in associates	12	14,009	12,870	–	–
Investment in jointly controlled entities	13	2,020	1,955	–	–
Deferred tax assets	14	2,337	2,446	–	–
Goodwill	15	–	–	–	–
Current assets					
Inventories	16	42,600	37,896	–	–
Trade receivables	17	28,815	23,944	–	–
Other receivables	18	1,444	1,934	7	12
Prepayments		400	407	45	47
Tax recoverable		302	275	–	7
Amounts due from related companies	19	12	4	11,057	10,061
Loan to an associate	20	3,624	3,262	–	–
Short-term deposits	21	2,424	7	–	–
Cash and bank balances	21	12,054	10,946	2,845	5,642
		91,675	78,675	13,954	15,769
Current liabilities					
Trade payables	22	26,143	21,535	–	–
Other payables and accruals	23	7,026	6,175	704	777
Provision for liabilities	24	997	405	–	–
Amounts due to related companies	19	8,767	2,952	644	15
Interest-bearing loans and borrowings	25	28,591	24,786	340	555
Provision for taxation		320	604	–	–
		71,844	56,457	1,688	1,347
Net current assets		19,831	22,218	12,266	14,422
Non-current liabilities					
Interest-bearing loans and borrowings	25	2,836	561	–	–
Provision for retirement benefits	26	793	796	–	–
		3,629	1,357	–	–
Net assets		41,821	41,515	69,833	70,614

BALANCE SHEETS

As at 31 December 2009

	Note	Group 2009 US$'000	Group 2008 US$'000	Company 2009 US$'000	Company 2008 US$'000
Equity attributable to equity holders of the Company					
Share capital	27	68,248	68,248	65,613	65,613
Legal reserve	28	1,889	1,889	–	–
Accumulated profits/(losses)		8,672	9,023	(2,164)	371
Share grant reserve	29	3,465	3,457	12	4
Translation reserve	30	2,646	1,997	6,372	4,626
Capital reserve	31	(43,099)	(43,099)	–	–
Total equity		41,821	41,515	69,833	70,614

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 2009

Group	Share capital (Note 27)	Legal reserve (Note 28)	Accumulated profits/ (losses)	Share grant reserve (Note 29)	Translation reserve (Note 30)	Capital reserve (Note 31)	Total reserves	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2009	68,248	1,889	9,023	3,457	1,997	(43,099)	(26,733)	41,515
						–		
Loss for the year	–	–	(351)	–	–	–	(351)	(351)
Other comprehensive income for the year	–	–	–	–	649	–	649	649
Total comprehensive income for the year	–	–	(351)	–	649	–	298	298
Share-based payment	–	–	–	8	–	–	8	8
Balance at 31 December 2009	68,248	1,889	8,672	3,465	2,646	(43,099)	(26,427)	41,821
Balance at 1 January 2008	68,248	1,889	9,681	3,453	3,495	(43,099)	(24,581)	43,667
Loss for the year	–	–	(658)	–	–	–	(658)	(658)
Other comprehensive expense for the year	–	–	–	–	(1,498)	–	(1,498)	(1,498)
Total comprehensive expense 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

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2009

Company	Share capital (Note 27)	Accumulated profits/ (losses)	Share grant reserve (Note 29)	Translation reserve (Note 30)	Total reserves	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2009	65,613	371	4	4,626	5,001	70,614
Loss for the year	–	(2,535)	–	–	(2,535)	(2,535)
Other comprehensive income for the year	–	–	–	1,746	1,746	1,746
Total comprehensive expense for the year	–	(2,535)	–	1,746	(789)	(789)
Share-based payment	–	–	8	–	8	8
Balance at 31 December 2009	65,613	(2,164)	12	6,372	4,220	69,833
Balance at 1 January 2008	104,331	(38,718)	–	1,701	(37,017)	67,314
Profit for the year	–	371	–	–	371	371
Other comprehensive income for the year	–	–	–	2,925	2,925	2,925
Total comprehensive income for the year	–	371	–	2,925	3,296	3,296
Share-based payment	–	–	4	–	4	4
Transfer from accumulated 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

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 2009

	2009 US$'000	2008 US$'000
Cash flows from operating activities:		
Profit/(loss) before tax	993	(1,049)
Adjustments for :-		
Depreciation of property, plant and equipment	1,054	942
Fair value loss on forward currency contracts	–	79
Interest expense	987	883
Interest income	(192)	(223)
Share of results of investments accounted for using the equity method	(1,052)	(278)
Goodwill written off	13	33
Share-based payment	8	4
Gain on disposal of property, plant and equipment	(23)	(27)
Property, plant and equipment written off	17	29
Currency realignment	287	(1,075)
Operating profit/(loss) before working capital changes	2,092	(682)
Increase in inventories	(4,704)	(8,858)
Increase in receivables	(4,382)	(1,171)
Increase/(decrease) in payables	11,863	(662)
Cash flows generated from/(used in) operations	4,869	(11,373)
Interest paid	(987)	(883)
Interest received	192	223
Taxation paid	(1,501)	(1,129)
Net cash flows from/(used in) operating activities	2,573	(13,162)
Cash flows from investing activities:		
Purchase of property, plant and equipment (Note 10)	(2,657)	(2,617)
Proceeds from disposal of property, plant and equipment	237	291
Net cash outflow on acquisition of subsidiaries (Note 11)	(14)	-
Net cash flows used in investing activities	(2,434)	(2,326)
Cash flows from financing activities:		
Proceeds from loans and borrowings	3,807	14,195
(Increase)/decrease in short term deposits pledged	(2,417)	1
(Increase)/decrease in loan to associate	(362)	376
Net cash flows from financing activities	1,028	14,572
Net increase/(decrease) in cash and cash equivalents	1,167	(916)
Cash and cash equivalents at beginning of year	10,547	11,463
Cash and cash equivalents at end of year (Note 21)	11,714	10,547

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

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.

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. Summary of significant accounting policies

2.1 *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 as disclosed in the accounting policies below.

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.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2009, the Group adopted the following standards and interpretations mandatory for annual financial periods beginning on or after 1 January 2009.

- FRS 1 Presentation of Financial Statements (Revised)
- Amendments to FRS 18 Revenue
- Amendments to FRS 23 Borrowing Costs
- Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 102 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 107 Financial Instruments: Disclosures
- FRS 108 Operating Segments
- Improvements to FRSs issued in 2008
- INT FRS 113 Customer Loyalty Programmes
- INT FRS 116 Hedges of a Net Investment in a Foreign Operation
- Amendments to INT FRS 109 Reassessment of Embedded Derivatives and FRS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives
- INT FRS 118 Transfers of Assets from Customers

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

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

2.2 *Changes in accounting policies (cont'd)*

The principal effects of these changes are as follows:

FRS 1 Presentation of Financial Statements – Revised Presentation

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as one single statement.

Amendments to FRS 107 Financial Instruments: Disclosures

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 40 and Note 39 to the financial statements respectively.

FRS 108 Operating Segments

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 Segment Reporting. Additional disclosures about each of the segments are shown in Note 37, including revised comparative information.

Improvements to FRSs issued in 2008

In 2008, the Accounting Standards Council issued an omnibus of amendments to FRS. There are separate transitional provisions for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

- FRS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with FRS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet. The Group amended its accounting policy accordingly and analysed whether management's expectation of the period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any re-classification of financial instruments between current and non-current in the balance sheet.

- FRS 16 Property, Plant and Equipment: Replaces the term "net selling price" with "fair value less costs to sell". This did not result in any change in the financial position.

- FRS 23 Borrowing Costs: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of "borrowing costs" into one – the interest expense calculated using the effective interest rate method calculated in accordance with FRS 39. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

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

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to INT FRS 109 Reassessment of Embedded Derivatives and FRS 39 Financial Instruments: Recognition and Measurement	30 June 2009
Amendments to FRS 27 *Consolidated and Separate Financial Statements*	1 July 2009
Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Item	1 July 2009
Revised FRS 101 First-Time Adoption of Financial Reporting Standards	1 July 2009
Revised FRS 103 Business Combinations	1 July 2009
Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
INT FRS 117 Distributions of Non-cash Assets to Owners	1 July 2009
INT FRS 110 Transfer of Assets from Customers	1 July 2009
Amendments to FRS 101 First-Time Adoption of Financial Reporting Standards	1 January 2010
Amendments to FRS 102 Share-based Payment	1 January 2010
Amendments to FRS 32 Financial Instruments: Disclosure and Presentation	1 February 2010
INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Revised FRS 24 Related Party: Disclosures	1 January 2011
Amendments to INT FRS 114: FRS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction	1 January 2011
Improvements to FRSs issued in 2009:	
– Amendments to FRS 38 Intangible Assets	1 July 2009
– Amendments to FRS 102 Share-based Payment	1 July 2009
– Amendments to INT FRS 109 Reassessment of Embedded Derivatives	1 July 2009
– Amendments to INT FRS 116 Hedges of a Net Investment in a Foreign Operation	1 July 2009
– Amendments to FRS 1 Presentation of Financial Statements	1 January 2010
– Amendments to FRS 7 Statement of Cash Flows	1 January 2010
– Amendments to FRS 17 Leases	1 January 2010
– Amendments to FRS 36 Impairment of Assets	1 January 2010
– FRS 39 Financial Instruments: Recognition and Measurement	1 January 2010
– Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
– Amendments to FRS 108 Operating Segments	1 January 2010

Except for the revised FRS 103 and the amendments to FRS 27, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 103 and the amendments to FRS 27 are described below.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

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

2.3 ***Standards issued but not yet effective (cont'd)***

Revised FRS 103 Business Combinations and Amendments to FRS 27 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2009. The revised FRS 103 introduces a number of changes in the accounting for business combinations occurring after 1 July 2009. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 27 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to FRS 7 Statement of Cash Flows, FRS 12 Income Taxes, FRS 21 The Effects of Changes in Foreign Exchange Rates, FRS 28 Investments in Associates and FRS 31 Interests in Joint Ventures. The changes from the revised FRS 103 and Amendments to FRS 27 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied. However, the Group does not intend to early adopt.

2.4 ***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 Malaysian Ringgit 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 Hup Soon Global Pte Ltd and its subsidiaries (the "Acquired Group") whereby the functional currency of the holding company of the Acquired Group, Hup Soon Global Pte Ltd is United States Dollars. The separate financial statements of the Company are presented in United States Dollars to be consistent with the presentation currency of the consolidated financial statements.

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

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

(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 initially in other comprehensive income and accumulated under translation reserve. The translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign entity.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

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

2.5 ***Basis of consolidation***

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

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

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

Purchase method

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

Any excess of the cost of the business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is stated in Note 2.10.

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

2.6 ***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.

2.7 ***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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

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

2.7 *Associates (cont'd)*

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates 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 deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of the associate 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.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit or loss.

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.

2.8 *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.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and on transactions between the Group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

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.

2.9 *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit or loss 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.

Freehold land has unlimited useful life and therefore it is not depreciated.

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

2.9 ***Property, plant and equipment (cont'd)***

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:-

Buildings	-	2%
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 profit or loss in the year the asset is derecognised.

2.10 ***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.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. 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 2.4.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

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

2.10 ***Intangible assets (cont'd)***

(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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit loss when the asset is derecognised.

Brand

The brand was acquired in the acquisition of equity interest in an associate. The useful life 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.

2.11 ***Impairment of non-financial assets***

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

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

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 profit or loss.

2.12 ***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.

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

2.12 *Financial assets (cont'd)*

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 in other comprehensive income is recognised in profit or loss.

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 and loans and receivables.

(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 profit or loss. 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 profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2.13 *Impairment of financial assets*

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

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 profit or loss.

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 profit or loss.

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

2.14 ***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.

2.15 ***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 or weighted average 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.

2.16 ***Financial liabilities***

Financial liabilities within the scope of FRS 39 are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in the profit or loss 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 profit or loss. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

2.17 ***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.

2.18 ***Borrowing costs***

Borrowing costs are recognised in the profit or loss as incurred.

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

2.19 ***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 profit or loss. 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.

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' rights 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 profit or loss, 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 profit or loss 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.

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

2.20 *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

As lessee

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 profit or loss. 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 profit or loss 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.

2.21 *Revenue recognition*

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

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

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

(b) ***Rental income***

Rental income from operating lease is recognised on a straight-line basis over the term of the lease.

(c) ***Rendering of services***

Revenue from rendering of services is recognised upon the performance of services.

(d) ***Dividend income***

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

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

2.22 ***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 profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or 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 assets 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 income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) ***Sales tax***

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

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

2.22 *Income taxes (cont'd)*

(c) ***Sales tax (cont'd)***

- 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.

2.23 *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 profit or loss 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.

2.24 *Segment reporting*

For management purposes, the Group is organised into four major operating segments based on their products and services which are independently managed by the respective segment managing directors responsible for the performance of the respective segments under their charge. The segment managing directors report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 *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.

3. 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.

3.1 *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:

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3. Significant accounting estimates and judgements (cont'd)

3.1 *Judgements made in applying accounting policies (cont'd)*

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$320,000 (2008 : US$604,000) and US$2,337,000 (2008 : US$2,446,000) respectively.

3.2 *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$793,000 (2008 : US$796,000). Further details are given in Note 26.

(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$57,521,000 (2008 : US$55,955,000).

(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. In order 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 receivables at the balance sheet date is disclosed in Note 40.

(d) ***Allowance for inventory obsolescence and decline in net realisable value***

A 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 2009, the carrying amount of the Group's inventory is US$42,600,000 (2008: US$37,896,000).

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4. Revenue

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

	Group	
	2009	**2008**
	US$'000	US$'000
Sale of goods	121,096	117,255
Rendering of services	425	342
Rental income	521	288
	122,042	117,885

5. Other operating income

	Group	
	2009	**2008**
	US$'000	US$'000
Interest income from loans and receivables	192	223
Foreign exchange gain, net	405	16
Rebate and claim	385	500
Sale of scrap	90	90
Commission income	–	170
Subsidy from suppliers	194	141
Refund of duty from re-export	45	74
Grant income from Jobs Credit Scheme	34	–
Procurement charge	32	–
Gain on disposal of property, plant and equipment	23	27
Others	132	156
	1,532	1,397

During the financial year ended 31 December 2009, the Singapore Finance Minister announced the introduction of a Jobs Credit Scheme (Scheme). Under this Scheme, the Company received a 12% cash grant on the first S$2,500 of each month’s wages for each employee on their Central Provident Fund payroll. Subsequently, the Company will receive 6% and 3% for the remaining 2 quarters respectively. The Scheme is for one and a half years, and the Group received its grant income of US$34,000 (2008 : Nil) in four receipts in March, June, September and December 2009.

NOTES TO THE FINANCIAL STATEMENTS

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6. Profit/(loss) from operations

This is arrived at after charging:-

	Group	
	2009	**2008**
	US$'000	US$'000
Depreciation of property, plant and equipment (Note 10)	(1,054)	(942)
Allowance for doubtful trade debts (Note 17)	(692)	(397)
Allowance for doubtful non-trade debts (Note 18)	–	(19)
Executive officers' emoluments	(1,743)	(2,053)
Salaries and employees' benefits (excluding executive officers' emoluments)		
- Wages, salaries and bonus	(7,355)	(7,650)
- Defined contribution plans	(909)	(838)
- Other employee benefits	(3,656)	(2,751)
Inventories recognised as an expense in cost of sales (Note 16)	(94,630)	(87,763)
Non-audit fees paid to		
- Auditors of the Company	(4)	(11)
- Other auditors	–	(14)
Rental expense (Note 36)	(1,965)	(1,738)
Share-based payment expense (Note 29)	(8)	(4)
Share-based payment recovered from associate	–	305
Retirement benefits (Note 26)	(391)	(102)
Fair value loss on forward currency contracts (Note 33)	–	(79)

7. Finance costs and other expenses

Finance costs comprise the following:-

	Group	
	2009	**2008**
	US$'000	US$'000
Revolving bank loans interest	(142)	(126)
Term loan interest	(649)	(475)
Obligations under finance leases	(10)	(13)
Bankers acceptance	(166)	(258)
Bank overdraft interest	(20)	(9)
Bank letter of credit interest	–	(2)
	(987)	(883)

Other expenses comprise the following:-

Goodwill written off/impaired	(13)	(33)

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8. Tax (expense)/income

	Group	
	2009	**2008**
	US$'000	US$'000
Provision for taxation in respect of profit for the year:-		
Current taxation	(1,179)	(1,429)
Deferred taxation (Note 14)	(161)	1,213
	(1,340)	(216)
(Under)/over provision of current taxation in respect of prior year	(1)	568
(Under)/over provision of deferred taxation in respect of prior year (Note 14)	(3)	39
	(1,344)	391

A reconciliation between the tax (expense)/income and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 31 December 2009 and 2008 is as follows :-

	Group	
	2009	**2008**
	US$'000	US$'000
Profit/(loss) before tax	993	(1,049)
Taxation at the domestic rate applicable to profit/(loss) in the countries where the Group operates	(1,876)	(1,773)
Non-deductible expenses for taxation purposes	(583)	(936)
Deferred tax benefits not recognised	(447)	(360)
(Under)/over provision in respect of prior year	(4)	607
Income not subject to corporate tax	1,750	1,732
Effect of reduction in tax rate	–	(54)
Tax effect on income received from overseas	(184)	(136)
Deferred tax benefits previously not recognised	–	1,311
	(1,344)	391

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.

In 2008, a related company transferred 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 changes in corporate tax for the various countries are as follows :

Singapore	-	reduced from 18% to 17% for the year of assessment 2010 and onwards
Malaysia	-	reduced from 27% to 26% and 25% for the year of assessment 2008 and the year of assessment 2009 onwards respectively

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

8. Tax (expense)/income (cont'd)

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	
	2009	**2008**
	US$'000	US$'000
Deductible temporary differences	–	297
Unused tax losses	2,249	886
Unutilised capital allowances	539	429

9. 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:

	2009	**2008**
	US$'000	US$'000
Loss attributable to ordinary equity holders of the Company	(351)	(658)

	2009	**2008**
	'000	'000
Weighted average number of ordinary shares	364,354	364,354

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10. Property, plant and equipment

Group	Freehold land	Buildings	Leasehold improvement	Plant, machinery and equipment	Furniture, fittings and office equipment	Renovation	Motor vehicles	Forklifts	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost									
At 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 and 1 January 2009	–	–	646	998	2,283	747	1,091	863	6,628
Additions	1,667	1,252	4	392	320	401	450	503	4,989
Disposals	–	–	–	(143)	(66)	(61)	(79)	–	(349)
Written-off	–	–	–	–	(41)	(25)	–	–	(66)
Exchange difference	46	34	29	138	(39)	24	38	22	292
At 31 December 2009	1,713	1,286	679	1,385	2,457	1,086	1,500	1,388	11,494
Accumulated depreciation and impairment									
At 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 and 1 January 2009	–	–	574	325	1,290	381	587	88	3,245
Depreciation charge for the year	–	4	35	179	279	156	172	229	1,054
Disposals	–	–	–	(6)	(50)	(18)	(61)	–	(135)
Written-off	–	–	–	–	(41)	(8)	–	–	(49)
Exchange difference	–	–	26	20	38	13	22	7	126
At 31 December 2009	–	4	635	518	1,516	524	720	324	4,241
Net book value									
At 31 December 2008	–	–	72	673	993	366	504	775	3,383
At 31 December 2009	1,713	1,282	44	867	941	562	780	1,064	7,253

NOTES TO THE FINANCIAL STATEMENTS

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

Company	**Plant, machinery and equipment**	**Renovation**	**Motor vehicles**	**Total**
	US$'000	US$'000	US$'000	US$'000
Cost				
At 1 January 2008	298	422	–	720
Additions	4	–	–	4
Exchange difference	(42)	1	–	(41)
At 31 December 2008 and 1 January 2009	260	423	–	683
Additions	4	–	–	4
Transfer from a related company	–	–	8	8
Exchange difference	6	11	–	17
At 31 December 2009	270	434	8	712
Accumulated depreciation and impairment				
At 1 January 2008	84	106	–	190
Depreciation charge for the year	87	215	–	302
Exchange difference	(42)	(4)	–	(46)
At 31 December 2008 and 1 January 2009	129	317	–	446
Transfer from a related company	–	–	6	6
Depreciation charge for the year	90	105	2	197
Exchange difference	5	12	–	17
At 31 December 2009	224	434	8	666
Net book value				
At 31 December 2008	131	106	–	237
At 31 December 2009	46	–	–	46

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of US$4,989,000 (2008 : US$2,704,000) of which US$59,000 (2008 : US$87,000) and US$2,273,000 (2008 : Nil) were acquired by means of finance leases and bank loan respectively. Cash outflow on acquisition of property, plant and equipment amounted to US$2,657,000 (2008 : US$2,617,000).

The carrying amount of property, plant and equipment held under finance leases at balance sheet date was US$191,000 (2008 : US$207,000).

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

The Group's freehold land, buildings and plant, machinery and equipment with a carrying amount of US$3,077,000 (2008 : US$93,000) are mortgaged to secure the Group's interest-bearing loans and borrowings (Note 25).

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11. Investment in subsidiaries

	Company	
	2009	**2008**
	US$'000	US$'000
Shares, at cost	177,870	177,753
Less: Impairment loss	(125,334)	(122,168)
Exchange differences	4,985	370
Carrying amount of investments	57,521	55,955

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 (2008 : three-year) period. The pre-tax discount rate applied to the cash flow projections ranges from 3.7% to 12.0% (2008 : 8.5% to 10.0%). The growth rate used to extrapolate the cash flows of the subsidiaries beyond the three-year period ranges from 0% to 2.5% (2008 : 0% to 2.5%).

The subsidiaries as at 31 December are:-

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2009 %	Proportion of ownership interest 2008 %
	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 Ventures (Australia) Pte. Ltd. (formerly known as HSG (Glenmarie) Pte. Ltd.) (Singapore)	Investment holding (Singapore)	100	100
#	HSG Holdings Pte. Ltd. (Singapore)	Investment holding (Singapore)	100	100
#	Hup Soon Industrial Equipment Pte. Ltd. (Singapore)	Investment holding (Singapore)	100	100
#	HSG Investments Pte. Ltd. (Singapore)	Investment holding (Singapore)	100	100
@	Arboretum Mauritius Ltd. (Republic of Mauritius)	Investment holding (Republic of Mauritius)	100	100
*	Hup Soon Global (M) Sdn. Bhd. (1) (Malaysia)	Investment holding (Malaysia)	100	–
^	Winning Assets Enterprise Corp (British Virgin Islands)	Investment holding (British Virgin Islands)	–	100

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11. Investment in subsidiaries (cont'd)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2009 %	Proportion of ownership interest 2008 %
^	Kupang Tuas Sdn. Bhd. (Malaysia)	Dormant	–	100
	Held through subsidiaries			
	Held by Hup Soon Global Pte. Ltd.			
#	Borneo Technical (S) Pte. Ltd. (Singapore)	Investment holding (Singapore)	100	100
*	Borneo Technical (Thailand) Limited (Thailand)	Marketing and distribution of automotive aftermarket products and industrial supplies (Thailand)	100	100
*	Anglo-Thai Tractors Limited (Thailand)	Assembly of tractors (Thailand)	–	100(2)
*	Factory Products Centre (Thailand) Limited (Thailand)	Dormant	100	100
*	Borneo Technical Co. (M) Sdn. Bhd. (Malaysia)	Marketing and distribution of automotive aftermarket products and industrial supplies (Malaysia)	100	100
*	Kwikpart Sdn. Bhd. (Malaysia)	Marketing and distribution of automotive aftermarket 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 Hup Soon Industrial Equipment Pte. Ltd.			
*	Hup Soon Industrial Equipment Sdn. Bhd. (Malaysia)	Marketing and distribution of material handling equipment (Malaysia)	100	100

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11. Investment in subsidiaries (cont'd)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2009 %	Proportion of ownership interest 2008 %
	Held by Arboretum Mauritius Ltd.			
**	Twinwood Technologies (IT Services) Pvt.Ltd. (India)	Dormant	100	100
	Held by HSG Ventures (Australia) Pte. Ltd.			
*	Hup Soon Global (M) Sdn. Bhd. (Malaysia)	Investment holding (Malaysia)	–	100
	Held by Winning Assets Enterprise Corp			
^	Modern Info International Limited (British Virgin Islands)	Investment holding (British Virgin Island)	–	100
	<u>Held through subsidiaries</u>			
	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)	Dormant	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
	Held by HSG Holdings Pte. Ltd.			
*	Moutrie Trading Sdn Bhd (Malaysia)	Dormant	100	–
***	United Motor Works International Pte Ltd (Singapore)	Dormant	100	–

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11. Investment in subsidiaries (cont'd)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2009 %	2008 %
@	Anglo-Thai Corp (BVI) Limited (British Virgin Islands)	Dormant	100	–
@	The Borneo Co (BVI) Limited (British Virgin Islands)	Dormant	100	–
	Held by The Borneo Co (BVI) Limited			
≠	Anglo-Thai Corporation (United Kingdom)	Dormant	99.98	–
≠	The Borneo Company (United Kingdom)	Dormant	99.90	–
	Held by Anglo-Thai Corp (BVI) Limited			
≠	Anglo-Thai Corporation (United Kingdom)	Dormant	0.02	–
≠	The Borneo Company (United Kingdom)	Dormant	0.10	–
	Held by Anglo-Thai Company Limited			
*	Anglo-Thai Tractors Limited (Thailand)	Assembly of tractors (Thailand)	100	–

\# 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.
*** Audited by PricewaterhouseCoopers LLP, Singapore.
≠ Audited by PricewaterhouseCoopers LLP, United Kingdom.
@ Not required to be audited in the country of incorporation.
^ Liquidated during the year through members voluntary liquidation.
(1) In 2009, HSG Ventures (Australia) Pte. Ltd. transferred its 100% equity interest in Hup Soon Global (M) Sdn. Bhd. ("HSGM") to the Company for a cash consideration of S$0.41 (equivalent to US$0.28). Subsequent to the acquisition, the Company increased its investment in HSGM by injecting S$164,000 (equivalent to US$117,000) of cash as paid-up capital.
(2) Anglo-Thai Tractors Limited was held by the Group as follows:

	Percentage of equity held in 2008 %
Hup Soon Global Pte. Ltd.	60.5
Borneo Technical (Thailand) Limited	26.5
Anglo-Thai Company Limited	13.0
	100.0

In 2009, Hup Soon Global Pte. Ltd. and Borneo Technical (Thailand) Limited transferred their 60.5% and 26.5% equity interest in Anglo-Thai Tractors Limited to Anglo-Thai Company Limited for a cash consideration of THB 34,102,000 (equivalent to US$1,000,000) and THB 14,938,000 (equivalent to US$438,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

11. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries

In 2009, the Group acquired equity interests in the following companies (the "Companies"):

(a) Moutrie Trading Sdn. Bhd.;
(b) United Motor Works International Pte. Ltd.;
(c) Anglo-Thai Corp (BVI) Limited;
(d) The Borneo Co (BVI) Limited;

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	**Carrying amount before combination**
	US$'000	US$'000
Other receivables	1	1
Net identifiable assets	1	1
Goodwill arising from acquisition (Note 15)	13	
Total purchase consideration settled in cash	14	
Less: Cash and cash equivalents of subsidiaries acquired	–	
Net cash outflow on acquisition	14	

From the date of acquisition to 31 December 2009, the Companies have contributed US$16,000 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 2009 would have been US$609,000 while there is no impact on revenue.

12. Investment in associates

	Group	
	2009	**2008**
	US$'000	US$'000
Shares, at cost	6,032	6,032
Share of post-acquisition reserves	7,863	6,829
Exchange differences	114	9
Carrying amount of investments	14,009	12,870

The share of post-acquisition reserves includes negative goodwill of US$4,408,000 and 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. As at 31 December 2009, the carrying value of the brand, adjusted for the proportion of ownership interest held by the Group is US$2,178,000 (2008 : US$2,160,000).

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12. Investment in associates (cont'd)

The associates as at 31 December are :-

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2009	2008
	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.

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

	2009	2008
	US$'000	US$'000
Assets and liabilities :		
Current assets	31,462	30,420
Non-current assets	33,875	33,093
Intangible assets	7,140	7,082
Total assets	72,477	70,595
Current liabilities	28,509	30,118
Non-current liabilities	5,391	4,582
Total liabilities	33,900	34,700
Post-acquisition results :		
Revenue	59,649	68,304
Profit/(loss) for the year	3,540	(373)

13. Investment in jointly controlled entities

	Group	
	2009	2008
	US$'000	US$'000
Shares, at cost	1,504	1,504
Share of post-acquisition reserves	477	451
Exchange differences	39	–
Carrying amount of investments	2,020	1,955

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.

13. Investment in jointly controlled entities (cont'd)

The jointly controlled entities as at 31 December are :-

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2009 %	2008 %
	Held by HSG Investments Pte. Ltd.			
****	Nichiyu Asia Pte Ltd [(1)] (Singapore)	Distribution of the "Nichiyu" brand of electric material handling equipment (Singapore)	–	30
	Held by United Motor Works International Pte. Ltd.			
****	Nichiyu Asia Pte Ltd [(1)] (Singapore)	Distribution of the "Nichiyu" brand of electric material handling equipment (Singapore)	30	–
	Held by Borneo Technical (S) Pte. Ltd.			
#	Top 1 Oil Asia Pte Ltd (Singapore)	Dormant	50	50
	Held by HSG Ventures (Australia) Pte. Ltd.			
@	Total Battery Solutions Pty Ltd (Australia)	Dormant	50	–

Audited by Ernst & Young LLP, Singapore.
**** Audited by PKF-CAP LLP, Singapore.
@ Not required to be audited in the country of incorporation.
(1) In 2009, HSG Investments Pte. Ltd. transferred its 30% equity interest in Nichiyu Asia Pte. Ltd. to United Motor Works International Pte. Ltd. for a cash consideration of S$2,166,501 (equivalent to US$1,542,549).

During the year, the Group entered into a Shareholders Agreement ("SHA") with Green Battery Technologies Pty Ltd ("GBT"), a company incorporated in Australia to import, market, sell and distribute lead acid batteries, battery-related products, solar-related and other related products in Australia through Total Battery Solutions Pty Ltd., a company incorporated in Australia. The Group owns 50% equity interest in Total Battery Solutions Pty Ltd.

In 2008, 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 owns 50% equity interest in the jointly controlled entity.

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31 December 2009

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	
	2009	**2008**
	US$'000	US$'000
Assets and liabilities :		
Current assets	5,115	4,270
Non-current assets	1,142	1,211
Total assets	6,257	5,481
Current liabilities	4,191	3,513
Non-current liabilities	59	52
Total liabilities	4,250	3,565
Results :		
Revenue	6,437	8,810
Profit for the year	163	320

14. Deferred tax assets

	Group	
	2009	**2008**
	US$'000	US$'000
Balance at beginning of year	2,446	1,421
(Charge)/credit to profit or loss (Note 8)	(164)	1,252
Exchange difference	55	(227)
Balance at end of year	2,337	2,446

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

	Group	
	2009	**2008**
	US$'000	US$'000
Deferred tax liability :-		
Difference in depreciation	(217)	(62)
Others	–	(19)
	(217)	(81)
Deferred tax assets:-		
Allowance for slow-moving inventories	900	280
Allowance for doubtful debts	318	213
Difference in depreciation	19	10
Provision for retirement benefits	238	237
Provision for liabilities	755	384
Unused tax losses	184	924
Unutilised capital allowances	36	439
Others	104	40
	2,554	2,527
Net deferred tax assets	2,337	2,446

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15. Goodwill

	Group 2009 US$'000	Group 2008 US$'000
Cost :		
At 1 January	43,132	43,132
Goodwill arising from acquisition of subsidiaries (Note 11)	13	–
Goodwill written off	(43,145)	–
At 31 December	–	43,132
Accumulated amortisation and impairment :		
At 1 January	(43,132)	(43,099)
Impairment during the year	–	(33)
Impairment written off	43,132	–
	–	(43,132)
Net carrying amount :		
At 31 December	–	–

16. Inventories

	Group 2009 US$'000	Group 2008 US$'000
Balance sheet		
Raw materials		
At cost	6,458	–
At net realisable value	–	191
Finished goods		
At cost	24,258	15,147
At net realisable value	429	17,841
Work-in-progress (at cost)	2	5
Consumables (at cost)	11	26
Goods in transit (at cost)	11,442	4,686
Total inventories at lower of cost and net realisable value	42,600	37,896
Income statement		
Inventories recognised as an expense in cost of sales	94,630	87,763
Inclusive of the following charge/(credit) :		
- Inventories written-down	1,055	614
- Reversal of write-down of inventories	(67)	(5)

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

17. Trade receivables

	Group 2009 US$'000	Group 2008 US$'000
External parties	30,693	25,190
Less: Allowance for doubtful debts	(1,878)	(1,246)
	28,815	23,944

The currency profile of trade receivables is as follows:-

	2009 US$'000	2008 US$'000
Malaysian Ringgit	13,117	9,372
Thai Baht	15,545	14,527
US Dollar	153	–
Singapore Dollar	–	45
	28,815	23,944

For the year ended 31 December 2009, an impairment loss of US$692,000 (2008 : US$397,000) (Note 6) was recognised in the profit or loss subsequent to a debt recovery assessment performed on trade receivables as at 31 December 2009.

Receivables that are past due but not impaired

The Group has trade receivables amounting to US$4,080,000 (2008: US$4,045,000) 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 2009 US$'000	Group 2008 US$'000
Trade receivables past due :		
Lesser than 30 days	1,916	2,563
30 to 60 days	379	749
More than 60 days	1,785	733
	4,080	4,045

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	
	2009 US$'000	2008 US$'000	2009 US$'000	2008 US$'000
Trade receivables – nominal amounts	10,419	1,652	8,161	1,016
Less: Allowance for doubtful debts	(629)	(254)	(1,249)	(992)
	9,790	1,398	6,912	24
Movement in allowance accounts				
At 1 January	(254)	(791)	(992)	(393)
(Charge)/write back for the year	(217)	460	(475)	(857)
Written off	71	49	39	144
Exchange differences	(229)	28	179	114
At 31 December	(629)	(254)	(1,249)	(992)

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17. Trade receivables (cont'd)

Receivables that are impaired (cont'd)

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	
	2009	**2008**	**2009**	**2008**
	US$'000	US$'000	US$'000	US$'000
Sundry receivables	1,149	1,257	5	10
Deposits	295	666	2	2
Fair value of forward currency contracts (Note 33)	–	11	–	–
	1,444	1,934	7	12

In 2008, the sundry receivables were stated after allowance for doubtful debt of US$19,000.

19. Amounts due from/(to) related companies

	Group		Company	
	2009	**2008**	**2009**	**2008**
	US$'000	US$'000	US$'000	US$'000
Amounts due from related companies :				
Subsidiaries	–	–	11,050	10,060
Associates	–	1	7	1
Jointly controlled entities	12	3	–	–
	12	4	11,057	10,061
Amounts due to related companies :				
Subsidiaries	–	–	(644)	–
Associates	(8,767)	(2,952)	–	(15)
	(8,767)	(2,952)	(644)	(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$2,383,000 (2008 : US$596,000) due from a subsidiary which bears interest at 5% (2008 : 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.

19. Amounts due from/(to) related companies (cont'd)

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	12	4	11,057	10,061
Malaysian Ringgit	(8,766)	(2,833)	(68)	(15)
Thai Baht	(1)	(119)	–	–
US Dollar	–	–	(576)	–
	(8,755)	(2,948)	10,413	10,046

20. Loan to an associate

Loan to an associate bears interest at the Company's cost of funds of 6.00% (2008 : 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.

21. 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	
	2009	**2008**
	US$'000	US$'000
Cash and bank balances	12,054	10,946
Short-term deposits pledged with licensed bank	2,424	7
Bank overdrafts (Note 25)	(340)	(399)
	14,138	10,554
Less: Short-term deposits pledged	(2,424)	(7)
Cash and cash equivalents	11,714	10,547

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 to 12 months (2008 : 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	
	2009	**2008**	**2009**	**2008**
	US$'000	US$'000	US$'000	US$'000
Malaysian Ringgit	5,989	2,976	–	–
Malaysian Ringgit (bank overdrafts)	–	(399)	–	–
Thai Baht	2,386	1,446	–	–
Singapore Dollar	5,678	5,709	2,677	5,434
Singapore Dollar (bank overdrafts)	(340)	–	(340)	–
US Dollar	424	818	168	208
Indian Rupee	1	4	–	–
	14,138	10,554	2,505	5,642

22. 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	
	2009	**2008**
	US$'000	US$'000
Malaysian Ringgit	1,971	1,572
Thai Baht	5,974	6,175
US Dollar	14,068	9,007
Euro	101	84
Japanese Yen	2,286	3,403
British Pound	1,660	1,226
Australian Dollar	83	68
	26,143	21,535

23. Other payables and accruals

	Group		Company	
	2009	**2008**	**2009**	**2008**
	US$'000	US$'000	US$'000	US$'000
Accruals	4,566	3,798	672	741
Deposits from customers	76	145	–	–
Sundry payables	2,384	2,142	32	36
Fair value of forward currency contract (Note 33)	–	90	–	–
	7,026	6,175	704	777

24. Provision for liabilities

	Group		
	Warranty	**Rebate**	**Total**
	US$'000	US$'000	US$'000
At 1 January 2008	326	18	344
Charge to profit or loss	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 and at 1 January 2009	363	42	405
Charge to profit or loss	674	998	1,672
Utilised during the year	(548)	(555)	(1,103)
Exchange difference	10	13	23
At 31 December 2009	499	498	997

24. 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 0.5% to 7.5% of sales of qualifying products generated during the financial year.

25. Interest-bearing loans and borrowings

	Group		Company	
	2009	**2008**	**2009**	**2008**
	US$'000	US$'000	US$'000	US$'000
Floating rate				
Banker's acceptance	9,196	6,754	–	–
Bank overdrafts (Note 21)	340	399	340	–
Revolving loans	18,635	17,202	–	555
Term loans	3,102	808	–	–
Fixed rate				
Obligations under finance leases (Note 32)	154	184	–	–
	31,427	25,347	340	555
Less:				
Term loans (non-current)	(2,741)	(454)	–	–
Obligations under finance leases (non-current) (Note 32)	(95)	(107)	–	–
Interest-bearing loans and borrowings (non-current)	(2,836)	(561)	–	–
Interest-bearing loans and borrowings (current)	28,591	24,786	340	555

The interest-bearing loans and borrowings are for working capital purposes except for the term loan and obligations under finance leases which are for the purchase of property, plant and equipment.

US$154,000 (2008 : US$184,000) of interest-bearing loans and borrowings are secured by leased assets with net carrying values of US$191,000 (2008 : US$207,000) (Note10). US$2,284,000 (2008 : US$49,000) of interest-bearing loans and borrowings are secured by way of a legal mortgage on subsidiaries' freehold land, buildings and plant and equipment with net carrying values of approximately US$3,077,000 (2008 : US$93,000) (Note 10).

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

The non-current portion of term loans are due later than 1 year but not later than 5 years except for a term loan amounting to US$2,206,000 (2008 : Nil) which is due later than 5 years.

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25. Interest-bearing loans and borrowings (cont'd)

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	US$'000	US$'000	US$'000	US$'000
Malaysian Ringgit	16,248	10,753	–	–
Thai Baht	14,269	13,657	–	–
Singapore Dollar	910	937	340	555
	31,427	25,347	340	555

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

	Group	
	2009	**2008**
	%	%
Banker's acceptance	2.85	4.32
Bank overdrafts	5.80	6.75
Revolving loans	4.43	4.08
Term loan	4.83	7.00

26. 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 who have completed a minimum of 8 years of service are entitled up to six months of the last drawn salary plus car allowances, depending on the length of service. In respect of the Long Service Award Plan, 7.5 grams of gold are awarded for a minimum of 10 years of service and up to 90 grams of gold are awarded for 40 years of service.

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

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26. Provision for retirement benefits (cont'd)

Amounts recognised in profit or loss for the year:-

	Group							
	Legal Severance Payment Plan		Long Service Provision Plan		Long Service Award Plan		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Current service cost	38	29	21	13	17	10	76	52
Interest cost on benefit obligation	22	24	13	14	9	9	44	47
Net actuarial losses recognised during the year	114	–	72	–	85	3	271	3
Net benefit expense	174	53	106	27	111	22	391	102

Amounts recognised in the balance sheets as at:-

	Legal Severance Payment Plan 2009	2008	Long Service Provision Plan 2009	2008	Long Service Award Plan 2009	2008	Total 2009	2008
Defined benefit obligation	512	413	301	233	217	149	1,030	795
Unrecognised net actuarial (gain)/loss	(98)	22	(59)	17	(80)	(38)	(237)	1
Benefit liability	414	435	242	250	137	111	793	796

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

	Legal Severance Payment Plan 2009	2008	Long Service Provision Plan 2009	2008	Long Service Award Plan 2009	2008	Total 2009	2008
Benefit obligation at beginning of year	435	477	250	269	111	168	796	914
Translation differences	22	(70)	13	(39)	8	(29)	43	(138)
Current service cost	38	29	21	13	17	10	76	52
Interest cost on benefit obligation	22	24	13	14	9	9	44	47
Unrecorded net actuarial (gain)/loss	(95)	22	(57)	17	(78)	(38)	(230)	1
Net actuarial losses recognised during the year	114	–	72	–	85	3	271	3
Benefits paid	(34)	(47)	(19)	(24)	(14)	(12)	(67)	(83)
Liabilities extinguished on curtailment or settlement	(88)	–	(51)	–	(1)	–	(140)	–
Benefit obligation at end of year	414	435	242	250	137	111	793	796

26. Provision for retirement benefits (cont'd)

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

	2009	2008
	%	%
Discount rates	4.5	4.5
Price inflation	3.5	3.5
Salary inflation	6.0	6.0
	Per Baht weight of Gold *	
Gold prices (Thai Baht)	13,500	13,000

* increasing with price inflation

Employee turnover

	2009	2008
Prior to age 30	12.0	12.0
Age 30 to 39	10.0	10.0
Age 40 to 49	8.0	8.0
Age 50 onwards	4.0	4.0

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

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

	2009	2008
	US$'000	US$'000
Legal Severance Payment Plan	414	435
Long Service Provision Plan	242	250
Long Service Award Plan	137	111
	793	796

27. Share capital

	Group		Company	
	Number of ordinary shares		Number of ordinary shares	
	'000	US$'000	'000	US$'000
Issued and fully paid:				
At 1 January 2008	364,354	68,248	364,354	104,331
Transfer from accumulated losses arising from capital reduction [1]	–	–	–	(38,718)
At 31 December 2008, 1 January 2009 and 31 December 2009	364,354	68,248	364,354	65,613

[1] 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 was unrepresented by available assets was completed and effective from 12 June 2008.

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27. Share capital (cont'd)

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 in relation to the completed acquisition of Hup Soon Global Pte. Ltd. and its subsidiaries (the "Acquired Group") on 26 April 2007 from shareholders of Hup Soon Global Pte. Ltd. by the Company, the amount of share capital of the Group at the date of completion represents that of the Acquired Group before the reverse acquisition.

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.

28. 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.

29. Share grant reserve

	Group		Company	
	2009	**2008**	**2009**	**2008**
	US$'000	US$'000	US$'000	US$'000
Fair value of shares granted in 2007 (Note a)	3,453	3,453	–	–
Fair value of PSP share awards granted in 2008 (Note b)	12	1	12	1
Fair value of RSP share awards granted in 2008 (Note c)	–	3	–	3
	3,465	3,457	12	4

(a) In 2007, in conjunction with the Company's acquisition of Hup Soon Global Pte. Ltd. ("HSG") and its subsidiaries, 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$3,453,000 was 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.

(b) On 22 October 2008, the Company issued PSP to eligible executives. Based on the fair value of the share awards determined using the Monte-Carlo model, the share-based payment of approximately US$20,000 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 2009 is approximately US$11,000 (2008 : US$1,000).

(c) On 22 October 2008, the Company issued RSP to eligible executives. Based on the fair value of the share awards determined using the Monte-Carlo model, the share based payment of approximately US$23,000 is to be expensed over the vesting period, i.e. from 22 October 2008 to 31 March 2011.

As certain performance targets for the period from 1 January 2008 to 31 December 2009 were not met, all the 763,500 Shares Awards outstanding as at 31 December 2009 granted under the RSP lapsed on 26 February 2010. As a result, reversal of share-based payment amounting to approximately US$3,000 is made during the financial year ended 31 December 2009 (2008: charge of US$3,000).

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30. 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.

31. Capital reserve

Capital reserve of the Group represents the transfer of amount of goodwill written off arising from the reverse acquisition in 2007, from accumulated losses to capital reserve.

32. Finance lease obligations

	Group			
	2009		2008	
	Minimum lease payments	Present value of payments (Note 26)	Minimum lease payments	Present value of payments (Note 26)
	US$'000	US$'000	US$'000	US$'000
Not later than one year	66	59	86	77
Later than one year but not later than five years	103	95	114	107
Total minimum lease payments	169	154	200	184
Less: Amounts representing finance charges	(15)	–	(16)	–
Present value of minimum lease payments	154	154	184	184

The effective interest rates of the finance leases range from 3.75% to 6.09% (2008 : 4.39% 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.

33. Derivative financial instruments

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

	Group	
	2009	2008
	US$'000	US$'000
Notional amount		
British Pound	1,287	1,044
Australian Dollar	81	69
US Dollar	2,785	5,773
Thai Baht	42	39
Japanese Yen	2,250	3,342
	6,445	10,267

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33. Derivative financial instruments (cont'd)

Net fair value

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

	Group	
	2009	**2008**
	US$'000	US$'000
Fair value loss on forward currency contracts (Note 18, 23)	–	(79)

34. Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(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	
	2009	**2008**
	US$'000	US$'000
Related parties :-		
Sale of goods to associates	(312)	(11)
Sale of services to a jointly controlled entity	(9)	–
Purchase of goods and equipment from associates	23,918	9,074
Purchase of services from a company/firm related to a director	105	242

Company/firm related to a director:

Wong Partnership LLP, a firm of which a director of the Company is also a partner provided legal and professional services to the Group amounting to US$33,000 (2008 : US$112,000).

Seabanc Insurance Brokers Pte. Ltd., in which a director of the Company has equity interest, provided insurance brokerage services to the Group amounting to US$25,000 (2008 : US$24,000).

The Group engaged logistic services amounting to US$47,000 (2008 : US$106,000) from Integrated Distribution Services Group Limited, in which a director and controlling shareholder of the Company has equity interest.

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34. Related party transactions

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

	Group 2009 US$'000	Group 2008 US$'000
Short-term employee benefits	1,743	2,053
Total compensation paid to key management personnel	1,743	2,053
Comprise amounts paid to :-		
Directors of the Company	739	1,179
Other key management personnel	1,004	874
	1,743	2,053

35. Capital commitments

	Group 2009 US$'000	Group 2008 US$'000
Capital commitments in respect of property, plant and equipment approved and contracted for	–	2,734

36. Operating lease commitments

The Group leases certain land and building, properties and motor vehicles. These non-cancellable leases have remaining lease terms of between 2 months and 5 years with renewal option included in the contracts. There are no restrictions placed upon the Group or the Company as a result of entering into these leases. Operating lease payments recognised in the profit or loss during the year amounted to US$1,965,000 (2008 : US$1,738,000).

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

	Group 2009 US$'000	Group 2008 US$'000
Within one year	996	1,282
After one year but not more than five years	1,143	1,050
	2,139	2,332

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37. Segment information

For management purposes, the Group is organised into operating segments based on their products and services as the Group's risks and rates of return are affected predominantly by differences in the products and services provided. The operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business segments

The Group is organised into four 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

Segment review by geographical segments are based on the geographical location of its customers. The non-current assets are based on the location of those assets.

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 2. 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 2009 and 2008 and assets, liabilities and other segment information regarding the Group's business segments at 31 December 2009 and 2008.

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37. Segment information (cont'd)

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

2009	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$'000	Adjustments and eliminations US$'000	Notes	Total US$'000
Revenue								
Sales to external customers	95,826	21,874	4,342	–	–	–		122,042
Segment results	1,841	2,077	(893)	(2,084)	–	–		941
Finance costs	(828)	(26)	(105)	(28)	–	–		(987)
Share of results of associates								889
Share of results of jointly controlled entities								163
Other expenses								(13)
Profits before tax								993
Tax expense								(1,344)
Loss for the year								(351)
Assets and liabilities								
Segment assets	68,919	17,046	7,388	8,154	15,871	(84)	A	117,294
Segment liabilities	66,736	514	5,978	2,037	208	–		75,473
Capital expenditure	4,842	137	–	10	–	–		4,989
Depreciation charge	768	88	–	198	–	–		1,054
2008								
Revenue								
Sales to external customers	87,462	24,674	5,670	–	79	–		117,885
Segment results	2,080	2,690	(1,200)	(3,912)	(69)	–		(411)
Finance costs	(795)	(2)	(71)	(15)	–	–		(883)
Share of results of associates								(42)
Share of results of jointly controlled entities								320
Other expenses								(33)
Loss before tax								(1,049)
Tax income								391
Loss for the year								(658)
Assets and liabilities								
Segment assets	52,344	15,071	8,109	9,523	14,282	–	A	99,329
Segment liabilities	39,470	10,119	3,048	1,899	3,278	–		57,814
Capital expenditure	1,567	92	1,019	4	22	–		2,704
Depreciation charge	385	98	142	307	10	–		942

37. Segment information (cont'd)

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

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet:

	Group	
	2009	**2008**
	US$'000	US$'000
Elimination of unrealised profits in inventories	(84)	–
Goodwill arising from acquisition of subsidiaries	13	33
Goodwill written off/impaired	(13)	(33)
	(84)	-

(b) ***Geographical segments***

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:-

	Revenue		Non-current assets	
	2009	**2008**	**2009**	**2008**
	US$'000	US$'000	US$'000	US$'000
Malaysia	57,699	48,302	6,193	2,180
Thailand	64,343	69,209	1,011	962
Others	–	374	49	241
	122,042	117,885	7,253	3,383

38. Contingent liabilities

Legal claims

(a) On 2 November 2009, Anglo-Thai Company Limited ("ATC") filed a lawsuit against its former managing director in relation to violation of a retirement agreement, requesting damages totaling approximately THB 12 million (equivalent to US$0.36 million) plus interest from the defendant. The Court held the first hearing on 8 February 2010 and has scheduled subsequent hearings throughout the month of May 2010.

(b) On 4 December 2009, the same former managing director of ATC filed a complaint against ATC, its directors and other personnel of the Group for criminal defamation and demanding damages amounting to THB 30 million (equivalent to US$0.90 million) plus interest. The trial of witnesses is scheduled in the month of June 2010 and July 2010.

(c) On 15 January 2010, ATC, Borneo Technical (Thailand) Limited ("BTL") and certain of their directors were sued as joint defendants in labour law related cases by 2 former employees in relation to termination of employment by ATC and BTL. The plaintiffs are seeking damages amounting to approximately THB 66.3 million (equivalent to US$1.99 million) plus surcharge and interest. The trial of witnesses is scheduled in the month of June 2010 and July 2010.

ATC and BTL's management believe that when the cases are finalised, there would be no significant loss to the companies. Therefore, ATC and BTL have not accrued for any liability relating to these matters as of 31 December 2009.

38. Contingent liabilities (cont'd)

Guarantees

	Company	
	2009	**2008**
	US$'000	US$'000
Corporate guarantee given to financial institutions for credit facilities of the subsidiaries	30,691	12,765

39. 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 (MYR) and Thai Baht (THB). The foreign currencies in which these transactions are denominated are mainly US Dollar (USD), British Pound (GBP), Japanese Yen (JPY), Euro Dollar (Euro) and Australian Dollar (AUD). Approximately 30% (2008 : 42%) of the Group's purchases 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$424,000 (2008 : US$818,000) and US$168,000 (2008 : US$208,000) 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 2009, the Group had hedged 35% (2008 : 74%) of the Group's trade payables denominated in a currency other than the respective functional currencies of the Group entities.

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 MYR and THB are considered to be long term in nature.

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

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

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax 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	
	2009	**2008**
	US$'000	US$'000
	Loss net of tax	**Loss net of tax**
USD		
Strengthened 5% (2008 : 5%)	664	435
Weakened 5% (2008 : 5%)	(664)	(435)
JPY		
Strengthened 5% (2008 : 5%)	111	176
Weakened 5% (2008 : 5%)	(111)	(176)

(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 91.0% (2008 : 97.8%) 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.

Analysis of financial instruments by remaining contractual maturities

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

	2009				2008		
	1 year or less	**1 to 5 years**	**Later than 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group							
Financial assets:							
Trade receivables	28,815	–	–	28,815	23,944	–	23,944
Other receivables	1,444	–	–	1,444	1,934	–	1,934
Amounts due from related companies	12	–	–	12	4	–	4
Loan to an associate	3,624	–	–	3,624	3,262	–	3,262
Short-term deposits	2,424	–	–	2,424	7	–	7
Cash and bank balances	12,054	–	–	12,054	10,946	–	10,946
Total undiscounted financial assets	48,373	–	–	48,373	40,097	–	40,097

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

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

Analysis of financial instruments by remaining contractual maturities (cont'd)

	2009				2008		
	1 year or less	**1 to 5 years**	**Later than 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Financial liabilities:							
Trade payables	26,143	–	–	26,143	21,535	–	21,535
Other payables and accruals	7,026	–	–	7,026	6,175	–	6,175
Amounts due to related companies	8,767	–	–	8,767	2,952	–	2,952
Interest-bearing loans and borrowings	28,598	638	2,206	31,442	24,795	568	25,363
Total undiscounted financial liabilities	70,534	638	2,206	73,378	55,457	568	56,025
Total net undiscounted financial liabilities	(22,161)	(638)	(2,206)	(25,005)	(15,360)	(568)	(15,928)
Company							
Financial assets:							
Other receivables	7	–	–	7	12	–	12
Amounts due from related companies	11,057	–	–	11,057	10,061	–	10,061
Cash and bank balances	2,845	–	–	2,845	5,642	–	5,642
Total undiscounted financial assets	13,909	–	–	13,909	15,715	–	15,715
Financial liabilities:							
Other payables and accruals	704	–	–	704	777	–	777
Amounts due to related companies	644	–	–	644	15	–	15
Interest-bearing loans and borrowings	340	–	–	340	555	–	555
Total undiscounted financial liabilities	1,688	–	–	1,688	1,347	–	1,347
Total net undiscounted financial assets	12,221	–	–	12,221	14,368	–	14,368

(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.

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

At the balance sheet date, if the Groups' effective interest rates had been 75 (2008 : 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 (2008 : US$67,000), arising mainly as a result of higher interest expense on floating rate loans and borrowings.

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

(d) ***Credit risk***

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

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

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values [Note 40(a)].

Credit risk concentration profile

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

	2009		2008	
	US$'000	% of total	US$'000	% of total
By country:				
Malaysia	13,117	45	9,372	39
Thailand	15,545	54	14,527	61
Singapore	–	–	45	–
United States of America	153	1	–	–
	28,815	100	23,944	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).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

40. 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	2009 Loans and receivables	2009 Liabilities at amortised cost	2008 Loans and receivables	2008 Liabilities at amortised cost	2008 Financial assets/ (liabilities) at fair value through profit or loss
	US$'000	US$'000	US$'000	US$'000	US$'000
Assets					
Trade receivables (Note 17)	28,815	–	23,944	–	–
Other receivables (excluding fair value of forward currency contract) (Note 18)	1,444	–	1,923	–	–
Amounts due from related companies (Note 19)	12	–	4	–	–
Loan to an associate (Note 20)	3,624	–	3,262	–	–
Short-term deposits (Note 21)	2,424	–	7	–	–
Cash and bank balances (Note 21)	12,054	–	10,946	–	–
	48,373	–	40,086	–	–
Liabilities					
Trade payables (Note 22)	–	(26,143)	–	(21,535)	–
Other payables and accruals (excluding fair value of forward currency contracts) (Note 23)	–	(7,026)	–	(6,085)	–
Amounts due to related companies (Note 19)	–	(8,767)	–	(2,952)	–
Interest bearing loans and borrowings (Note 25)	–	(31,427)	–	(25,347)	–
Derivatives financial instruments (Note 33)	–	–	–	–	(79)
	–	(73,363)	–	(55,919)	(79)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

40. Financial instruments (cont'd)

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

The Company	2009 Loans and receivables US$'000	2009 Liabilities at amortised cost US$'000	2008 Loans and receivables US$'000	2008 Liabilities at amortised cost US$'000
Assets				
Other receivables (Note 18)	7	–	12	–
Amounts due from related companies (Note 19)	11,057	–	10,061	–
Cash and bank balances (Note 21)	2,845	–	5,642	–
	13,909	–	15,715	–
Liabilities				
Other payables and accruals (Note 23)	–	(704)	–	(777)
Amounts due to related companies (Note 19)	–	(644)	–	(15)
Interest bearing loans and borrowings (Note 25)	–	(340)	–	(555)
	–	(1,688)	–	(1,347)

(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.

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of 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 values 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 profit or loss 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 2009 and 2008.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

41. 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 2009 and 31 December 2008.

As disclosed in Note 28, 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 2009 and 2008.

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 bank balances. Capital includes equity attributable to the equity holders of the Company less translation reserve and the abovementioned legal reserve.

	Group	
	2009	**2008**
	US$'000	US$'000
Trade payables (Note 22)	26,143	21,535
Other payables and accruals (Note 23)	7,026	6,175
Amounts due to related companies (Note 19)	8,767	2,952
Interest-bearing loans and borrowings (Note 25)	31,427	25,347
Less: Cash and bank balances (Note 21)	(12,054)	(10,946)
Net debt	61,309	45,063
Equity attributable to the equity holders of the Company	41,821	41,515
Less:		
Legal reserve	(1,889)	(1,889)
Translation reserve	(2,646)	(1,997)
Total capital	37,286	37,629
Capital and net debt	98,595	82,692
Gearing ratio	62%	54%

42. Comparative figures

The following statement of comprehensive income figures have been reclassified to conform with current year's presentation:

	Group	
	As stated	As previously reported
	US$'000	US$'000
Statement of comprehensive income		
Administrative expenses	(8,379)	(8,684)
Share-based payment recovered	–	305
Goodwill written off	–	(33)
Other expenses	(33)	–

43. Events occurring after the balance sheet date

On 31 January 2010, the Group acquired a further 4,483,321 ordinary shares of its associate, Tai Kwong Yokohama Berhad ("TKYB") for a total consideration of approximately MYR4,887,000 (equivalent to US$1,417,000). Thereby, the Group has increased its equity interest in TKYB from 30.46% to 40.75% and this triggered a general offer for the remaining ordinary shares in TKYB.

On 11 March 2010, the Group acquired directly a further 2,200,000 ordinary shares in TKYB for a consideration of MYR2,970,000 (equivalent to US$868,000) or MYR1.35 (equivalent to US$0.39) per share. These additional ordinary shares represent approximately 5.05% of the issued shares, and the general offer price was revised to MYR1.35 (equivalent to US$0.39) per share.

As of 24 March 2010, including the acquisition above and acceptances received as a result of the general offer, the Group's equity interest in TKYB is 59.12%. The general offer period will close on 7 April 2010.

44. Authorisation of financial statements

The financial statements for the year ended 31 December 2009 were authorised for issue in accordance with a resolution of the directors on 31 March 2010.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2010

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

The Company has no treasury shares as at 15 March 2010.

Size of Shareholdings

Size of shareholdings	No. of shareholders	Percentage %	No. of shares held	Percentage %
1 – 999	2,497	42.90	849,689	0.23
1,000 – 10,000	2,714	46.62	7,823,174	2.15
10,001 – 1,000,000	598	10.27	34,362,780	9.43
1,000,001 and above	12	0.21	321,318,744	88.19
TOTAL	**5,821**	**100.00**	**364,354,387**	**100.00**

Shareholding Held In Hands Of Public

Based on information available to the Company as at 15 March 2010, approximately 19.21% of the issued ordinary shares of the Company are held by the public. Rule 723 of the Singapore Exchange Securities Trading Limited Listing Manual: Section B: Rules of Catalist is therefore complied with.

Directors' Shareholding as at 21 January 2010

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	-	660,000

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 on 22 October 2008. The RSP awards lapsed on 26 February 2010 as certain predetermined performance conditions were not met. Based on the achievement of certain predetermined performance conditions, the actual share awards of the PSP awards will range from 0 to 660,000.

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	GOH SWEE HENG	5,482,832	1.50
6	SERI KULEKALUCK	5,282,926	1.45
7	OCBC SECURITIES PRIVATE LTD	2,820,690	0.77
8	CHOW SIEW HON	2,500,000	0.69
9	UOB KAY HIAN PTE LTD	2,241,100	0.62
10	HSBC (SINGAPORE) NOMINEES PTE LTD	1,300,000	0.36
11	TAN IAN-MAO	1,063,000	0.29
12	KIM ENG SECURITIES PTE. LTD.	1,029,000	0.28
13	CHOW JIN YIAN	1,000,000	0.27
14	CHOW SIM YIAN	1,000,000	0.27
15	CHOW TSIN YIAN	1,000,000	0.27
16	CITIBANK NOMINEES SINGAPORE PTE LTD	947,306	0.26
17	DBS NOMINEES PTE LTD	928,000	0.26
18	TANMANURAXKUL WASAN	665,000	0.18
19	PHILLIP SECURITIES PTE LTD	640,247	0.18
20	DMG & PARTNERS SECURITIES PTE LTD	621,000	0.17
	TOTAL	**328,120,297**	**90.05**

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2010

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 ("**Company**") will be held at Ballroom III (Lower Level), The Pines, 30 Stevens Road, Singapore 257840 on Tuesday, 27 April 2010 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 2009.

2. To re-elect as Director Mr Philip Eng Heng Nee who was appointed during the year.

3. To elect as Director Mr Yap Chee Keong.

   Notes:

   (a) Information on Mr Philip Eng Heng Nee and Mr Yap Chee Keong can be found at the Board of Directors section of the 2009 Annual Report.

   (b) The following directors: Mr Anil Thadani, Ms Jennifer Chia Jee Phun and Mr Dilhan Pillay Sandrasegara are retiring in accordance with the Company's Articles of Association and are not seeking re-election.

   (c) The following Directors: Mr Chuen Fah Alain Ahkong and Mr Robert Ernest Adams will resign from the Board with effect from the close of the AGM.

   (d) The Board Committees will be reconstituted following the above changes and the details will be announced in due course.

4. To approve the payment of Directors' fees of S$216,361 for the financial year ended 31 December 2009. (2008: S$207,016).

5. 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:

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

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

   (a) (i) allot and 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) securities, 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) 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 100% 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 50% of the total number of issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below).

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

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

   (b) any 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 sub-division 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 Catalist Rules (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, 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."

7. **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 6 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 not exceeding 20% to the weighted average price of the Shares for trades done on the SGX-ST for the full Market Day (a "**Market Day**" being a day on which the SGX-ST or SGX-Catalist is open for trading in securities) 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), 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 Catalist Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, 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 31 December 2010 or such later date as may be determined by the SGX-ST, but in any event no later than 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 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."

9. **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) (each a "**Market Purchase**") 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) (each an "**Off-Market Purchase**") (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 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 or required by law to be held;

(ii) 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; and

(iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by shareholders of the Company in general meeting.

NOTICE OF ANNUAL GENERAL MEETING

(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 Catalist Rules or, the listing rules of the 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) calculated on the foregoing basis 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 in 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, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, 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: 12 April 2010

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.*

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:-

i. Mr Philip Eng Heng Nee is currently an Independent Director of the Company and the Chairman of the Audit Committee. He will be appointed as the Executive Deputy Chairman and Group Chief Executive Officer with effect from 1 May 2010 and will thereupon cease to be an Independent Director and Chairman of the Audit Committee.

ii. If elected, Mr Yap Chee Keong shall be an Independent Director of the Company and will be appointed as the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

iii. The proposed Resolution 6, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting until the date of next Annual General Meeting, 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 100% 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 50% of the total number of issued Shares of the Company excluding treasury shares, for such purposes as they consider would be in the interests of the Company. For the purpose of determining the aggregate number of Shares that may be issued, 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 6 after adjusting for:

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

    (b) any new Shares arising from the vesting of share awards which are outstanding or subsisting at the time Resolution 6 is passed; and

    (c) any subsequent bonus issue, consolidation or sub-division of Shares.

iv. The proposed Resolution 7 is pursuant to measures by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 ("**Press Release**") which allowed 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 7, if passed, will empower the Directors of the Company, pursuant to the general mandate set out in Resolution 6, to issue Shares other than on a pro-rata basis to shareholders of the Company, at a discount not exceeding 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). In exercising the authority conferred by the proposed Resolution 7, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements and the Articles of Association for the time being of the Company. 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 8, 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 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 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 2009 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)

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.

PROXY FORM
ANNUAL GENERAL MEETING

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 III (Lower Level), The Pines, 30 Stevens Road, Singapore 257840 on Tuesday, 27 April 2010 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, on 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 2009.				
2. To re-elect as Director Mr Philip Eng Heng Nee who was appointed during the year.				
3. To elect as Director Mr Yap Chee Keong.				
4. To approve the payment of Directors' fees of S$216,361 for the financial year ended 31 December 2009.				
5. To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration.				
6. To authorise Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50.				
7. To authorise an increased discount limit in respect of a share placement.				
8. To authorise Directors to grant awards and issue shares under the Hup Soon Global Performance Share Plan and Hup Soon Global Restricted Share Plan.				
9. To approve the renewal of the Share Purchase Mandate.				

Dated this ______________ day of ________________ 2010

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

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www.hupsoon.com