GEARED FOR GROWTH

ANNUAL REPORT 2010 • **HUP SOON GLOBAL CORPORATION LIMITED**

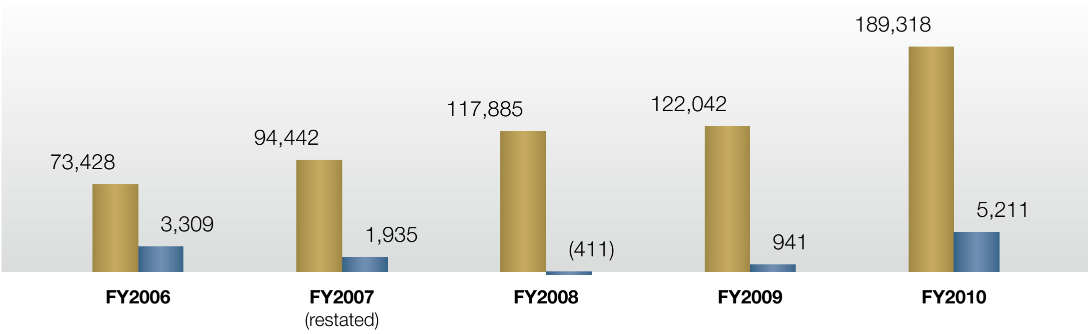
Contents

FINANCIAL HIGHLIGHTS

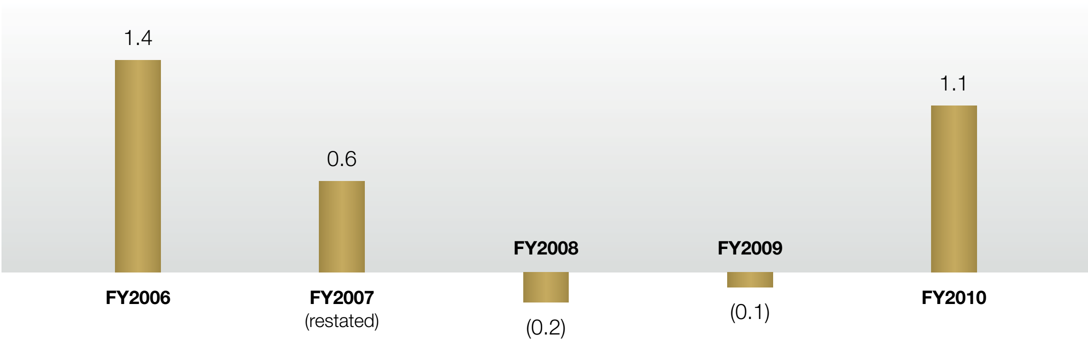
US$ '000	FY2006	FY2007 Restated	FY2008	FY2009	FY2010
Revenue	73,428	94,442	117,885	122,042	189,318
Operating Profit (less exceptional items)	3,309	1,935	(411)	941	5,211
Total Assets	49,017	87,763	99,329	117,294	177,428
Total SHs' Equity	7,013	43,667	41,515	41,821	69,717
Cash and Equivalents	3,100	11,463	10,547	11,714	13,850
Loans and Borrowings	7,828	10,682	25,347	31,427	55,479
Ratios					
EPS (US cents)	1.4	0.6	(0.2)	(0.1)	1.1*
NAV (US cents)	2.6	12.0	11.4	11.5	15.2

* less exceptional items

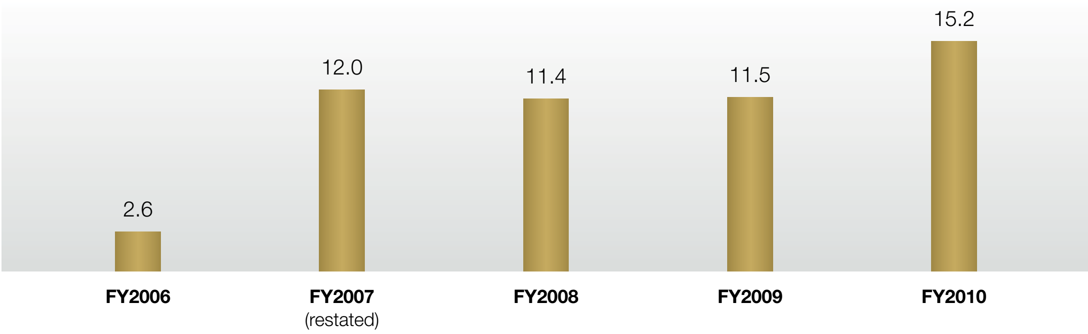
Revenue and Operating Profits
US$ '000



EPS Trend
US cents



NAV Trend
US cents



GROUP AT A GLANCE

GROUP REVENUE

US$189.3 million

+55.1% YoY

ATTRIBUTABLE GROUP PROFIT AFTER TAX

US$8.0 million

Turn to profitability

NET ASSET VALUE PER SHARE

US cents 15.2

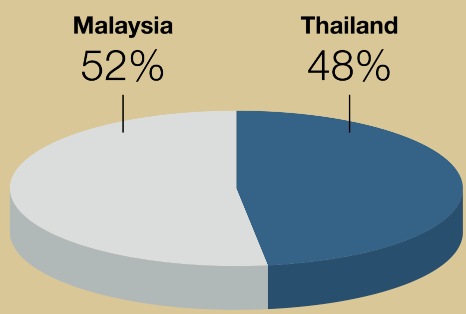
+32.0% YoY

Hup Soon Global Corporation Limited is a value-added marketing and distribution company for automotive aftermarket products, industrial equipment and supplies as well as a premier battery manufacturer. Listed on the SGX Catalist, it represents more than 100 leading brands and manufacturers.

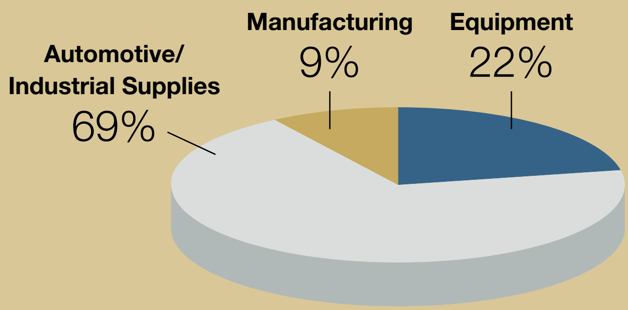
With a staff of over 1,700 strong, the Group's operational subsidiaries and associated companies operate principally in Singapore, Thailand and Malaysia through its "Borneo Technical", "Anglo-Thai", "Kwikpart", "FactoryPro", "United Motor Works (Siam)", "Yokohama" and "Nichiyu" trade names.

The Group's revenues come from its three business divisions: Equipment, Automotive/Industrial Supplies and Manufacturing.

Revenue Breakdown by Geographical Region



Revenue Breakdown by Business Division*



* Sales to external customers

GROUP AT A GLANCE

Equipment

The HSGC Group's Equipment business is focused on the marketing and distribution of agricultural and material handling equipments. The Group has been distributing a range of agriculture tractors and parts in Thailand for over 60 years. The Group is also the exclusive distributor of Mitsubishi forklifts and parts in Thailand 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.

Furthermore, the Group holds a 30% stake in Nichiyu Asia Pte Ltd, the Asian distribution arm of Nippon Yusoki Co. Ltd which manufactures the Nichiyu brand electric material handling equipment.

Automotive / Industrial Supplies

The HSGC Group markets and distributes a wide range of automotive aftermarket products, from batteries to shock absorbers and brakes, as well as industrial supplies such as adhesives, abrasives, safety products and tools through its extensive proprietary distribution networks in Thailand and Malaysia which reaches all levels of the supply chain in these countries.

Manufacturing

The Group is the largest automotive battery manufacturer in Malaysia through its subsidiary, Yokohama Industries Bhd (YIB)*, which is listed on Bursa Malaysia. YIB has a monthly capacity to manufacture in excess of 160,000 automotive batteries and 160,000 motorcycle batteries as well as having an in-house lead recycling plant that can reclaim about 1,000 tons of lead from scrap batteries every month.

* Previously Tai Kwong Yokohama Berhad

values

Mission Statement

To be the premier regional value-added marketing and distribution company for automotive aftermarket products, industrial equipment and supplies as well as being 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

strengths

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 years.

Market leader in certain segments

- Largest manufacturer and distributor of automotive batteries in Malaysia
- Major distributor for 3M abrasive and adhesives in Thailand

Sourcing capabilities

- Represents over 100 brands from all over the world

Reputation

- The market knows our name

OUR REACH

Over the years, the Group has built one of the most extensive distribution networks in Thailand and Malaysia. Being one of a kind, its proprietary distribution network affords the Group a wide geographical coverage as well as access to all levels of the supply chain.

Equally important as the physical network, the Group has a team of seasoned sales staff on the ground. Their invaluable experience and market knowledge coupled with the logistical network is the backbone of 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 regional warehouses. In Thailand, the Group also has 9 sales offices and 5 warehousing locations supporting more than 10,000 accounts for its automotive/ industrial supplies business.

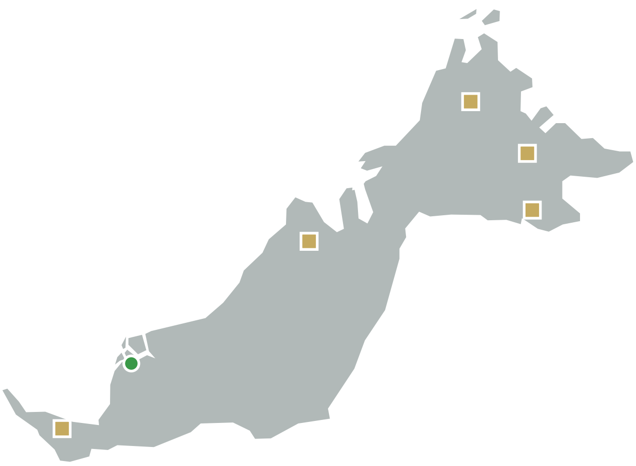
In addition, the Group works through a network of tractor and parts dealers that cover all corners of Thailand as well as Laos. Through these dealer networks, the Group can also reach out to customers for after-sales services and technical training.

coverage

For its Automotive/ Industrial Supplies business, the Group has its own presence in the following locations.

In Malaysia:
Alor Setar, Sungai Petani, Butterworth, Ipoh, Shah Alam, Cheras (Kuala Lumpur), Seremban, Melaka, Ayer Hitam, Johor Bahru, Kota Bharu, Kuala Terengganu, Kuantan, Kuching, Sibu, Miri, Kota Kinabalu, Sandakan and Tawau.

In Thailand:
Ayuthaya, Chacheongsao, Chiangmai, Korat, Laemchabang, Laksi (Bangkok), Rayong, Samutsakorn and Suratthani.



EAST MALAYSIA

THAILAND

- Sales Office
- Sales Office + Warehouse
- Material Handling Branch

MALAYSIA

- Sales Office
- Warehouse
- Sales Office + Warehouse

CHAIRMAN'S STATEMENT

"FY2010 was a watershed year for the Group with sterling results. Boosted by operational gains, the Group grew its revenues by 55.1% to US$189.3 million for FY2010 and turning a profit after tax of US$8.0million."

Timothy Chia Chee Ming
Executive Chairman

My fellow shareholders:

It gives me great pleasure to present to you my maiden report as Chairman.

A YEAR IN REVIEW

FY2010 saw much change for the Group. Throughout the year, the Group implemented business rationalization activities such as divestments and consolidations of certain businesses, while also welcoming a new member to the Hup Soon Global family.

As reported to you in our last annual report, we had initiated a general offer for all the shares in Yokohama Industries Berhad ("YIB", previously Tai Kwong Yokohama Berhad) in March 2010. At the end of the general offer and some market purchases, our stake in YIB increased from 30.5% to 60.4%, making it a subsidiary. I am happy to report that since then, much has been achieved at YIB; the company has successfully launched a completely new and improved line of Maintenance Free batteries and began improving the manufacturing process which will increase production capacity by 25% with minimal investment. Also, efforts have been made to expand the capacity of the lead reclamation plants. Not only is lead reclamation a unique cost advantage that YIB enjoys over its competitors but it also contributes to the environment in that we can now recycle about 1000 tons of lead monthly from scrap batteries. We intend to increase our capacity further in FY2011.

On divestments, the Group began the process of selling Hup Soon Industrial Equipment ("HSIE"), our material handling arm in Malaysia late last year. HSIE has been loss making since its inception 4 years ago. The disposal, which is expected to be completed in April 2011, will have positive benefits to the Group – not only through the discontinuation of the loss making business but also the redeployment of efforts and focus.

The Group also sold its energy solutions subsidiary, Borid Energy, to YIB. By placing it under YIB, we expect much synergy as Borid Energy's proprietary technology in battery commissioning and R&D capabilities will play an integral part in YIB's capacity expansion and growth.

Furthermore and as indicated to you last year, we began consolidating the agriculture and material handling equipment businesses in Thailand to share technical and administrative support functions. These two business divisions, namely Anglo-Thai

CHAIRMAN'S STATEMENT



Co Ltd and United Motor Works (Siam) ("UMWS"), have moved under one roof as of July last year as part of the integration process which is gaining momentum.

OPERATIONS

FY2010 was a watershed year for the Group with sterling results. Boosted by operational gains, the Group grew its revenues by 55.1% to US$189.3 million for FY2010 and turning a profit after tax of US$8.0million.

While all of the business segments showed growth, the Equipment Division in particular grew by 60.7% on the back of strong performance from the agriculture equipment segment. The agriculture equipment division recorded revenue growth of 78.1% due to strong marketing efforts in the mid-power tractor segment in addition to the deployment of small/ compact tractors which began in late FY2009.

The material handling equipment business in Thailand, which is carried out by our associate company, UMWS, has benefited from recoveries in the manufacturing and export activities. In fact, UMWS has managed to exceed levels in operations seen before the recent global financial crisis.

The Automotive/Industrial Supplies Division also gained 35.9% in revenues mainly due to the full-year impact of the Yokohama battery distribution business in Malaysia which began in the second half of FY2009. Adding to the growth was the recovery of the industrial supplies business as well as gains made by automotive business in Thailand.

Further augmenting top-line growth was the inclusion of YIB as a subsidiary from April 2010, which forms the backbone of our new Manufacturing Division.

The Group's profitability also improved, recording a gross profit margin of 22.5% compared with the previous year's 20.6%. Despite significant selling and distribution cost increase, reflecting the on-going investment to expand our distribution reach with more branches and people on the ground, the Group recorded profit after tax of US$8.0 million. Excluding non-cash items relating to negative goodwill arising from the acquisition of YIB, the Group's PAT was US$4.0 million.

Our Group balance sheet remained strong with shareholders' equity growing to US$69.7 million from the previous year's US$41.8 million mainly due to the increase in property, plant and equipment by US$25.8 million coupled with the net increases in other non-current assets and current assets by US$0.8 million and US$1.3 million, respectively, all arising from business growth and the consolidation of YIB during the period.

Cash and cash equivalents (including bank overdrafts) of the Group increased to US$13.9 million from US$11.7million in the period due to

CHAIRMAN'S STATEMENT

net cash from operating activities of US$0.9 million and financing activities of US$11.9 million, partially offset by the net cash used in investing activities of US$10.6 million. The cash from operating activities resulted mainly from positive trading profit. The cash generated from financing and investing activities included the US$5.4 million loan for the acquisition of YIB and the subsequent consolidation during the period.

The Group's gearing ratio was 0.66X, compared with FY2009's 0.62X in line with the above, while the interest coverage ratio, which measures a company's ability to service interest on its outstanding debt, improved significantly to 4.5X from 1.0X.

GOING FORWARD

The Group has diligently laid down the foundations for growth in the past years and we are now entering into a new phase of growth. While we continue to improve and expand on our existing businesses, we will also look for opportunities elsewhere.

As previously shared with you, one of the reasons that we acquired YIB was the premium "Yokohama" brand that the company owns. Having our own brand and manufacturing facilities enable us to explore and enter new markets and we are currently reviewing such opportunities.

We will also be charting new territories in the Equipment Division. In March 2011, New Holland informed us that they will terminate its agriculture equipment distribution agreement with the Group. While it is sad to see the ending of a relationship that spanned over 60 years, we look forward to working with other franchises that we were not able to represent due to our obligations with New Holland. Our market knowledge and physical presence in Thailand is coveted by many global brands hoping to enter the market.

Furthermore, we see this as an opportunity to fundamentally improve our business model – moving away from single brand representation to become a multiple brand distributor.

I look forward to reporting back with tangible progress in the coming year.

APPRECIATIONS

I would like to take this opportunity to thank our valued customers, stakeholders, bankers and business partners for their continued support. Also, on behalf of the board, I wish to thank the management and staff of the Group for all their hard work and dedication throughout the year.

A special mention goes to Henry Heng, who has retired as head of our Equipment Division in February 2011, for his selfless dedication during the critical first years of the Group's formation and a warm welcome to Atsushi Tomita, who will take Henry's place. Mr Tomita brings with him 30 years of experience in the equipment business (Please find more on Mr Tomita from the Senior Management section of this Annual Report).

Finally, I would like to extend my gratitude to my fellow directors for their unwavering commitment and guidance.

Timothy Chia Chee Ming
Executive Chairman

BUSINESS UNITS


Equipment

Equipment

In FY2010, the Group began consolidating its agriculture equipment and material handling equipment businesses into the Equipment Division, with a goal to share common technical capabilities and back office support functions. As part of the on-going consolidation, the two business units now report to one managing director and share one main premise. The Group envisions this consolidation to improve efficiencies in investments and operations going forward.

AGRICULTURE EQUIPMENT

Anglo-Thai Co. Ltd., a subsidiary of the Group, markets and distributes a range of agriculture tractors in Thailand and Laos with a presence in Cambodia. Historically, most of the tractors sold by the Group were in the medium-power (70-120 horsepower) range as they were best suited for Thailand's leading crop: sugarcane. The Group has enjoyed a leading position in this important market segment.

From FY2009, however, the Group expanded its product range to overcome the maturing of the medium-power segment and introduced the small/compact tractors, which are more suitable for other common crops such as paddy and tapioca. This segment of the market has enjoyed robust growth with the recent mechanization trend in Thailand. The Group also added other types of agriculture machinery such as cane harvesters, further expanding its product offering.

TRANSMISSION

Apart from agriculture equipment, Anglo-Thai Co. Ltd., also provides after-sales support and marketing services for the Allison automatic transmission systems. As Allison transmission systems are commonly used in automatic buses and light commercial vehicles of many international brands, the Group also provides maintenance and repair services to vehicles in Thailand which are equipped with the Allison transmission systems.

MATERIAL HANDLING EQUIPMENT

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

The Group, through its associate Company United Motor Works (Siam), has been the exclusive distributor of Mitsubishi forklifts and parts in Thailand for over 25 years. In addition to outright equipment sales, the Group provides after-sales services and parts. The Group also maintains a fleet of forklifts for rental or operating lease, a business segment that is becoming increasingly more important.

The Group also holds a strategic stake in Nichiyu Asia Pte Ltd ("NAS"), the regional 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 a leading brand in the industry. Incorporated in Singapore in 1992, NAS has operational subsidiaries and associates in Malaysia, Thailand, and Australia as well as Indonesia, Vietnam, the Philippines and India.

GROWTH STRATEGY

With the agreement to distribute New Holland products coming to an end later in 2011, the Group will look to other world-renowned agriculture equipment brands to work with in Thailand. The Group's market knowledge and business insight accumulated over the last 60 years continue to be the basis of its advantage. In addition, the Group plans to become a multiple brand holder, which was not practicable under the New Holland agreement.

In the material handling business, operating lease continues to play an important role in the division's growth. The Group continues to build its fleet size to capitalize on the customers' growing preference for leasing. Efforts are also made to grow the parts and after-sales businesses, especially traction batteries.

Automotive / Industrial Consumables

Automotive / Industrial Supplies

The Group markets and distributes a wide range of automotive and industrial supplies through wholesalers as well as its proprietary distribution networks in Thailand and Malaysia.

In Malaysia, the business 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 East and West Malaysia, through which it reaches over 10,000 customers. Thanks to the extensive network it has built over the years, the Group can reach all levels of the supply chain from wholesalers to 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 9 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 range of automotive aftermarket products which include batteries, lubricants, and various replacement parts, such as shock absorbers and brakes. The Group is the exclusive distributor of the Yokohama brand of batteries and one of the largest distributors of automotive batteries in the replacement market 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.

INDUSTRIAL SUPPLIES

The range of industrial supplies distributed by the Group through its distribution network in Thailand include abrasives, adhesives, hand tools, pneumatic tools and safety products while in Malaysia, the focus is more on electrical parts and accessories. The Group reaches its customers through multiple channels, selling directly to the medium to large corporations while also working with dealers to reach the smaller end users.

GROWTH STRATEGY

The markets in Malaysia and Thailand that the Group operates in remain very fragmented. Market reach and penetration is key to growth and continued improvements on network and people must take place.

Much effort has been made in FY2010 to further expand the reach of the Group's distribution network. The Group increased its sales staff by 20% in Malaysia and about 10% in Thailand. Efforts to increase productivity and coverage per sales person also continues, especially in Thailand.

The Group will also look at vertical integration and overseas market expansion to complement the division's existing operations as well as to leverage on its competitive sourcing capabilities within the ASEAN region.

Manufacturing

Manufacturing

Through its subsidiary, Yokohama Industries Berhad ("YIB" and formerly known as Tai Kwong Yokohama Berhad), the Group is one of the leading regional manufacturers of automotive batteries. Listed on Bursa Malaysia, YIB has its main manufacturing plant in Semenyih, Malaysia with a monthly capacity to produce in excess of 160,000 automotive batteries and 160,000 motorcycle batteries. YIB caters to the OEM, private label and aftermarket segments and its "Yokohama" brand of batteries are distributed throughout the country and exported to over 40 countries in the world.

YIB is also one of the very few battery manufacturers with in-house lead reclamation capabilities – the company can reclaim about 1,000 tons of lead from scrap batteries per month. This unique capability gives YIB an important competitive edge over its peers in that it can significantly save on manufacturing cost and minimize the impact of the oft-fickle price movement. Furthermore, by relying on scrap batteries obtained locally, the Group can minimize forex exposures in the procurement of raw materials as well. Most importantly, reclamation contributes to keeping the environment safe and clean for future generations.

YIB is also at the forefront of electrochemical science and technology and maintains an in-house research and development centre to work on all aspects of battery technology, design and manufacturing.

Growth Strategy

In FY2010, the Group successfully introduced a new line of Maintenance Free ("MF") batteries in Malaysia. MF batteries, which have already replaced conventional batteries in many developed markets, constitute about 40% of YIB's revenues and expect to grow at a faster pace than conventional batteries.

Thanks to a new alloy developed internally, the Group's MF batteries have price competitiveness even against other brands of conventional batteries while maintaining world-class quality. Combined with the market access granted by its sister company, Borneo Technical, MF batteries will play a pivotal role in the overall growth of YIB.

Also critical in the growth of the company is the on-going efforts to expand manufacturing and recycling capacities at YIB. Through selective investments, the company looks to increase manufacturing capacity for automotive batteries by about 25% in FY2012. As for motorcycle batteries, YIB plans to move parts of its production capacities abroad to gain access to growing markets as well as lower labour costs. For this, the company has been in discussions with partners in Pakistan, India and Vietnam.

Efforts to increase lead reclamation will also continue to achieve self-sufficiency in lead supply.

BOARD OF DIRECTORS

Left to right:

Prof. Tan Chin Tiong
Timothy Yong Wei Hsien
Timothy Chia Chee Ming
Philip Eng Heng Nee
Yap Chee Keong

BOARD OF DIRECTORS

Timothy Chia Chee Ming

Executive Chairman

Mr Timothy Chia was appointed Executive Chairman on 1 May 2010.

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 Global, 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 and in May 2010 as Senior Advisor of EQT Funds Management Ltd.

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 a 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.

Philip Eng Heng Nee

Executive Deputy Chairman

Mr Philip Eng was appointed Executive Deputy Chairman on 1 May 2010.

Mr Eng joined the Board of Directors of Hup Soon Global on 26 November 2009. He is a Chartered Accountant and was with Jardine Cycle & Carriage Limited for 23 years prior to his retirement as Group Managing Director in 2005. Mr Eng is Chairman of Frasers Centrepoint Asset Management Ltd and mDR Limited, in addition to serving on the boards of various public and private companies in Singapore. He is also Singapore's Non-Resident Ambassador to Greece and High Commissioner to Cyprus.

Timothy Yong Wei Hsien

Executive Director/ Group COO

As the Group Chief Operating Officer, Mr Yong is primarily responsible for the implementation of the Group's strategies. Prior to the incorporation of Hup Soon Global in 2005, Mr Yong spent eight years with PAMA. Initially founded as the Asian investment and asset management arm of the Prudential Insurance Company of America, PAMA was one of the oldest and largest private equity fund managers in Asia. While at PAMA, Mr Yong's responsibilities included the sourcing, structuring, acquisition and divestment of investment opportunities.

Prior to PAMA, Mr Yong spent two and a half years as a Research Analyst with SBCI & Associates, then the stock broking arm of the Swiss Bank Corporation (which subsequently merged with the Union Bank of Switzerland to form UBS). Mr Yong completed his tertiary education in England, graduating with a BSc (Hons) degree in Electronics Engineering and Physics from Loughborough University and a MBA from Imperial College.

BOARD OF DIRECTORS

Yap Chee Keong

Independent Director/Chairman of the Audit Committee

Mr Yap Chee Keong was appointed an Independent Director and Chairman of the Audit Committee on 1 May 2010.

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, Chairman of Singapore District Cooling Pte Ltd, a board member of the Accounting & Corporate Regulatory Authority and a member of the Public Accountants Oversight Committee.

Mr Yap was previously the Chief Financial Officer of the Singapore Power Group ("SP") where he was also responsible for corporate planning and strategic investments as well as oversight of the overseas investments of SP which included its Australian investments. 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, mergers & 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.

Professor Tan Chin Tiong

Independent Director

Appointed an Independent Director on 8 May 2008, Professor Tan Chin Tiong was reelected on 29 April 2009.

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

Prof Tan is a leading expert in marketing. He co-authored with Prof Philip Kotler the popular Marketing Management: An Asian Perspective, and several other titles. He is active in 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.

SENIOR MANAGEMENT

Goh Swee Heng

Controlling Director:
Automotive/Industrial Supplies
Country Manager: Malaysia

Besides being the Controlling Director for Automotive/Industrial Supplies Business, Mr Goh is also the Country Manager for the Group in Malaysia and Chairman of Yokohama Industries Berhad, 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 aftermarket 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.

Atsushi Tomita

Managing Director: Equipment

Before joining Hup Soon Global as Managing Director: Equipment in February 2011, Mr Tomita has already built a successful career in the material handling equipment industry through his 30 years of service at various subsidiaries of the Nippon Yusoki Co., Ltd (“Nichiyu”) Group.

Mr Tomita started his career with Nichiyu in 1981, the manufacturer of “Nichiyu” brand of electric material handling equipment in Japan. Throughout his career at Nichiyu, Mr Tomita has assumed positions in sales, production and finally management. He was appointed Managing Director of Nichiyu Asia (Thailand) Co. Ltd in 1996 and thereafter, Managing Director of Nichiyu Australia Pty Ltd in 1999 and Managing Director of Nichiyu Asia Pte Ltd in 2007.

As Managing Director for Anglo-Thai Company Limited and United Motor Works (Siam), he is assisted by Ms Naruemol Mahasukontharat, the Operations Director at Anglo-Thai Company Limited as well as Mr Chookiat Jittrapanun, Head of Equipment Marketing Division and Mr Prasong Suriyasa, Head of After-Market Division, both at United Motor Works (Siam).

Mr Tomita received his BA degree in International Relations from Kyoto Sangyo University.

Dr Patrick Yong Mian Thong

Chief Executive Officer:
Yokohama Industries Berhad

Dr Yong joined Yokohama Industries Berhad as Chief Operating Officer in July 2008 and was subsequently appointed Chief Executive Officer in January 2010.

Prior to joining Yokohama Industries Berhad, he founded Sulfarid Technologies in 2004 and was its Managing Director. The company was subsequently acquired by the HSGC Group in November 2007 and renamed Borid Technologies. Dr Yong started his career as an engineer with the National Electricity Board of Malaysia (LLN) upon graduating from the Brighton Polytechnic (now Brighton University) in the United Kingdom with a BSc (Hons) in Electronics and Electrical Engineering under an LLN Scholarship. In 1989 he left LLN to pursue a carrier in 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.

SENIOR MANAGEMENT

Manit Lertsakornsiri

Country Director:
Thailand Automotive Aftermarket / Industrial Products
Country Manager: Thailand

Mr Lertsakornsiri joined the Group as Country Manager for the Group in Thailand and the Country Director of Borneo Technical (Thailand) Limited in October 2009. Mr Lertsakornsiri was formerly Managing Director of Borneo Technical (Thailand) Limited before he was transferred to hold various senior positions in 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 his Bachelor Degree in Accounting (Hons.) from Chulalongkorn University and Master Degree in Accounting and Marketing from Thammasat University in Thailand. He has also attended Senior Executive Management Program at INSEAD, France.

Jennie Hong Chok Hane

Chief Financial Officer

Ms Jennie Hong joined Hup Soon Global in April 2010 as Chief Financial Officer. She brings with her over 20 years of experience in the finance and accounting field. Before joining Hup Soon Global, Ms Hong was Vice President (Finance)/Company Secretary of City Gas Pte Ltd from August 2001 to March 2010 and Group Financial Controller of Goldhill Properties Pte Ltd from March 1995 to April 2001. Ms Hong graduated from the Chartered Association of Certified Accountants and is a Certified Public Accountant in Singapore graduated from the Institute of Certified Public Accountants and is a member of the Institute of Certified Public Accountants and the American Academy of Financial Management.

Sophia Lim Siew Fay

Company Secretary and Administrator

Ms Sophia Lim joined the Group as Company Secretary and Administrator in July 2010. Prior to Hup Soon Global, Ms Lim spent more than 18 years in the corporate secretarial practice with the secretarial arms of international accounting firms and a leading law firm in Singapore. She is an Associate of the Institute of Chartered Secretaries & Administrators (UK) and a member of the Singapore Association of the Institute of Chartered Secretaries & Administrators (SAICSA).

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Timothy Chia Chee Ming	Executive Chairman
Mr Philip Eng Heng Nee	Executive Deputy Chairman
Mr Timothy Yong Wei Hsien	Executive Director & Group Chief Operating Officer
Prof. Tan Chin Tiong	Independent Director
Mr Yap Chee Keong	Independent Director

AUDIT COMMITTEE

Mr Yap Chee Keong	Chairman
Prof. Tan Chin Tiong	
Mr Philip Eng Heng Nee	

REMUNERATION & NOMINATION COMMITTEE

Prof. Tan Chin Tiong	Chairman
Mr Yap Chee Keong	
Mr Timothy Chia Chee Ming	

COMPANY SECRETARY

Ms Sophia Lim Siew Fay

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)

PRINCIPAL BANKERS

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

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 ("**Board**") 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 executive directors.

The attendance of directors at Board meetings and Board Committee meetings during 2010 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**
[1] Timothy Chia Chee Ming	**6**/6	*	*
Timothy Yong Wei Hsien	**4**/6	*	*
[2] Philip Eng Heng Nee	**6**/6	**4**/4	N.A.
Professor Tan Chin Tiong	**6**/6	**4**/4	**1**/1
[3] Yap Chee Keong	**5**/5	**3**/3	N.A.
[4] Anil Thadani	**1**/1	N.A.	N.A.
[4] Robert Ernest Adams	**1**/1	N.A.	N.A.
[4] Jennifer Chia Jee Phun	**1**/1	**1**/1	N.A.
[4] Chuen Fah Alain Ahkong	**1**/1	N.A.	**1**/1
[4] Dilhan Pillay Sandrasegara	**1**/1	N.A.	**1**/1

1 Mr Timothy Chia was appointed a member of the RNC on 1 May 2010, which was after the final RNC meeting of 2010.
2 Mr Philip Eng stepped down as the AC Chairman on 1 May 2010 but remains as a member of the AC.
3 Mr Yap Chee Keong was appointed as a director on 27 April 2010. He was appointed as the AC Chairman and a member of the RNC on 1 May 2010.
4 Mr Anil Thadani, Ms Jennifer Chia and Mr Dilhan Pillay Sandrasegara retired as directors on 27 April 2010. Mr Robert Ernest Adams and Mr Chuen Fah Alain Ahkong resigned as directors on 27 April 2010.
* Attended the meetings at the invitation of the respective Committee.

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 5 directors, of whom 3 are executive and 2 are independent directors.

The current Board members are:

Executive Directors:

Mr Timothy Chia Chee Ming
Mr Philip Eng Heng Nee
Mr Timothy Yong Wei Hsien

Independent Directors:

Professor Tan Chin Tiong
Mr Yap Chee Keong (appointed on 27 April 2010)

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

Name	Academic / Professional Qualification	Date of Appointment / Last Re-election	Current Directorships in Other Listed Companies	Past Directorships in Listed Companies for the preceding 3 years
Timothy Chia Chee Ming (Executive Director and Chairman)	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	FJ Benjamin Holdings Limited

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
Philip Eng Heng Nee (Executive Director and Deputy Chairman)	University of New South Wales – Bachelor of Commerce in Accountancy Associate Member of the Institute of Chartered Accountants in Australia	26/11/2009 / 27/04/2010	mDR Limited PT Adira Dinamika Multi Finance Tbk The Hour Glass Limited Asia Pacific Breweries Ltd	MCL Land Limited Singapore Computer Systems Ltd
Timothy Yong Wei Hsien (Executive Director and Group Chief Operating Officer)	BSc (Hons) in Electronics Engineering and Physics from Loughbourgh University of Technology MBA from Imperial College of Science, Technology and Medicine	27/10/2006 / 29/04/2009	Nil	Nil
Professor 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
Yap Chee Keong (Independent Director)	National University of Singapore – Bachelor of Accountancy Fellow Member of the Institute of Certified Public Accountants of Singapore Member of the Institute of Certified Public Accountants of Australia Member of Singapore Institute of Directors	27/04/2010 / N.A.	Tiger Airways Holdings Ltd CapitaMalls Asia Limited The Straits Trading Company Limited	Nil

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 Timothy Chia Chee Ming is the Executive Chairman of the Board while Mr Philip Eng Heng Nee is the Executive Deputy Chairman who performs the duties similar to that of a chief executive officer.

The Chairman leads the Board to ensure its effectiveness on all aspects while the Executive Deputy Chairman 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, a majority of whom, including the Chairman are independent directors:-

Professor Tan Chin Tiong (Chairman) (Independent Director) (appointed on 1 May 2010)
Mr Yap Chee Keong (Independent Director) (appointed on 1 May 2010)
Mr Timothy Chia Chee Ming (Executive Director) (appointed on 1 May 2010)

There is sufficient independent element as all decisions made by the RNC must be unanimously approved by the two independent directors.

The RNC and the Board are of the view that Mr Timothy Chia is able to provide invaluable input and contributions in the decision making process of the RNC given his familiarity with the operations of the Group.

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

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

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

(d) annually reviewing a director's independence based on the guidelines in the Code; and

(e) 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.

(f) reviewing and considering the Group's senior management appointments.

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. During the financial year ended 31 December ("FY") 2010, Mr Timothy Chia stepped down as the Deputy Chairman and Group Chief Executive Officer and was appointed Executive Chairman on 1 May 2010. Since Mr Chia ceases to be Chief Executive Officer, he is subject to retirement by rotation and will seek re-election at the Company's upcoming annual general meeting ("AGM"). Professor Tan Chin Tiong having served the longest since his last election will also retire and seek re-election at the Company's upcoming AGM.

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.

The RNC has deliberated and is satisfied as to the independence of the current independent directors, namely, Professor Tan Chin Tiong and Mr Yap Chee Keong.

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 independent 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.

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 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 Share Plans.

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.

Each of the service agreements entered into between the Company and the 3 executive directors (the Executive Chairman, Executive Deputy Chairman 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 AGM.

Details of the remuneration of the Company's directors and 5 top-earning executives for FY2010 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	-	350,912	51,349	114,434	-	516,695
[1] Philip Eng Heng Nee	18,833	198,696	51,349	44,505	-	313,383
Timothy Yong Wei Hsien	-	331,924	53,487	86,404	-	471,815
S$250,000 and below						
Non-Executive Directors						
[2] Robert Ernest Adams	100%	-	-	-	-	100%
[2] Jennifer Chia Jee Phun	100%	-	-	-	-	100%
[2] Anil Thadani	100%	-	-	-	-	100%
Independent Directors						
[2] Chuen Fah Alain Ahkong	100%	-	-	-	-	100%
[2] Dilhan Pillay Sandrasegara	100%	-	-	-	-	100%
Professor Tan Chin Tiong	100%	-	-	-	-	100%
[3] Yap Chee Keong	100%	-	-	-	-	100%

1 Mr Philip Eng was appointed Executive Deputy Chairman on 1 May 2010
2 Mr Anil Thadani, Ms Jennifer Chia and Mr Dilhan Pillay Sandrasegara retired as directors on 27 April 2010. Mr Robert Ernest Adams and Mr Chuen Fah Alain Ahkong resigned as directors on 27 April 2010.
3 Mr Yap was appointed as director on 27 April 2010
* Includes employer's contribution to the Central Provident Fund

Remuneration of 5 top-earning executives					
Name	Salary & Provident Fund %	Bonus %	Allowance/ Benefits in kind %	Stock Incentives %	Total %
Between S$500,000 to S$750,000:					
[1] Goh Swee Heng	59.5	38.9	1.6	-	100
[1] Henry Heng Kow Mui	47	-	[#]53	-	100
Between S$250,000 to S$499,999:					
[1] Patrick Yong Mian Thong	67.5	24.5	8	-	100
Below S$250,000:					
[1] Manit Lertsakornsiri	79	17	4	-	100
[2] Lee Kee-Hwan	81	19	-	-	100

1 Payable by subsidiaries
2 Mr Lee Kee-Hwan is the Company's Director of Corporate Finance and Investor Relations
Includes retirement benefit

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, a majority of whom are independent directors:

Mr Yap Chee Keong (Chairman) (Independent Director) (appointed on 1 May 2010)
Professor Tan Chin Tiong (Independent Director)
Mr Philip Eng Heng Nee (Executive Director) (stepped down as Chairman on 1 May 2010 but remain as member)

There is sufficient independent element as all decisions made by the AC must be unanimously approved by the two independent directors.

The AC and the Board are of the view that Mr Philip Eng, an executive director, who possesses the requisite accounting and related financial management expertise and experience will be able to provide invaluable input to the AC's decision making process.

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

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

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

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

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

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

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

(i) reviewing and approving interested person transactions.

During FY 2010, the AC has met with external auditors once without the presence of management.

Principle 12: Internal Controls
Principle 13: Internal Audit

The Company has internal accounting and financial controls as well as operational and 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 is outsourced to BDO Governance Advisory Sdn Bhd who 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.

The AC has reviewed the non-audit services provided by the external auditors, of which the fees charged amounted to US$33,000 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 AGM.

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.

REPORT ON CORPORATE GOVERNANCE

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 the 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

The Group does not have any interested person transaction during FY2010.

Material Contracts

There was no material contract of the Group involving the interests of the directors or controlling shareholders either still subsisting at the end of FY2010 or if not then subsisting, entered into since the end of FY2010.

Continuing Sponsor

The Company's continuing sponsor is CIMB Bank Berhad, Singapore Branch ("**Sponsor**"). There was no fee relating to non-sponsorship activities or services paid to the Sponsor, during FY2010.

REPORT OF THE DIRECTORS

The directors are pleased to 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 2010.

Directors

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

Timothy Chia Chee Ming	Executive Director and Chairman
Philip Eng Heng Nee	Executive Director and Deputy Chairman
Timothy Yong Wei Hsien	Executive Director and Group Chief Operating Officer
Professor Tan Chin Tiong	Independent Director
Yap Chee Keong	Independent Director (Appointed on 27 April 2010)

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	–	660,000

[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 and PSP were not met, all the share awards granted under the RSP and PSP had lapsed on 26 February 2010 and 17 March 2011 respectively.

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 2011.

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 (director up to 27 April 2010) who is a partner in the legal firm of Wong Partnership LLP which provided legal services to the Company and Jennifer Chia Chee Phun (director up to 27 April 2010) who is a shareholder and director of the Seabanc group of companies which provided insurance brokerage services to the Company.

Share plans

Share awards

At an Extraordinary General Meeting of the Company held on 29 April 2008, shareholders of the Company 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 Company had granted a total of 847,000 conditional Share Awards under the PSP and 858,500 conditional Share Awards under the RSP to selected employees of the Group on 22 October 2008. The total number of shares to be finally awarded to the Participants were 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").

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 2010 are as follows :

Participants	Date of grant	Awards granted/ (lapsed) during the financial year	Aggregate awards granted since commencement of Share Awards to end of financial year	Aggregate awards 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	22.10.2008 to 31.3.2011 (1)
Employees						
Employees of the Group	22.10.2008	–	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. As certain performance targets of PSP for the period from 1 January 2008 to 31 December 2010 were not met, all the share awards granted under the PSP had lapsed on 17 March 2011.

(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 granted under the RSP had lapsed on 26 February 2010.

Controlling shareholders of the Company and their associates are not eligible to participate in the PSP or RSP and as at the end of the financial year, there is no Participant who has received 5% or more of the total number of awards available under the PSP and RSP. None of the directors and employees of the Company's parent company and subsidiaries have been granted any award under the PSP and RSP.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options and awards except as disclosed above. The Company did not grant any option at a discount during FY2010.

Audit Committee

At the date of this report, the Audit Committee comprises the following members, a majority of whom are independent directors:-

Yap Chee Keong	Chairman of the Audit Committee (Independent Director) (Appointed on 1 May 2010)
Professor Tan Chin Tiong	Member (Independent Director)
Philip Eng Heng Nee	Member (Executive Director and Deputy Chairman) (Resigned as Chairman of the Audit Commitee on 1 May 2010)

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's Listing Manual Section B: Rules of Catalist; and

(i) certain 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.

REPORT OF THE DIRECTORS

Auditors

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

On behalf of the board of directors:

Timothy Chia Chee Ming
Director

Timothy Yong Wei Hsien
Director

Singapore
29 March 2011

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 2010 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
29 March 2011

INDEPENDENT AUDITORS' REPORT

For the year ended 31 December 2010
To the members of Hup Soon Global Corporation Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Hup Soon Global Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 41 to 114, which comprise the balance sheets of the Group and the Company as at 31 December 2010, 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 information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 consolidated 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, 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 2010 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.

Report on other legal and regulatory requirements

In our opinion, 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
29 March 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2010

	Note	Group 2010 US$'000	Group 2009 US$'000
Revenue	4	189,318	122,042
Cost of sales		(146,774)	(96,877)
Gross profit		42,544	25,165
Other operating income	5	2,814	1,532
Selling and distribution costs		(24,493)	(19,004)
Administrative expenses		(11,669)	(6,752)
Profit from operations	6	9,196	941
Finance costs	7	(2,061)	(987)
Negative goodwill	12	8,613	–
Loss on remeasurement of investment in associate to fair value upon business combination achieved in stages	12	(3,914)	–
Other expenses	7	(714)	(13)
Share of results of associates		527	889
Share of results of jointly controlled entities		412	163
Share of results of investments accounted for using the equity method		939	1,052
Profit before tax		12,059	993
Tax expense	8	(3,004)	(1,344)
Profit/(loss) for the year		9,055	(351)
Other comprehensive income:			
Foreign currency translation gain		6,100	649
Other comprehensive income for the year, net of tax		6,100	649
Total comprehensive income for the year		15,155	298
Profit/(loss) attributable to :-			
Owners of the parent		7,957	(351)
Non-controlling interests		1,098	–
		9,055	(351)
Total comprehensive income attributable to :-			
Owners of the parent		13,355	298
Non-controlling interests		1,800	–
		15,155	298
Earnings/(loss) per share			
Basic and diluted (USD cents)	9	2.18	(0.10)

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

BALANCE SHEETS

as at 31 December 2010

	Note	Group 2010 US$'000	Group 2009 US$'000	Company 2010 US$'000	Company 2009 US$'000
Non-current assets					
Property, plant and equipment	10	33,063	7,253	5	46
Investment property	11	36	–	–	–
Investment in subsidiaries	12	–	–	62,959	57,521
Investment in associates	13	6,399	14,009	–	–
Investment in jointly controlled entities	14	2,499	2,020	–	–
Deferred tax assets	15	2,755	2,337	–	–
Intangible assets	16	7,503	–	–	–
Current assets					
Inventories	17	63,452	42,600	–	–
Trade receivables	18	37,440	28,815	–	–
Other receivables	19	1,762	1,444	9	7
Prepayments		891	400	61	45
Tax recoverable		319	302	–	–
Amounts due from related companies	20	–	12	8,772	11,057
Loan to an associate	21	2,807	3,624	–	–
Short-term deposits	22	156	2,424	–	–
Cash and bank balances	22	14,447	12,054	363	2,845
		121,274	91,675	9,205	13,954
Assets classified as held for sale	23	3,899	–	–	–
		125,173	91,675	9,205	13,954
Current liabilities					
Trade payables	24	32,760	26,143	–	–
Other payables and accruals	25	10,591	7,026	782	704
Provision for liabilities	26	1,820	997	–	–
Amounts due to related companies	20	489	8,767	1,125	644
Interest-bearing loans and borrowings	27	44,600	28,591	422	340
Provision for taxation		1,480	320	–	–
		91,740	71,844	2,329	1,688
Liabilities classified as held for sale	23	4,180	–	–	–
		95,920	71,844	2,329	1,688
Net current assets		29,253	19,831	6,876	12,266
Non-current liabilities					
Interest-bearing loans and borrowings	27	9,769	2,836	–	–
Provision for retirement benefits	28	906	793	–	–
Deferred tax liabilities	15	1,116	–	–	–
		11,791	3,629	–	–
Net assets		69,717	41,821	69,840	69,833

BALANCE SHEETS

as at 31 December 2010

	Note	Group 2010 US$'000	Group 2009 US$'000	Company 2010 US$'000	Company 2009 US$'000
Equity attributable to owners of the parent					
Share capital	29	68,248	68,248	65,613	65,613
Legal reserve	30	1,889	1,889	–	–
Accumulated profits/(losses)		16,629	8,672	(8,380)	(2,164)
Share grant reserve	31	3,465	3,465	12	12
Translation reserve	32	8,044	2,646	12,595	6,372
Capital reserve	33	(43,099)	(43,099)	–	–
Discount on acquisition of non-controlling interests		23	–	–	–
		55,199	41,821	69,840	69,833
Non-controlling interests		14,518	–	–	–
Total equity		69,717	41,821	69,840	69,833

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 2010

Group	Share capital (Note 29) US$'000	Legal reserve (Note 30) US$'000	Accumulated profits/ (losses) US$'000	Share grant reserve (Note 31) US$'000	Translation reserve (Note 32) US$'000	Capital reserve (Note 33) US$'000	Discount on acquisition of non-controlling interests US$'000	Total reserves US$'000	Equity attributable to owners of the parent US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2010	68,248	1,889	8,672	3,465	2,646	(43,099)	–	(26,427)	41,821	–	41,821
Profit for the year	–	–	7,957	–	–	–	–	7,957	7,957	1,098	9,055
Other comprehensive income for the year											
Foreign currency translation	–	–	–	–	5,398	–	–	5,398	5,398	702	6,100
Total comprehensive income for the year	–	–	7,957	–	5,398	–	–	13,355	13,355	1,800	15,155
Contributions by and distributions to owners											
Dividend paid to non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	(92)	(92)
Total transactions with owners in their capacity as owners	–	–	–	–	–	–	–	–	–	(92)	(92)
Changes in ownership interests in subsidiaries that do not result in a loss of control											
Acquisition of a subsidiary (Note 12)	–	–	–	–	–	–	–	–	–	12,857	12,857
Acquisition of non-controlling interests (Note 12)	–	–	–	–	–	–	23	23	23	(47)	(24)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	23	23	23	12,810	12,833
Balance at 31 December 2010	68,248	1,889	16,629	3,465	8,044	(43,099)	23	(13,049)	55,199	14,518	69,717
Balance at 1 January 2009	68,248	1,889	9,023	3,457	1,997	(43,099)	–	(26,733)	41,515	–	41,515
Loss for the year	–	–	(351)	–	–	–	–	(351)	(351)	–	(351)
Other comprehensive income for the year											
Foreign currency translation	–	–	–	–	649	–	–	649	649	–	649
Total comprehensive income for the year	–	–	(351)	–	649	–	–	298	298	–	298
Contributions by and distributions to owners											
Share-based payment	–	–	–	8	–	–	–	8	8	–	8
Total transactions with owners in their capacity as owners	–	–	–	8	–	–	–	8	8	–	8
Balance at 31 December 2009	68,248	1,889	8,672	3,465	2,646	(43,099)	–	(26,427)	41,821	–	41,821

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2010

Company	Share capital (Note 29) US$'000	Accumulated profits/ (losses) US$'000	Share grant reserve (Note 31) US$'000	Translation reserve (Note 32) US$'000	Total reserves US$'000	Total US$'000
Balance at 1 January 2010	65,613	(2,164)	12	6,372	4,220	69,833
Loss for the year	–	(6,216)	–	–	(6,216)	(6,216)
Other comprehensive income for the year						
Foreign currency translation	–	–	–	6,223	6,223	6,223
Total comprehensive income for the year	–	(6,216)	–	6,223	7	7
Balance at 31 December 2010	65,613	(8,380)	12	12,595	4,227	69,840
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						
Foreign currency translation	–	–	–	1,746	1,746	1,746
Total comprehensive income for the year	–	(2,535)	–	1,746	(789)	(789)
Contributions by and distributions to owners						
Share-based payment	–	–	8	–	8	8
Total transactions with owners in their capacity as owners	–	–	8	–	8	8
Balance at 31 December 2009	65,613	(2,164)	12	6,372	4,220	69,833

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 2010

	2010 US$'000	2009 US$'000
Cash flows from operating activities:		
Profit before tax	12,059	993
Adjustments for :-		
Depreciation of property, plant and equipment	2,734	1,054
Depreciation of investment property	6	–
Negative goodwill	(8,613)	–
Loss on remeasurement of previously held interest in subsidiary acquired	3,914	–
Interest expense	2,061	987
Interest income	(243)	(192)
Share of results of investments accounted for using the equity method	(939)	(1,052)
Goodwill written off	–	13
Share-based payment expense	–	8
Gain on disposal of property, plant and equipment	(70)	(23)
Gain on disposal of investment property	(19)	–
Property, plant and equipment written off	116	17
Fair value loss on forward currency contracts	5	10
Currency realignment	2,113	287
Operating profit before working capital changes	13,124	2,102
Increase in inventories	(7,852)	(4,704)
Increase in receivables	(3,588)	(4,382)
Increase in payables	2,536	11,853
Cash flows generated from operations	4,220	4,869
Interest paid	(2,061)	(987)
Interest received	243	192
Taxation paid	(1,489)	(1,501)
Net cash flows from operating activities	913	2,573
Cash flows from investing activities:		
Purchase of property, plant and equipment (Note 10)	(3,868)	(2,657)
Proceeds from disposal of property, plant and equipment	523	237
Proceeds from disposal of investment property	102	–
Investment in an associate (Note 13)	(1,446)	–
Net cash outflow on acquisition of subsidiaries (Note 12)	(5,962)	(14)
Acquisition of non-controlling interests (Note 12)	(24)	–
Net cash flows used in investing activities	(10,675)	(2,434)
Cash flows from financing activities:		
Proceeds from loans and borrowings	8,905	3,807
Dividend paid to non-controlling interest of a subsidiary	(92)	–
Decrease/(increase) in short-term deposits pledged	2,268	(2,417)
Decrease/(increase) in loan to associate	817	(362)
Net cash flows from financing activities	11,898	1,028
Net increase in cash and cash equivalents	2,136	1,167
Cash and cash equivalents at beginning of year	11,714	10,547
Cash and cash equivalents at end of year (Note 22)	13,850	11,714

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

1. Corporate information

Hup Soon Global Corporation Limited (the "Company"), is a limited liability company, which is incorporated and domiciled 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 12 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 that in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except as disclosed below:

FRS 103 *Business Combinations* (revised) and FRS 27 *Consolidated and Separate Financial Statements* (revised)

The revised FRS 103 *Business Combinations* and FRS 27 *Consolidated and Separate Financial Statements* are applicable for annual periods beginning on or after 1 July 2009. As of 1 January 2010, the Group adopted both revised standards at the same time in accordance with their transitional provisions.

FRS 103 *Business Combinations* (revised)

The revised FRS 103 introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Changes in significant accounting policies resulting from the adoption of the revised FRS 103 include:

- Transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;
- Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;
- The Group elects for each acquisition of a business, to measure non-controlling interest at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and this impacts the amount of goodwill recognised; and

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

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

FRS 103 *Business Combinations* (revised) (cont'd)

- When a business is acquired in stages, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 January 2010 are not adjusted.

The effects of the adoption of the revised FRS 103 on the Group's consolidated financial statements, relating to the step-acquisition of controlling interest in Yokohama Industries Berhad ("YIB") on 31 March 2010 (Note 12) are shown below.

	Group 2010 US$'000
Increase/(decrease) in:	
Consolidated statement of comprehensive income	
Other expenses:	
- Transaction costs incurred in a business combination	(430)
Negative goodwill	5,832
Loss on remeasurement of investment in associate to fair value upon business combination achieved in stages	(3,914)
Basic earnings per share (cents)	0.41
Diluted earnings per share (cents)	0.41

The Group elected to measure non-controlling interest at the non-controlling interest's proportionate share of YIB's identifiable net assets.

FRS 27 *Consolidated and Separate Financial Statements* (revised)

Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

- A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss;

- Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity; and

- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interests, attribution of losses to non-controlling interests and disposal of subsidiaries before 1 January 2010. The changes will affect future transactions with non-controlling interests.

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

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

FRS 27 *Consolidated and Separate Financial Statements* (revised) (cont'd)

The effects of the adoption of the revised FRS 27 on the Group's consolidated financial statements, relating to the acquisition of an additional 0.14% equity interest in YIB from its non-controlling interests during financial year ended 31 December 2010 are as follows:

	Group 2010 US$'000
Increase/(decrease) in:	
Consolidated balance sheet	
Non-controlling interests	(47)
Other reserves – Discount on acquisition of non-controlling interests	23

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*
Amendment to FRS 32 *Financial Instruments: Presentation - Classification of Rights Issues*	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 *Prepayments of a Minimum Funding Requirement*	1 January 2011
INT FRS 115 *Agreements for the Construction of Real Estate*	1 January 2011

Except for the revised FRS 24, 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 24 is described below.

Revised FRS 24 *Related Party Disclosures*

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

2.4 *Basis of consolidation*

Business combinations from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. 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.

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

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

Business combinations from 1 January 2010 (cont'd)

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.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.12(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

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

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

Business combinations before 1 January 2010 (cont'd)

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect the fair values, or recognise any new assets or liabilities.
- No goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the 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 took place.
- Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

2.5 ***Transactions with non-controlling interests***

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

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

2.6 ***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 in Singapore, Thailand and Malaysia are Singapore Dollars, Thai Baht and Malaysian Ringgit respectively.

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 presentation currency 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 profit or loss.

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

The assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

The Group has elected to recycle the accumulated exchange differences in the separate component of other comprehensive income that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

2.7 ***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. Summary of significant accounting policies (cont'd)

2.8 ***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. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried 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.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is shown on the face of profit or loss after tax and non-controlling interests in the subsidiaries of associates.

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 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.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

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

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

2.9 ***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.

Upon loss of joint control, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the former joint venture entity upon loss of joint venture control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.10 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.20. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. 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 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.

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

Leasehold land	-	2%
Buildings	-	2%
Leasehold improvement	-	10% - 20%
Plant, machinery and equipment	-	10% - 25%
Furniture, fittings and office equipment	-	10% - 50%
Renovation	-	33 1/3%
Motor vehicles	-	20%
Forklifts	-	20%

Capital in progress are not depreciated as these assets are not yet available for use.

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

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

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 profit or loss in the year the asset is derecognised.

2.11 ***Investment properties***

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met and they are accounted for as finance leases.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The depreciation policy for investment properties is in accordance with that for depreciable property, plant and equipment as described in Note 2.10 and the following annual rate applies:

Buildings	-	2%

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.10 up to the date of change in use.

2.12 ***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.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

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

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

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in 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 fair 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 2.6.

(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.

The useful lives of intangible assets are assessed as either finite or indefinite.

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. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

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. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 profit or loss when the asset is derecognised.

Brand

The brand was acquired in business combinations. 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.

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

2.13 *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 indication exists, or when an 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 or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, 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. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. 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 profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.14 *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. The Group determines the classification of its financial assets at initial inception.

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

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

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

2.14 ***Financial assets (cont'd)***

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

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.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

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

Non-derivative 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, less impairment. 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.

2.15 ***Impairment of financial assets***

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

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has 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. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current 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.

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

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

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

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

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

2.16 ***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.

2.17 ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

– Raw materials and machinery parts and tools: purchase costs on a first-in first-out basis or weighted average cost basis.

– Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned by using the weighted average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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.

2.18 ***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. The Group determines the classification of its financial liabilities at initial recognition.

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 profit or loss.

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

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

The subsequent measurement of financial liabilities depends on their classification as follows:

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

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities 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 liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(b) ***Other financial liabilities***

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2.19 ***Provisions***

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

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.20 ***Borrowing costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.21 ***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.

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

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

(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.

2.22 ***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.

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

2.22 ***Leases (cont'd)***

(a) ***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.

(b) ***As lessor***

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(b). Contingent rents are recognised as revenue in the period in which they are earned.

2.23 ***Non-current assets held for sale***

Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

In profit or loss of the current reporting period, and of the comparative period, all income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in profit or loss.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.24 ***Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

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

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

(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. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(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.

2.25 ***Income taxes***

(a) ***Current income tax***

Current income 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 in the countries where the Group operates and generates taxable income.

Current income 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. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) ***Deferred tax***

Deferred 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

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

2.25 ***Income taxes (cont'd)***

(b) ***Deferred tax (cont'd)***

– 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 recovered.

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 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 tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income 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:

– 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.

2.26 ***Derivative financial instruments***

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

Any gains or losses arising from changes in fair value on derivative financial instruments are taken to 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. Summary of significant accounting policies (cont'd)

2.27 ***Segment reporting***

For management purposes, the Group is organised into five 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 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.29 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

3. Significant accounting estimates and judgements

The preparation of the Group's consolidated 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 periods.

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:

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.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amount of the Group's provision for taxation, deferred tax assets and deferred tax liabilities at balance sheet date are US$1,480,000 (2009 : US$320,000), US$2,755,000 (2009 : US$2,337,000) and US$1,116,000 (2009 : US$Nil) 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$906,000 (2009 : US$793,000). Further details are given in Note 28.

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

The Company assesses at each reporting date whether there is an indication that the investment in subsidiaries may be impaired. Where an indication of impairment exists, recoverable value is assessed based on an estimation of the value in use of the subsidiaries. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investment in subsidiaries at balance sheet date is US$62,959,000 (2009 : US$57,521,000).

(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 42.

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

3.2 *Key sources of estimation uncertainty (cont'd)*

(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 2010, the carrying amount of the Group's inventory is US$63,452,000 (2009: US$42,600,000).

4. Revenue

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

	Group	
	2010	**2009**
	US$'000	US$'000
Sale of goods	188,633	121,096
Rendering of services	31	425
Rental income	654	521
	189,318	122,042

5. Other operating income

	Group	
	2010	**2009**
	US$'000	US$'000
Interest income from loans and receivables	243	192
Foreign exchange gain, net	1,054	405
Rebate and claim	684	385
Sale of scrap	236	90
Subsidy from suppliers	113	194
Grant income from Jobs Credit Scheme	7	34
Gain on disposal of property, plant and equipment	70	23
Gain on disposal of investment property	19	–
Recovery of bad debts written-off	89	–
Write back of allowance for doubtful debts (Note 18)	26	–
Procurement charge	–	32
Refund of duty from re-export	–	45
Others	273	132
	2,814	1,532

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$7,000 (2009 : US$34,000) in two receipts in March and June 2010 (2009: March, June, September and December 2009).

6. Profit from operations

This is arrived at after charging:-

	Group 2010 US$'000	Group 2009 US$'000
Depreciation of property, plant and equipment (Note 10)	(2,734)	(1,054)
Depreciation of investment property (Note 11)	(6)	–
Allowance for doubtful trade debts (Note 18)	(637)	(692)
Allowance for doubtful non-trade debts (Note 19)	(2)	–
Executive officers' emoluments	(2,729)	(1,743)
Salaries and employees' benefits (excluding executive officers' emoluments)		
- Wages, salaries and bonus	(13,175)	(7,355)
- Defined contribution plans	(1,301)	(909)
- Other employee benefits	(4,094)	(3,656)
Inventories recognised as an expense in cost of sales (Note 17)	(134,708)	(94,630)
Non-audit fees paid to		
- Auditors of the Company	(33)	(23)
Rental expense (Note 38)	(1,681)	(1,965)
Share-based payment expense	–	(8)
Retirement benefits (Note 28)	(328)	(391)
Fair value loss on forward currency contracts (Note 35)	(5)	(10)

7. Finance costs and other expenses

Finance costs comprise the following:-

	Group 2010 US$'000	Group 2009 US$'000
Revolving bank loans interest	(198)	(142)
Term loan interest	(1,092)	(649)
Obligations under finance leases	(109)	(10)
Bankers acceptance	(571)	(166)
Bank overdraft interest	(87)	(20)
Bank letter of credit interest	(4)	–
	(2,061)	(987)
Other expenses comprise the following:-		
Transaction costs incurred in a business combination	(430)	–
Cessation cost in relation to assets classified as held for sale	(284)	–
Goodwill written off	–	(13)
	(714)	(13)

8. Tax expense

	Group 2010 US$'000	Group 2009 US$'000
Provision for taxation in respect of profit for the year:-		
Current taxation	(2,833)	(1,179)
Deferred taxation (Note 15)	(187)	(161)
	(3,020)	(1,340)
Underprovision of current taxation in respect of prior year	(8)	(1)
Over/(under) provision of deferred taxation in respect of prior year (Note 15)	24	(3)
	(3,004)	(1,344)

A reconciliation between the tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2010 and 2009 is as follows :-

	Group 2010 US$'000	Group 2009 US$'000
Profit before tax	12,059	993
Taxation at the domestic rate applicable to profit in the countries where the Group operates	(1,493)	(1,876)
Non-deductible expenses for taxation purposes	(1,545)	(583)
Utilisation of current year reinvestment allowances	449	–
Deferred tax benefits not recognised	(443)	(447)
Over/(under) provision in respect of prior year	16	(4)
Income not subject to corporate tax	265	1,750
Tax effect on income received from overseas	(253)	(184)
	(3,004)	(1,344)

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

8. Tax expense (cont'd)

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

	Group	
	2010	**2009**
	US$'000	US$'000
Unused tax losses	317	2,249
Unutilised capital allowances	211	539

9. Earnings/(loss) per share

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

Diluted earnings per share is calculated by dividing the profit/(loss) for the year attributable to owners of the parent 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:

	2010	**2009**
	US$'000	US$'000
Profit/(loss) attributable to owners of the parent	7,957	(351)

	2010	**2009**
	'000	'000
Weighted average number of ordinary shares	364,354	364,354

10. Property, plant and equipment

Group	Freehold land	Leasehold land	Freehold building	Leasehold buildings	Leasehold improvement	Plant, machinery and equipment	Furniture, fittings and office equipment	Renovation	Motor vehicles	Forklifts	Capital in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost												
At 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 and 1 January 2010	1,713	–	1,286	–	679	1,385	2,457	1,086	1,500	1,388	–	11,494
Acquisition of a subsidiary (Note 12)	78	6,464	–	10,456	1,214	18,070	1,290	–	601	–	360	38,533
Additions	–	–	–	655	808	1,169	988	77	541	311	146	4,695
Disposals	(28)	–	–	(169)	(482)	(7)	(151)	(6)	(555)	(159)	–	(1,557)
Written-off	–	–	–	–	–	(130)	(82)	(68)	–	–	–	(280)
Reclassification	–	–	–	19	–	95	–	–	–	–	(114)	–
Attributable to assets classified as held for sale (Note 23)	–	(26)	–	(121)	–	(27)	(55)	(34)	(58)	(1,700)	–	(2,021)
Exchange difference	192	553	142	826	159	1,113	377	78	100	160	26	3,726
At 31 December 2010	1,955	6,991	1,428	11,666	2,378	21,668	4,824	1,133	2,129	–	418	54,590
Accumulated depreciation and impairment												
At 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 and 1 January 2010	–	–	4	–	635	518	1,516	524	720	324	–	4,241
Acquisition of a subsidiary (Note 12)	–	579	–	1,071	557	12,005	760	–	328	–	–	15,300
Depreciation charge for the year	–	81	27	114	167	992	541	105	393	314	–	2,734
Disposals	–	–	–	(78)	(459)	–	(124)	(1)	(375)	(67)	–	(1,104)
Written-off	–	–	–	–	–	(73)	(68)	(23)	–	–	–	(164)
Attributable to assets classified as held for sale (Note 23)	–	(8)	–	(36)	–	(10)	(36)	(24)	(36)	(617)	–	(767)
Exchange difference	–	49	2	83	85	756	223	42	1	46	–	1,287
At 31 December 2010	–	701	33	1,154	985	14,188	2,812	623	1,031	–	–	21,527
Net carrying value												
At 31 December 2009	1,713	–	1,282	–	44	867	941	562	780	1,064	–	7,253
At 31 December 2010	1,955	6,290	1,395	10,512	1,393	7,480	2,012	510	1,098	–	418	33,063

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

Company	**Plant, machinery and equipment** US$'000	**Renovation** US$'000	**Motor vehicles** US$'000	**Total** US$'000
Cost				
At 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 and 1 January 2010	270	434	8	712
Additions	4	–	–	4
Exchange difference	26	41	(6)	61
At 31 December 2010	300	475	2	777
Accumulated depreciation and impairment loss				
At 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 and 1 January 2010	224	434	8	666
Depreciation charge for the year	46	–	–	46
Exchange difference	25	41	(6)	60
At 31 December 2010	295	475	2	772
Net book value				
At 31 December 2009	46	–	–	46
At 31 December 2010	5	–	–	5

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of US$4,695,000 (2009 : US$4,989,000) of which US$827,000 (2009 : US$59,000) and US$Nil (2009 : US$2,273,000) were acquired by means of finance leases and bank loan respectively. Cash outflow on acquisition of property, plant and equipment amounted to US$3,868,000 (2009 : US$2,657,000).

The carrying amount of property, plant and equipment held under finance leases at balance sheet date was US$4,293,000 (2009 : US$191,000).

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$21,852,000 (2009 : US$3,077,000) are mortgaged to secure the Group's interest-bearing loans and borrowings (Note 27).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

11. Investment property

	Group 2010 US$'000	Group 2009 US$'000
Balance sheet:		
At 1 January	–	–
Acquisition of a subsidiary (Note 12)	240	–
Disposal	(104)	–
Attributable to assets classified as held for sale (Note 23)	(104)	–
Exchange difference	19	–
At 31 December	51	–
Accumulated depreciation		
At 1 January	–	–
Acquisition of a subsidiary (Note 12)	37	–
Depreciation charge for the year	6	–
Disposal	(21)	–
Attributable to assets classified as held for sale (Note 23)	(9)	–
Exchange difference	2	–
At 31 December	15	–
Net book value		
At 31 December	36	–
Income statement:		
Rental income from investment properties:		
- Minimum lease payments	5	–
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	2	–
- Non-rental generating properties	1	–
	3	–

The investment property held by the Group as at 31 December 2010 is as follows:

Description and Location	Existing use	Tenure	Unexpired lease term
1 1/2-storey detached workshop 5,995 sq ft in Melaka Tengah, Malacca, Malaysia	Vacant	Leasehold	85 years

The estimated fair value of the investment property for the Group is US$114,000 (2009: US$Nil) based on an independent professional valuation report dated 27 September 2010. The valuation was performed by KGV-Lambert Smith Hampton (M) Sdn Bhd, a registered independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The valuation is based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market.

12. Investment in subsidiaries

	Company 2010 US$'000	Company 2009 US$'000
Shares, at cost	181,119	177,870
Less: Impairment loss	(128,396)	(125,334)
Exchange differences	10,236	4,985
Carrying amount of investments	62,959	57,521

During the current financial year, management performed an impairment test for the investment in Hup Soon Industrial Equipment Pte. Ltd. ("HSIEPL") as this subsidiary; whose principal activity is that of investment holding, will dispose of its only investment in Hup Soon Industrial Equipment Sdn Bhd subsequent to year end. An impairment loss of US$3,062,000 (equivalent to S$4,169,000) (2009: US$Nil) is recognised to write down this subsidiary to its recoverable amount. The recoverable amount of the investment in HSIEPL is determined based on the net realisable value of its assets and liabilities as at 31 December 2010.

Management also performed an impairment test for the investment in Hup Soon Global Pte Ltd ("HSGPL") as at 31 December 2010. The recoverable amount of investment in HSGPL is determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a three-year (2009: three-year) period. The pre-tax discount rate applied to the cash flow projections ranges from 3.7% to 6.8% (2009 : 3.7% to 12.0%). The growth rate used to extrapolate the cash flows of the subsidiaries of HSGPL beyond the three-year period ranges from 0% to 1% (2009 : 0% to 2.5%). Based on the recoverable amount, no additional impairment loss is recognised for the investment in HSGPL.

The subsidiaries as at 31 December are:-

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2010 %	Proportion of ownership interest 2009 %
	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. (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	100

31 December 2010

12. Investment in subsidiaries (cont'd)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2010 %	2009 %
	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
*	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 HSG Investments Pte Ltd			
*	Yokohama Industries Berhad (Malaysia)	Investment holding (Malaysia)	60.41	30.46
	Held by Borid Energy Investment Holdings Pte. Ltd.			
#	Borid Energy Holdings Pte. Ltd. (2) (Singapore)	Investment holding (Singapore)	100	100
	Held by Hup Soon Industrial Equipment Pte. Ltd.			
*	Hup Soon Industrial Equipment Sdn. Bhd. (3) (Malaysia)	Marketing and distribution of material handling equipment (Malaysia)	100	100
	Held by Arboretum Mauritius Ltd.			
**	Twinwood Technologies (IT Services) Pvt.Ltd. (4) (India)	Dormant	100	100

12. Investment in subsidiaries (cont'd)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2010 %	2009 %
	Held through subsidiaries			
	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 Anglo-Thai Company Limited			
*	Anglo-Thai Tractors Limited (Thailand)	Assembly of tractors (Thailand)	100	100
	Held by HSG Holdings Pte. Ltd.			
*	Moutrie Trading Sdn Bhd (Malaysia)	Dormant	100	100
#	United Motor Works International Pte Ltd (Singapore)	Dormant	100	100
@	Anglo-Thai Corp (BVI) Limited (British Virgin Islands)	Dormant	100	100
@	The Borneo Co (BVI) Limited (British Virgin Islands)	Dormant	100	100
	Held by The Borneo Co (BVI) Limited			
@	Anglo-Thai Corporation (United Kingdom)	Dormant	99.98	99.98
@	The Borneo Company (United Kingdom)	Dormant	99.90	99.90

12. Investment in subsidiaries (cont'd)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2010 %	2009 %
	Held by Anglo-Thai Corp (BVI) Limited			
@	Anglo-Thai Corporation (United Kingdom)	Dormant	0.02	0.02
@	The Borneo Company (United Kingdom)	Dormant	0.10	0.10
	Held by Yokohama Industries Berhad			
*	Yokohama Batteries Sdn. Bhd. (formerly known as Tai Kwong-Yokohama Battery Industries Sdn. Bhd.) (Malaysia)	Manufacturing and marketing of batteries (Malaysia)	100	–
*	Yokohama Holdings (M) Sdn. Bhd. (formerly known as Tai Kwong- Yokohama Holding (M) Sdn. Bhd.) (Malaysia)	Investment holding (Malaysia)	100	–
*	Tai Kwong Battery (K.L.) Sdn. Bhd. (Malaysia)	Dormant	100	–
*	Tai Kwong Battery (Ipoh) Sdn. Bhd. (Malaysia)	Dormant	100	–
*	Tai Kwong Battery (JB) Sdn. Bhd. (Malaysia)	Dormant	50	–
*	Tai Kwong Battery (Penang) Sdn. Bhd. (Malaysia)	Dormant	20	–
*	Yokohama Ventures Sdn. Bhd. (formerly known as Tai Kwong-Yokohama Ventures Sdn. Bhd.) (Malaysia)	Dormant	100	–
*	Yokohama Management Services Sdn. Bhd. (formerly known as Tai Kwong Yokohama Management Sdn. Bhd.) (Malaysia)	Dormant	100	–
*	Ikatan Intan Sdn. Bhd. (Malaysia)	Investment holding (Malaysia)	100	–
*	Yokohama Reclamation Sdn. Bhd. (formerly known as TK Yokohama Reclamation Sdn. Bhd.) (Malaysia)	Material recovery (Malaysia)	100	–

12. Investment in subsidiaries (cont'd)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2010 %	2009 %
	Held by Yokohama Holdings (M) Sdn. Bhd.			
*	Tai Kwong Battery (JB) Sdn. Bhd. (Malaysia)	Dormant	50	–
*	Tai Kwong Battery (Penang) Sdn. Bhd. (Malaysia)	Dormant	80	–
*	Yokohama Trading Sdn. Bhd. (formerly known as Tai Kwong- Yokohama Marketing Sdn. Bhd.) (Malaysia)	Retailing of batteries and related products (Malaysia)	100	–
*	Tai Kwong-Yokohama Battery (Kuantan) Sdn. Bhd. (Malaysia)	Dormant	100	–
*	Tai Kwong-Yokohama Battery (Sabah) Sdn. Bhd. (Malaysia)	Dormant	100	–
*	Tai Kwong-Yokohama Battery (Tawau) Sdn. Bhd. (Malaysia)	Dormant	100	–
*	Tai Kwong-Yokohama Battery Co. Sdn. Bhd. (Malaysia)	Dormant	100	–
*	Tai Kwong-Yokohama Battery (Seremban) Sdn. Bhd. (Malaysia)	Dormant	100	–
*	Tai Kwong Yokohama Battery (Melaka) Sdn. Bhd. (Malaysia)	Dormant	100	–
	Held by Yokohama Batteries Sdn. Bhd.			
*	Orient Batteries Sdn. Bhd. (Malaysia)	Dormant	100	–
	Held by Ikatan Intan Sdn. Bhd.			
*	Jendela Wira Sdn. Bhd. (Malaysia)	Transportation services (Malaysia)	100	–

12. Investment in subsidiaries (cont'd)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2010 %	2009 %
	Held by Jendela Wira Sdn. Bhd.			
*	Syarikat ZHK Sdn. Bhd. (Malaysia)	Transportation services (Malaysia)	100	–
	Held by Yokohama Management Services Sdn. Bhd.			
*	Yokohama Technical Services Sdn. Bhd. (formerly known as TK-Yokohama Technology Sdn. Bhd.) (Malaysia)	Dormant	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.

@ Not required to be audited in the country of incorporation.

(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) Subsequent to the year end, the Company through its wholly-owned subsidiary, Borid Energy Investment Holdings Pte Ltd disposed the entire 100% equity interest in Borid Energy Holdings Pte Ltd and its subsidiaries namely, Borid Energy (M) Sdn Bhd, Borid Electrical Components Sdn Bhd and Borid Technologies (M) Sdn Bhd to Yokohama Industries Berhad on 28 January 2011.

(3) Subsequent to the year end, the Company through its wholly-owned subsidiary, Hup Soon Industrial Equipment Pte. Ltd. had, on 16 March 2011, entered into a sale and purchase agreement with Goldbell Corporation Pte. Ltd. to dispose Hup Soon Industrial Equipment Sdn. Bhd.

(4) Under the application to strike off.

Acquisition of subsidiary during financial year ended 31 December 2010

On 31 March 2010 (the "acquisition date"), the Group's subsidiary company, HSG Investments Pte. Ltd. ("HSGI") acquired an additional 19.52% equity interest in its 40.75%-owned associate, Yokohama Industries Berhad (previously known as Tai Kwong Yokohama Berhad) ("YIB"). Upon the acquisition, YIB became a subsidiary of the Group.

The Group has acquired YIB in order to reinforce the Group's position as a major player in the automotive and motor cycle battery business in Malaysia and sets the platform for regional expansion.

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of YIB's identifiable net assets.

12. Investment in subsidiaries (cont'd)

Acquisition of subsidiary during financial year ended 31 December 2010 (cont'd)

The fair value of the identifiable assets and liabilities of YIB as at the acquisition date were:

	Fair value recognised on acquisition US$'000
Property, plant and equipment (Note 10)	23,233
Investment property (Note 11)	203
Intangible assets – brand (Note 16)	7,503
Deferred tax assets	55
Trade receivables	1,777
Other receivables	4,839
Tax recoverable	564
Inventories	14,643
Cash and bank balances	1,946
	54,763
Trade payables	(746)
Other payables and accruals	(2,538)
Provision for liabilities (Note 26)	(87)
Deferred tax liabilities	(729)
Interest-bearing loans and borrowings	(18,303)
	(22,403)
Total identifiable net assets at fair value	32,360
Non-controlling interest measured at the non-controlling interest's proportionate share of YIB's net identifiable assets	(12,857)
Negative goodwill arising from acquisition	(8,613)
	10,890

	US$'000
Consideration transferred for the acquisition of YIB	
Cash consideration	3,536
Fair value of equity interest in YIB held by the Group immediately before the acquisition	7,354
	10,890
Effect of the acquisition of YIB on cash flows	
Total consideration for 19.52% equity interest acquired	3,536
Less: Cash and bank balances of subsidiary acquired	(1,946)
Add: Bank overdrafts of subsidiary acquired	4,372
	5,962

12. Investment in subsidiaries (cont'd)

Acquisition of subsidiary during financial year ended 31 December 2010 (cont'd)

Transaction costs

Transaction costs related to the acquisition of US$430,000, have been recognised in the "Other expenses" line item in the Group's profit or loss for the year ended 31 December 2010.

Loss on remeasuring previously held equity interest in YIB to fair value at acquisition date

The Group recognised a loss of US$3,914,000 as a result of measuring at fair value its 40.75% equity interest in YIB held before the business combination. The loss is included in the Group's profit or loss for the year ended 31 December 2010.

Impact of the acquisition on profit or loss

From the acquisition date, YIB has contributed US$16,951,000 of revenue and US$1,586,000 to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the revenue from continuing operations would have been US$193,909,000 and the Group's profit from continuing operations, net of tax would have been US$9,431,000.

Provisional accounting of the acquisition of YIB

"Yokohama" brand has been identified as an intangible asset arising from the preliminary purchase price allocation in relation to the acquisition of the additional 19.52% equity interest in YIB. As at 31 December 2010, the fair value of identifiable assets and liabilities (including the "Yokohama" brand amounting to US$7,503,000) have been determined on a provisional basis as the results of the purchase price allocation exercise has not been finalised by the date the financial statements was authorised for issue. In accordance with FRS 103: Business Combinations, the purchase price allocation exercise needs to be finalised within 12 months from the date of acquisition, that is 30 March 2011. Negative goodwill arising from this acquisition, the carrying amount of the identifiable assets and liabilities (including brand) will be adjusted accordingly on a retrospective basis when the purchase price allocation exercise is finalised.

Acquisition of non-controlling interests during financial year ended 31 December 2010

Subsequent to 31 March 2010, the Group's subsidiary company, HSGI, acquired an additional 0.14% equity interest in YIB from its non-controlling interests for a cash consideration of RM75,000 (equivalent to US$24,000). As a result of this acquisition, the Group's equity interest in YIB increased from 60.27% to 60.41% as at 31 December 2010. The carrying value of the net assets of YIB at date of acquisition was US$22,332,000 and the carrying value of the additional interest acquired was US$47,000. The difference of US$23,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "Discount on acquisition of non-controlling interests" within equity.

The following summarises the effect of the change in the Group's ownership interest in YIB on the equity attributable to owners of the parent:

	US$'000
Consideration paid for acquisition of non-controlling interests	24
Decrease in equity attributable to non-controlling interests	(47)
Increase in equity attributable to owners of the parent	(23)

12. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries during financial year ended 31 December 2009

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 US$'000	**Carrying amount before combination** US$'000
Other receivables	1	1
Net identifiable assets	1	1
Goodwill arising from acquisition (Note 16)	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.

13. Investment in associates

	Group	
	2010 US$'000	**2009** US$'000
Shares, at cost	1,978	6,032
Share of post-acquisition reserves	2,809	7,863
Exchange differences	1,612	114
Carrying amount of investments	6,399	14,009

The share of post-acquisition reserves includes negative goodwill of US$2,208,000 (2009: 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 30.46% equity interest in Tai Kwong Yokohama Berhad of US$2,178,000).

31 December 2010

13. 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 2010 %	2009 %
	Held through subsidiaries			
*	Capricorn Holdings Limited (Thailand)	Investment holding (Thailand)	49	49
*	Yokohama Industries Berhad (Formerly known as Tai Kwong Yokohama Berhad) (Malaysia)	Investment holding (Malaysia)	–	30.46

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

In January 2010, the Group acquired an additional 10.29% equity interest in its associate, Yokohama Industries Berhad ("YIB") for a cash consideration of approximately RM4,887,000 (equivalent to US$1,446,000), resulting in the Group's equity interest in YIB increasing from 30.46% to 40.75%.

On 31 March 2010, the Group acquired an additional 19.52% equity interest in YIB. Upon the acquisition, YIB became a subsidiary of the Group (Note 12).

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

	2010 US$'000	2009 US$'000
Assets and liabilities :		
Current assets	9,097	31,462
Non-current assets	13,337	33,875
Intangible assets	–	7,140
Total assets	22,434	72,477
Current liabilities	9,144	28,509
Non-current liabilities	1,672	5,391
Total liabilities	10,816	33,900
Results :		
Revenue	22,636	59,649
Profit for the year	1,380	3,540

14. Investment in jointly controlled entities

	Group 2010 US$'000	Group 2009 US$'000
Shares, at cost	1,504	1,504
Share of post-acquisition reserves	889	477
Exchange differences	106	39
Carrying amount of investments	2,499	2,020

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

The jointly controlled entities as at 31 December are :-

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2010 %	Proportion of ownership interest 2009 %
	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	30
	Held by Borneo Technical (S) Pte. Ltd.			
^	Top 1 Oil Asia Pte Ltd (Singapore)	Dormant	–	50
	Held by HSG Ventures (Australia) Pte. Ltd.			
@	Total Battery Solutions Pty Ltd (Australia)	Dormant	50	50

^ Struck-off during the year from the Register of Accounting and Corporate Regulatory Authority

**** 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).

In 2009, 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 a 50% equity interest in Total Battery Solutions Pty Ltd.

31 December 2010

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

The aggregate amounts of each of the 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	
	2010	**2009**
	US$'000	US$'000
Assets and liabilities :		
Current assets	4,321	5,115
Non-current assets	1,407	1,142
Total assets	5,728	6,257
Current liabilities	2,644	4,191
Non-current liabilities	585	59
Total liabilities	3,229	4,250
Results :		
Revenue	6,100	6,437
Profit for the year	412	163

15. Deferred tax assets/(liabilities)

Deferred tax as at 31 December relates to the following:

	Group			
	Balance sheet		Income statement	
	2010	**2009**	**2010**	**2009**
	US$'000	US$'000	US$'000	US$'000
Deferred tax assets:				
Allowance for slow-moving inventories	1,121	900	221	620
Allowance for doubtful debts	303	318	(15)	105
Provision for retirement benefits	272	238	34	1
Provision for liabilities	1,063	755	108	371
Differences in depreciation for tax purposes	(131)	(198)	67	(146)
Unutilised capital allowances	97	184	(87)	(403)
Unutilised tax losses	–	36	(36)	(740)
Fair value adjustments on acquisition of subsidiary	(145)	–	–	–
Other items	175	104	71	83
	2,755	2,337	363	(109)
Deferred tax liabilities:				
Differences in depreciation for tax purposes	(1,050)	–	(350)	–
Revaluation of land and building	(87)	–	–	–
Other items	21	–	21	–
	(1,116)	–	(329)	–
Exchange difference			(197)	(55)
Deferred tax expense (Note 8)			(163)	(164)

16. Intangible assets

	Goodwill	Group Brand	Total
	US$'000	US$'000	US$'000
Cost :			
At 1 January 2009	43,132	–	43,132
Goodwill arising from acquisition of subsidiaries (Note 12)	13	–	13
Goodwill written off	(43,145)	–	(43,145)
At 31 December 2009 and 1 January 2010	–	–	–
Acquisition of a subsidiary (Note 12)	–	7,503	7,503
At 31 December 2010	–	7,503	7,503
Accumulated amortisation and impairment :			
At 1 January 2009	(43,132)	–	(43,132)
Impairment written off	43,132	–	43,132
At 31 December 2009, 1 January 2010 and 31 December 2010	–	–	–
Net carrying amount :			
At 31 December 2009	–	–	–
At 31 December 2010	–	7,503	7,503

Brand

Brand relates to the "Yokohama" (acquired in 2010) brand name for the Group's specialised battery that was acquired in business combination. As explained in Note 2.12(b), the useful life of the brand is estimated to be indefinite.

17. Inventories

	Group 2010	Group 2009
	US$'000	US$'000
Balance sheet		
Raw materials (at cost)	8,384	6,458
Finished goods		
At cost	39,500	24,258
At net realisable value	335	429
Work-in-progress (at cost)	3,862	2
Consumables (at cost)	139	11
Goods in transit (at cost)	11,232	11,442
Total inventories at lower of cost and net realisable value	63,452	42,600
Income statement		
Inventories recognised as an expense in cost of sales (Note 6)	134,708	94,630
Inclusive of the following charge/(credit) :		
- Inventories written-down	1,405	1,055
- Reversal of write-down of inventories	(697)	(67)

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

18. Trade receivables

	Group 2010 US$'000	Group 2009 US$'000
External parties	41,158	30,693
Less: Allowance for doubtful debts	(3,718)	(1,878)
	37,440	28,815

The currency profile of trade receivables is as follows:-

	2010 US$'000	2009 US$'000
Malaysian Ringgit	14,626	13,117
Thai Baht	21,074	15,545
US Dollar	244	153
Euro	1,431	–
Singapore Dollar	65	–
	37,440	28,815

For the year ended 31 December 2010, an allowance for doubtful debts of US$637,000 (2009 : US$692,000) (Note 6) was recognised in profit or loss subsequent to a debt recovery assessment performed on trade receivables as at 31 December 2010.

Receivables that are past due but not impaired

The Group has trade receivables amounting to US$4,105,000 (2009: US$4,080,000) 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 2010 US$'000	Group 2009 US$'000
Trade receivables past due :		
Lesser than 30 days	2,936	1,916
30 to 60 days	349	379
More than 60 days	820	1,785
	4,105	4,080

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	
	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
Trade receivables – nominal amounts	11,254	10,419	14,284	8,161
Less: Allowance for doubtful debts	(756)	(629)	(2,962)	(1,249)
	10,498	9,790	11,322	6,912

18. Trade receivables (cont'd)

	Group			
	Collectively impaired		Individually impaired	
	2010	**2009**	**2010**	**2009**
	US$'000	US$'000	US$'000	US$'000
Movement in allowance accounts:				
At 1 January	(629)	(254)	(1,249)	(992)
Acquisition of a subsidiary	(283)	–	(2,200)	–
Charge for the year (Note 6)	(4)	(217)	(633)	(475)
Write back (Note 5)	26	–	–	–
Written off	208	71	1,153	39
Attributable to assets classified as held for sale	–	–	205	–
Exchange differences	(74)	(229)	(238)	179
At 31 December	(756)	(629)	(2,962)	(1,249)

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.

19. Other receivables

	Group		Company	
	2010	**2009**	**2010**	**2009**
	US$'000	US$'000	US$'000	US$'000
Sundry receivables	562	340	7	5
Less: Allowance for doubtful debts	(138)	–	–	–
	424	340	7	5
Rebate and claims receivable from suppliers	960	809	–	–
Deposits	378	295	2	2
	1,762	1,444	9	7

Sundry receivables that are impaired

The Group's sundry 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	
	Individually impaired	
	2010	**2009**
	US$'000	US$'000
Sundry receivables – nominal amounts	138	–
Less: Allowance for doubtful debts	(138)	–
	–	–

	Group		Company	
	2010	**2009**	**2010**	**2009**
	US$'000	US$'000	US$'000	US$'000
Movement in allowance accounts:				
At 1 January	–	–	–	–
Acquisition of a subsidiary	(130)	–	–	–
Charge for the year (Note 6)	(2)	–	–	–
Written off	1	–	–	–
Exchange differences	(7)	–	–	–
At 31 December	(138)	–	–	–

19. Other receivables (cont'd)

Sundry 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.

20. Amounts due from/(to) related companies

	Group		Company	
	2010	**2009**	**2010**	**2009**
	US$'000	US$'000	US$'000	US$'000
Amounts due from related companies :				
Subsidiaries	–	–	8,772	11,050
Associates	–	–	–	7
Jointly controlled entities	–	12	–	–
	–	12	8,772	11,057
Amounts due to related companies :				
Subsidiaries	–	–	(1,125)	(644)
Associates	(489)	(8,767)	–	–
	(489)	(8,767)	(1,125)	(644)

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$836,000 (2009 : US$2,383,000) due from a subsidiary which bears interest at 5% (2009 : 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 non-trade in nature, unsecured, non-interest bearing and repayable on 30 to 120 days' terms.

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	–	12	7,647	11,057
Malaysian Ringgit	–	(8,766)	–	(68)
Thai Baht	(489)	(1)	–	–
US Dollar	–	–	–	(576)
	(489)	(8,755)	7,647	10,413

21. Loan to an associate

Loan to an associate bears interest at the Company's cost of funds of 6.00% (2009 : 6.00%) 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.

22. 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	
	2010	2009
	US$'000	US$'000
Cash and bank balances		
- Continuing operations	14,447	12,054
- Assets classified as held for sale (Note 23)	132	–
Short-term deposits pledged with licensed bank	156	2,424
Bank overdrafts		
- Continuing operations (Note 27)	(576)	(340)
- Assets classified as held for sale (Note 23)	(153)	–
	14,006	14,138
Less: Short-term deposits pledged	(156)	(2,424)
Cash and cash equivalents	13,850	11,714

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 (2009 : 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 bank balances and short-term deposits, net of bank overdrafts are as follows:-

	Group		Company	
	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000
Malaysian Ringgit	7,422	5,989	–	–
Malaysian Ringgit (bank overdrafts)	(307)	–	–	–
Thai Baht	1,819	2,386	–	–
Singapore Dollar	5,096	5,678	183	2,677
Singapore Dollar (bank overdrafts)	(422)	(340)	(422)	(340)
US Dollar	398	424	180	168
Indian Rupee	–	1	–	–
	14,006	14,138	(59)	2,505

23. Assets/(liabilities) classified as held for sale

(a) ***Non-current assets classified as held for sale***

The assets classified as held for sale of the Group as at balance sheet date of US$199,000 (2009: US$Nil) relates to buildings and investment property in the Group's subsidiary, YIB Group with carrying amounts of US$104,000 and US$95,000 respectively which approximate their fair values immediately before being classified as held for sale (Notes 10 and 11).

(b) ***Disposal group classified as held for sale***

On 21 September 2010, the Group announced the decision of its board of directors to cease the distribution of the "Mitsubishi" brand material handling equipment and parts and the provision of after-sales service in Malaysia ("Malaysian Mitsubishi Distribution Business"). Subsequently, the management has been actively searching for a buyer to dispose of the Malaysian Mitsubishi Distribution Business. On 14 January 2011, the Group announced the disposal of the Malaysian Mitsubishi Distribution Business which is conducted through one of its wholly-owned subsidiary, Hup Soon Industrial Equipment Sdn. Bhd. ("HSIESB"). The proposed disposal will enable the Group to reduce its losses and redeploy the Group's capital and resources into other more profitable businesses in Thailand and Malaysia. As at 31 December 2010, the assets and liabilities related to HSIESB have been presented in the balance sheet as "Assets classified as held for sale" and "Liabilities classified as held for sale".

Balance sheet disclosures

The major classes of assets and liabilities of HSIESB classified as held for sale as at 31 December are as follows

	Group	
	2010	**2009**
	US$'000	US$'000
Assets :		
Property, plant and equipment (Note 10)	1,150	–
Inventories	1,643	–
Trade receivables	748	–
Other receivables	27	–
Cash and bank balances (Note 22)	132	–
Assets classified as held for sale	3,700	–
Liabilities :		
Trade payables	(2,848)	–
Other payables and accruals	(222)	–
Interest-bearing loans and borrowings *	(1,110)	–
Liabilities classified as held for sale	(4,180)	–
Net liabilities classified as held for sale	(480)	–

* Included in interest-bearing loans and borrowings is bank overdrafts amounting to US$153,000 (Note 22).

24. 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	
	2010	**2009**
	US$'000	US$'000
Malaysian Ringgit	5,944	1,971
Thai Baht	9,067	5,974
US Dollar	15,880	14,068
Euro	78	101
Japanese Yen	200	2,286
British Pound	1,398	1,660
Australian Dollar	193	83
	32,760	26,143

25. Other payables and accruals

	Group		Company	
	2010	**2009**	**2010**	**2009**
	US$'000	US$'000	US$'000	US$'000
Accruals	7,351	4,681	782	672
Deposits from customers	1,950	1,222	–	–
Sundry payables	1,285	1,113	–	32
Fair value of forward currency contract (Note 35)	5	10	–	–
	10,591	7,026	782	704

26. Provision for liabilities

	Group		
	Warranty	**Rebate**	**Total**
	US$'000	US$'000	US$'000
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 and at 1 January 2010	499	498	997
Acquisition of a subsidiary (Note 12)	87	–	87
Charge to profit or loss	2,170	1,713	3,883
Utilised during the year	(1,479)	(1,748)	(3,227)
Exchange difference	27	53	80
At 31 December 2010	1,304	516	1,820

26. 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.

27. Interest-bearing loans and borrowings

	Group		Company	
	2010	**2009**	**2010**	**2009**
	US$'000	US$'000	US$'000	US$'000
Floating rate				
Banker's acceptance	18,030	9,196	–	–
Bank overdrafts (Note 22)	576	340	422	340
Revolving loans	18,865	18,635	–	–
Term loans	15,151	3,102	–	–
	52,622	31,273	422	340
Fixed rate				
Obligations under finance leases (Note 34)	1,747	154	–	–
	54,369	31,427	422	340
Less:				
Term loans (non-current)	(8,953)	(2,741)	–	–
Obligations under finance leases (non-current) (Note 34)	(816)	(95)	–	–
Interest-bearing loans and borrowings (non-current)	(9,769)	(2,836)	–	–
Interest-bearing loans and borrowings (current)	44,600	28,591	422	340

The interest-bearing loans and borrowings are for working capital purposes except for the term loans and obligations under finance leases which are for the purchase of property, plant and equipment and acquisition of additional equity interest in a subsidiary, Yokohama Industries Berhad.

US$1,625,000 (2009 : US$154,000) of interest-bearing loans and borrowings are secured by leased assets with net carrying values of US$4,293,000 (2009 : US$191,000) (Note10). US$5,211,000 (2009 : US$2,284,000) 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$21,852,000 (2009 : US$3,077,000) (Note 10).

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

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$2,597,000 (2009 : US$2,206,000) which is due later than 5 years.

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	US$'000	US$'000	US$'000	US$'000
Malaysian Ringgit	30,020	16,248	–	–
Thai Baht	17,859	14,269	–	–
Singapore Dollar	1,045	910	422	340
US Dollar	5,445	–	–	–
	54,369	31,427	422	340

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

	Group	
	2010	**2009**
	%	%
Banker's acceptance	2.90	2.85
Bank overdrafts	6.60	5.80
Revolving loans	4.65	4.43
Term loans	5.85	4.83

28. Provision for retirement benefits

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

All employees of Anglo-Thai Tractors Limited, Borneo Technical (Thailand) Limited and Anglo-Thai Company Limited are eligible for the Plans. The amount of Legal Severance Payment is determined by the duration of employment in accordance with the Legal Severance Payment as prescribed by Labor Protection Act (A.D. 1998) in Thailand. Under the Long Service Provision Plan, retiring employees 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

28. Provision for retirement benefits (cont'd)

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

Amounts recognised in profit or loss for the year:-

	Group							
	Legal Severance Payment Plan		Long Service Provision Plan		Long Service Award Plan		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Current service cost	13	38	6	21	11	17	30	76
Interest cost on benefit obligation	24	22	14	13	10	9	48	44
Net actuarial losses recognised during the year	103	114	62	72	85	85	250	271
Net benefit expense	140	174	82	106	106	111	328	391

Amounts recognised in the balance sheets as at:-

	2010	2009	2010	2009	2010	2009	2010	2009
Defined benefit obligation	581	512	340	301	232	217	1,153	1,030
Unrecognised net actuarial gain	(103)	(98)	(62)	(59)	(82)	(80)	(247)	(237)
Benefit liability	478	414	278	242	150	137	906	793

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

	2010	2009	2010	2009	2010	2009	2010	2009
Benefit obligation at beginning of year	414	435	242	250	137	111	793	796
Translation differences	46	22	28	13	14	8	88	43
Current service cost	13	38	6	21	11	17	30	76
Interest cost on benefit obligation	24	22	14	13	10	9	48	44
Unrecorded net actuarial gain	(98)	(95)	(59)	(57)	(78)	(78)	(235)	(230)
Net actuarial losses recognised during the year	103	114	62	72	85	85	250	271
Benefits paid	(24)	(34)	(15)	(19)	(29)	(14)	(68)	(67)
Liabilities extinguished on curtailment or settlement	–	(88)	–	(51)	–	(1)	–	(140)
Benefit obligation at end of year	478	414	278	242	150	137	906	793

28. Provision for retirement benefits (cont'd)

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

	2010	2009
	%	%
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	13,500
Employee turnover		
Prior to age 30	12.0	12.0
Age 30 to 39	10.0	10.0
Age 40 to 49	8.0	8.0
Age 50 onwards	4.0	4.0

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

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

	2010	2009
	US$'000	US$'000
Legal Severance Payment Plan	478	414
Long Service Provision Plan	278	242
Long Service Award Plan	150	137
	906	793

29. 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 2009, 31 December 2009, 1 January 2010 and 31 December 2010	364,354	68,248	364,354	65,613

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. The ordinary shares have no par value.

30. 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.

31. Share grant reserve

	Group		Company	
	2010	**2009**	**2010**	**2009**
	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	12	12	12
	3,465	3,465	12	12

(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$20,000 is to be expensed over the vesting period, i.e. from 22 October 2008 to 31 March 2011. As a result, the charge for the financial year ended 31 December 2009 is approximately US$Nil (2009 : US$11,000).

32. 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.

33. 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.

34. Finance lease obligations

	Group			
	2010		2009	
	Minimum lease payments US$'000	Present value of payments (Note 27) US$'000	Minimum lease payments US$'000	Present value of payments (Note 27) US$'000
Not later than one year	1,014	931	66	59
Later than one year but not later than five years	865	816	103	95
Total minimum lease payments	1,879	1,747	169	154
Less: Amounts representing finance charges	(132)	–	(15)	–
Present value of minimum lease payments	1,747	1,747	154	154

The effective interest rates of the finance leases range from 3.40% to 6.98% (2009 : 3.75% to 6.09%) 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.

35. Derivative financial instruments

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

	Group	
	2010 US$'000	2009 US$'000
Notional amount		
British Pound	511	1,287
US Dollar	5,818	2,785
Thai Baht	88	42
Japanese Yen	2,778	2,250
Australian Dollar	–	81
	9,195	6,445

35. Derivative financial instruments (cont'd)

Net fair value

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

	Group	
	2010	**2009**
	US$'000	US$'000
Fair value loss on forward currency contracts [Notes 6, 25 and 42(b)]	5	10

36. 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	
	2010	**2009**
	US$'000	US$'000
Related parties :-		
Sale of goods to associates	(102)	(312)
Sale of services to a jointly controlled entity	(3)	(9)
Purchase of goods and equipment from an associate	–	23,918
Purchase of services from a company/firm related to a director	3	105
Rental expenses paid to an associate	52	132

Company/firm related to a director:

Seabanc Insurance Brokers Pte. Ltd., in which a director of the Company (up to 27 April 2010) has equity interest, provided insurance brokerage services to the Group amounting to US$3,000 (2009 : US$25,000).

During the financial year ended 31 December 2009, Wong Partnership LLP, a firm of which a director of the Company was also a partner provided legal and professional services to the Group amounting to US$33,000. The Group also engaged logistic services amounting to US$47,000 from Integrated Distribution Services Group Limited, in which a director and controlling shareholder of the Company had an equity interest.

36. Related party transactions (cont'd)

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

	Group	
	2010	**2009**
	US$'000	US$'000
Short-term employee benefits	2,729	1,743
Total compensation paid to key management personnel	2,729	1,743
Comprise amounts paid to :-		
Directors of the Company	1,133	739
Other key management personnel	1,596	1,004
	2,729	1,743

37. Capital commitments

	Group	
	2010	**2009**
	US$'000	US$'000
Capital commitments in respect of property, plant and equipment approved and contracted for	483	–

38. 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 7 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$1,681,000 (2009 : US$1,965,000).

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

	Group	
	2010	**2009**
	US$'000	US$'000
Within one year	1,041	996
After one year but not more than five years	2,810	1,143
More than five years	515	–
	4,366	2,139

39. 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 five 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.
Battery manufacturing	-	Manufacturing and marketing of batteries and reclamation of scrap batteries
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 and income tax.

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 2010 and 2009 and assets, liabilities and other segment information regarding the Group's business segments at 31 December 2010 and 2009.

39. Segment information (cont'd)

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

2010	Automotive aftermarket products and industrial supplies US$'000	Agriculture tractors and engine transmission US$'000	Battery manu-facturing 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	130,233	38,950	16,951	3,184	–	–	–		189,318
Segment results	4,772	4,447	2,983	(329)	(2,677)	–	–		9,196
Finance costs	(937)	(102)	(672)	(195)	(155)	–	–		(2,061)
Negative goodwill	–	–	8,613	–	–	–	–		8,613
Loss on remeasurement of investment in associate to fair value upon business combination achieved in stages	–	–	(3,914)	–	–	–	–		(3,914)
Share of results of associates									527
Share of results of jointly controlled entities									412
Other expenses	–	–	(430)	(284)	–	–	–		(714)
Profits before tax									12,059
Tax expense									(3,004)
Profit for the year									9,055
Assets and liabilities									
Segment assets	89,899	10,792	54,660	7,071	15,021	–	(15)	A	177,428
Segment liabilities	46,840	23,517	22,687	6,657	8,010	–	–		107,711
Capital expenditure	1,145	933	2,293	320	4	–	–		4,695
Depreciation charge	713	167	1,408	406	46	–	–		2,740

39. 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

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 2010 US$'000	Group 2009 US$'000
Elimination of unrealised profits in inventories	(15)	(84)
Goodwill arising from acquisition of subsidiaries	–	13
Goodwill written off	–	(13)
	(15)	(84)

39. Segment information (cont'd)

(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	
	2010	**2009**	**2010**	**2009**
	US$'000	US$'000	US$'000	US$'000
Malaysia	97,594	57,699	38,523	6,193
Thailand	91,724	64,343	2,071	1,011
Others	–	–	8	49
	189,318	122,042	40,602	7,253

40. Contingent liabilities

Legal claims

(a) On 2 November 2009, Anglo-Thai Company Ltd ("ATC") filed a lawsuit against its former managing director in relation to violation of a retirement agreement, requesting damages totaling 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 scheduled subsequent hearings throughout the month of May 2010.

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 was scheduled in the month of June 2010 and July 2010.

ATC obtained new facts from the hearing in May 2010 and filed with the Court to withdraw the action on 8 June 2010. ATC also filed a new lawsuit against its former managing director in relation to violation and breach of duties with the Court, seeking damages of THB 22 million (equivalent to US$0.73 million) (interest included) from the defendant. The Court scheduled a hearing to take evidence from ATC on 6 September 2010.

Prior to the hearings dates of all the above cases, ATC and its former managing director entered into a compromise contract on 4 August 2010 to settle all disputes and mutually drop all actions. ATC and its former managing director filed with the Courts to withdraw all legal cases on 5 August 2010 and the Courts has accepted their requests. The directors consider these cases to be closed.

40. Contingent liabilities (cont'd)

Legal claims (cont'd)

(b) On 15 January 2010, Borneo Technical (Thailand) Limited ("BTL"), ATC and certain of their directors were sued as joint defendants in labor law related cases by 2 former employees in relation to termination of employment by BTL and ATC. The plaintiffs sought damages amounting to approximately THB 67.3 million (equivalent to US$2.02 million) plus surcharge and interest. The trial of witnesses was scheduled in the month of June 2010.

In July 2010 and August 2010, the Central Labor Court ordered BTL and ATC to pay damages to the 2 former employees totaling THB 6.4 million (equivalent to US$0.21 million).

On 7 September 2010, BTL and ATC (as the defendants) appealed against the Central Labor Court's ruling and the former employees (the plaintiffs) also submitted a counterclaim against BTL's appeal. As at report date, the cases remained pending at the Supreme Court and no damages have been paid.

As at 31 December 2010, BTL and ATC have provided for the damages in profit or loss for the year amounting to THB 3.6 million (equivalent to US$0.12 million) and THB 2.8 million (equivalent to US$0.09 million) respectively.

Guarantees

	Company	
	2010	**2009**
	US$'000	US$'000
Corporate guarantee given to financial institutions for credit facilities of the subsidiaries	33,081	30,691

41. 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 48% (2009 : 30%) of the Group's purchases are denominated in foreign currencies.

The Group and the Company also hold cash and bank balances and short-term deposits, net of bank overdrafts denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances (mainly in USD) amount to US$398,000 (2009 : US$424,000) and US$180,000 (2009 : US$168,000) for the Group and the Company respectively.

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

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

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 2010, the Group had hedged 27% (2009 : 35%) 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.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(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	
	2010	**2009**
	US$'000	US$'000
	Profit net of tax	**Loss net of tax**
USD		
Strengthened 8% (2009 : 5%)	(1,179)	664
Weakened 8% (2009 : 5%)	1,179	(664)
JPY		
Strengthened 7% (2009 : 5%)	(197)	111
Weakened 7% (2009 : 5%)	197	(111)

(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) falling 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 82.0% (2009 : 91.0%) 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.

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

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

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.

	2010				**2009**			
	1 year or less	**1 to 5 years**	**Later than 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Later than 5 years**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group								
Financial assets:								
Trade receivables	37,440	–	–	37,440	28,815	–	–	28,815
Other receivables	1,762	–	–	1,762	1,444	–	–	1,444
Amounts due from related companies	–	–	–	–	12	–	–	12
Loan to an associate	2,975	–	–	2,975	3,841	–	–	3,841
Short-term deposits	156	–	–	156	2,424	–	–	2,424
Cash and bank balances	14,447	–	–	14,447	12,054	–	–	12,054
Total undiscounted financial assets	56,780	–	–	56,780	48,590	–	–	48,590
Financial liabilities:								
Trade payables	32,760	–	–	32,760	26,143	–	–	26,143
Other payables and accruals (excludes derivatives)	10,586	–	–	10,586	7,016	–	–	7,016
Amounts due to related companies	489	–	–	489	8,767	–	–	8,767
Interest-bearing loans and borrowings	45,692	7,650	3,616	56,958	28,886	1,320	2,439	32,645
Derivatives								
- Forward currency contracts – gross payments	9,200	–	–	9,200	6,455	–	–	6,455
- Forward currency contracts – gross receipts	(9,195)	–	–	(9,195)	(6,445)	–	–	(6,445)
Total undiscounted financial liabilities	89,532	7,650	3,616	100,798	70,822	1,320	2,439	74,581
Total net undiscounted financial liabilities	(32,752)	(7,650)	(3,616)	(44,018)	(22,232)	(1,320)	(2,439)	(25,991)

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

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

	2010				2009			
	1 year or less US$'000	**1 to 5 years** US$'000	**Later than 5 years** US$'000	**Total** US$'000	**1 year or less** US$'000	**1 to 5 years** US$'000	**Later than 5 years** US$'000	**Total** US$'000
Company								
Financial assets:								
Other receivables	9	–	–	9	7	–	–	7
Amounts due from related companies	8,814	–	–	8,814	11,176	–	–	11,176
Cash and bank balances	363	–	–	363	2,845	–	–	2,845
Total undiscounted financial assets	9,186	–	–	9,186	14,028	–	–	14,028
Financial liabilities:								
Other payables and accruals	782	–	–	782	704	–	–	704
Amounts due to related companies	1,125	–	–	1,125	644	–	–	644
Interest-bearing loans and borrowings	422	–	–	422	340	–	–	340
Total undiscounted financial liabilities	2,329	–	–	2,329	1,688	–	–	1,688
Total net undiscounted financial assets	6,857	–	–	6,857	12,340	–	–	12,340

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the corporate guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2010				2009			
	1 year or less US$'000	**1 to 5 years** US$'000	**Later than 5 years** US$'000	**Total** US$'000	**1 year or less** US$'000	**1 to 5 years** US$'000	**Later than 5 years** US$'000	**Total** US$'000
Company								
Corporate guarantees	33,081	–	–	33,081	30,691	–	–	30,691

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

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

Sensitivity analysis for interest rate risk

At the balance sheet date, if the Groups' effective interest rates had been 75 (2009 : 75) basis points higher with all other variables held constant, the Group's profit for the year net of tax would have been lower by US$237,000 (2009 : the Group's loss for the year net of tax would have been further increased by US$82,000), arising mainly as a result of higher interest expense on floating rate loans and borrowings.

41. 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 42(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 :

	2010		**2009**	
	US$'000	% of total	US$'000	% of total
By country:				
Malaysia	14,626	39	13,117	45
Thailand	21,074	56	15,545	54
United States of America	244	1	153	1
Singapore	65	–	–	–
France	1,431	4	–	–
	37,440	100	28,815	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 18 (trade receivables).

42. 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:

	2010			2009		
The Group	**Loans and receivables** US$'000	**Liabilities at amortised cost** US$'000	**Liabilities at fair value through profit or loss** US$'000	**Loans and receivables** US$'000	**Liabilities at amortised cost** US$'000	**Liabilities at fair value through profit or loss** US$'000
Assets						
Trade receivables (Note 18)	37,440	–	–	28,815	–	–
Other receivables	1,762	–	–	1,444	–	–
Amounts due from related companies (Note 20)	–	–	–	12	–	–
Loan to an associate (Note 21)	2,807	–	–	3,624	–	–
Short-term deposits (Note 22)	156	–	–	2,424	–	–
Cash and bank balances (Note 22)	14,447	–	–	12,054	–	–
	56,612	–	–	48,373	–	–
Liabilities						
Trade payables (Note 24)	–	(32,760)	–	–	(26,143)	–
Other payables and accruals (excludes derivative financial instruments) (Note 25)	–	(10,586)	–	–	(7,016)	–
Amounts due to related companies (Note 20)	–	(489)	–	–	(8,767)	–
Interest bearing loans and borrowings (excludes obligations under finance leases) (Note 27)	–	(52,622)	–	–	(31,273)	–
Derivative financial instruments (Note 35)	–	–	(5)	–	–	(10)
	–	(96,457)	(5)	–	(73,199)	(10)

42. Financial instruments (cont'd)

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

	2010		2009	
The Company	**Loans and receivables** US$'000	**Liabilities at amortised cost** US$'000	**Loans and receivables** US$'000	**Liabilities at amortised cost** US$'000
Assets				
Other receivables (Note 19)	9	–	7	–
Amounts due from related companies (Note 20)	8,772	–	11,057	–
Cash and bank balances (Note 22)	363	–	2,845	–
	9,144	–	13,909	–
Liabilities				
Other payables and accruals (Note 25)	–	(782)	–	(704)
Amounts due to related companies (Note 20)	–	(1,125)	–	(644)
Interest bearing loans and borrowings (Note 27)	–	(422)	–	(340)
	–	(2,329)	–	(1,688)

(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.

42. Financial instruments (cont'd)

(b) *Fair values (cont'd)*

Financial instruments carried at fair value

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

	Group							
	2010 US$'000				2009 US$'000			
	Quoted prices in active markets for identical instruments Level 1 US$'000	Significant other observable inputs Level 2 US$'000	Significant un-observable inputs Level 3 US$'000	Total US$'000	Quoted prices in active markets for identical instruments Level 1 US$'000	Significant other observable inputs Level 2 US$'000	Significant un-observable inputs Level 3 US$'000	Total US$'000
Financial liabilities								
Derivative financial instruments (Note 35)								
- Forward currency contracts	–	5	–	5	–	10	–	10

Fair value hierarchies

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchies have the following levels:

- Level 1– Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There have been no transfers between Level 1 and Level 2 during the financial years ended 31 December 2010 and 2009.

Determination of fair value

Derivative financial instruments (Note 35): Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates.

43. 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 2010 and 31 December 2009.

As disclosed in Note 30, 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 2010 and 2009.

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	
	2010	**2009**
	US$'000	US$'000
Trade payables (Note 24)	32,760	26,143
Other payables and accruals (Note 25)	10,591	7,026
Amounts due to related companies (Note 20)	489	8,767
Interest-bearing loans and borrowings (Note 27)	54,369	31,427
Less:		
Cash and bank balances (Note 22)	(14,447)	(12,054)
Liabilities classified as held for sale, net of cash and bank balances (Note 23)	4,048	–
Net debt	87,810	61,309
Equity attributable to owners of the parent	55,199	41,821
Less:		
Legal reserve	(1,889)	(1,889)
Translation reserve	(8,044)	(2,646)
Total capital	45,266	37,286
Capital and net debt	133,076	98,595
Gearing ratio	66%	62%

44. Events occurring after the balance sheet date

(a) On 14 January 2011, the Group entered into a binding term sheet with Goldbell Engineering Pte Ltd ("GEPL") setting out the salient terms pursuant to which the Group will dispose of its wholly-owned subsidiary, Hup Soon Industrial Equipment Sdn. Bhd. ("HSIESB") to GEPL.

Subsequently, on 16 March 2011, the Group entered into a sale and purchase agreement with Goldbell Corporation Pte. Ltd. to dispose of HSIESB for a total consideration amounting to RM6.4 million (equivalent to US$2.1 million) (including outstanding loan owing by HSIESB to Hup Soon Industrial Equipment Pte. Ltd.).

(b) On 28 January 2011, the Company, through its wholly-owned subsidiary, Borid Energy Investment Holdings Pte. Ltd. disposed of the entire 100% equity interest in Borid Energy Holdings Pte. Ltd. ("BEHPL") to another subsidiary, Yokohama Industries Berhad. Upon completion of the transaction, the Group's effective interest in BEHPL decreased from 100% to 60.41%.

(c) On 22 February 2011, the Group incorporated a wholly-owned subsidiary in Malaysia, BatteryPro (M) Sdn Bhd with a paid up capital of RM2.00. Its principal activity is to carry on the business of retail showroom and service centre for batteries and its related products and applications, including battery chargers, analyzers, inverters and systems.

(d) On 16 March 2011, the Group announced that its wholly-owned subsidiary, Anglo-Thai Company Ltd ("ATC") has received a letter from New Holland UK Limited informing that it wishes to terminate the agreement with ATC for the distribution of the "New Holland" brand of agricultural equipment in Thailand and Laos and is giving six months notice for the termination.

(e) Subsequent to the balance sheet date, the Group purchased 72,000 of its own shares at an average S$0.16 (equivalent to US$0.13) per share for a total consideration of S$11,500 (equivalent to US$9,100). The number of issued shares (excluding treasury shares) after the repurchase is 364,282,387 ordinary shares while the number of treasury shares held is 72,000 ordinary shares.

45. Authorisation of financial statements

The financial statements for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the directors on 29 March 2011.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2011

Share Capital

Issued and fully paid-up capital	:	S$101,216,517
Number of issued shares (excluding treasury shares)	:	364,344,387
Number of treasury shares	:	10,000
Number of treasury shares as a percentage of total issued shares (excluding treasury shares)	:	0.0027%
Class of shares	:	Ordinary shares
Voting rights (excluding treasury shares)	:	One vote per share

Size of Shareholdings

Size of shareholdings	No. of shareholders	Percentage (%)	No. of shares held	Percentage (%)
1 – 999	2,456	43.59	828,107	0.23
1,000 – 10,000	2,590	45.97	7,465,831	2.05
10,001 – 1,000,000	571	10.14	30,274,207	8.31
1,000,001 and above	17	0.30	325,786,242	89.41
TOTAL	**5,634**	**100.00**	**364,354,387**	**100.00**

Shareholding Held In Hands Of Public

Based on information available to the Company as at 15 March 2011, approximately 20.00% of the issued ordinary shares (excluding treasury 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 2011

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. As certain performance targets of RSP and PSP were not met, all the share awards granted under the RSP and PSP had lapsed on 26 February 2010 and 17 March 2011 respectively.

STATISTICS OF SHAREHOLDINGS

As at 15 March 2011

Top Twenty Shareholders

No.	Name	No. of shares	%*
1	UNITED MOTOR WORKS (MAURITIUS) LIMITED	161,698,398	44.38
2	RAFFLES NOMINEES (PTE) LTD	66,126,600	18.15
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	1.51
6	SERI KULEKALUCK	4,771,926	1.31
7	OCBC SECURITIES PRIVATE LTD	2,713,788	0.74
8	UOB KAY HIAN PTE LTD	2,180,100	0.60
9	CHOW KEN YIAN	1,500,000	0.41
10	HSBC (SINGAPORE) NOMINEES PTE LTD	1,309,000	0.36
11	KIM ENG SECURITIES PTE. LTD.	1,285,000	0.35
12	CHOW JIN YIAN	1,200,000	0.33
13	CHOW SIM YIAN	1,200,000	0.33
14	CHOW TSIN YIAN	1,200,000	0.33
15	DBS NOMINEES PTE LTD	1,168,500	0.32
16	TAN IAN-MAO	1,096,000	0.30
17	PHILLIP SECURITIES PTE LTD	1,004,900	0.28
18	CITIBANK NOMINEES SINGAPORE PTE LTD	986,000	0.27
19	DMG & PARTNERS SECURITIES PTE LTD	771,000	0.21
20	TANMANURAXKUL WASAN	665,000	0.18
	TOTAL	**328,208,242**	**90.08**

* The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as at 15 March 2011, excluding 10,000 ordinary shares held as treasury shares as at that date.

STATISTICS OF SHAREHOLDINGS

As at 15 March 2011

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

	Number of shares held		Shareholding
Name of substantial shareholders	**Direct Interest**	**Deemed Interest**	**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:

* The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as at 15 March 2011, excluding 10,000 ordinary shares held as treasury shares as at that date.

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

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

3 Fung Capital Asia Fund (I) Ltd, Fung Capital Ltd, Fung Holdings Ltd, King Lun Holdings Limited, HSBC Trustee (C.I.) Limited, HSBC Private Bank (C.I.) Limited, HSBC Private Banking Holdings (Suisse) S.A., HSBC Europe (Netherlands) B.V., HSBC Bank plc, HSBC Holdings plc and Dr William Fung Kwok Lun are deemed interested in the Shares held by Viewsmart Profits Limited. Viewsmart Profits Limited is 100% owned by Fung Capital Asia Fund (I) Ltd, which is 100% owned by Fung Capital Ltd, which is further 100% owned by Fung Holdings Ltd, which in turn is 100% owned by King Lun Holdings Limited. King Lun Holdings Limited is 50% owned by HSBC Trustee (C.I) Limited, the trustee of a trust established for the benefit of the family members of Dr Victor Fung Kwok King, and 50% owned by Dr William Fung Kwok Lun. HSBC Trustee (C.I.) Limited is a wholly-owned subsidiary of HSBC Private Bank (C.I.) Limited, which is a wholly-owned subsidiary of the HSBC Private Banking Holdings (Suisse) S.A., which is a wholly-owned subsidiary of HSBC Europe (Netherlands) B.V., which is a wholly-owned subsidiary of HSBC Bank plc, which is a wholly-owned subsidiary of HSBC Holdings plc.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hup Soon Global Corporation Limited (the "**Company**") will be held at Pines Room (Upper Level), The Pines, 30 Stevens Road, Singapore 257840 on Tuesday, 26 April 2011 at 9.30 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 2010.

2. To re-elect as a director of the Company ("**Director**"), Mr Timothy Chia Chee Ming, who is retiring by rotation pursuant to the Company's Articles of Association. [see Explanatory Note (i)]

3. To re-elect as a Director, Professor Tan Chin Tiong, who is retiring by rotation pursuant to the Company's Articles of Association. [see Explanatory Note (ii)]

4. To approve the payment of Directors' fees of S$165,791 for the financial year ended 31 December 2010. (2009: S$216,361).

5. To re-appoint 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 of Singapore ("**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 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."
[see Explanatory Note (iii)]

7. **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 be and are hereby authorised to grant PSP and RSP Awards in accordance with the provisions of the PSP and the 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 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." [see Explanatory Note (iv)]

8. **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 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 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.

(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 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 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.” [see Explanatory Note (v)]

BY ORDER OF THE BOARD

Ms Sophia Lim Siew Fay
Company Secretary

Date: 11 April 2011

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. Under Resolution 2, Mr Timothy Chia Chee Ming, who is an Executive Director and Chairman of the Board of Directors of the Company ("**Board**"), will upon re-election, continue to serve as the Chairman of the Board and a member of the Remuneration and Nomination Committee of the Company.

ii. Under Resolution 3, Professor Tan Chin Tiong, who is an Independent Director, will, upon re-election, continue to serve as the Chairman of the Remuneration and Nomination Committee of the Company and a member of the Audit Committee of the Company.

iii. The proposed Resolution 6, if passed, will empower the Directors from the date of the above Annual General Meeting until the date of 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 (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 excluding treasury shares, of which the total number of Shares and convertible securities issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 50% of the total number of issued Shares 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 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, if passed, will empower the Directors from the date of the above Annual General Meeting until the date of 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 (unless varied or revoked by the Company in general meeting), whichever is the earlier, to offer and grant Awards and to issue new Shares, 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) from time to time.

v. The proposed Resolution 8, if passed, will empower the Directors from the date of the above Annual General Meeting until the date of 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 (unless varied or revoked by the Company in general meeting), whichever is the earlier, to repurchase Shares by way of market purchases or off-market purchases of up to 10% of the total number of issued Shares (excluding treasury shares) at up to 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 Shares 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 2010 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 Pines Room (Upper Level), The Pines, 30 Stevens Road, Singapore 257840 on Tuesday, 26 April 2011 at 9.30 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 2010.				
2. To elect as Director, Mr Timothy Chia Chee Ming, who will retire by rotation.				
3. To elect as Director, Professor Tan Chin Tiong, who will retire by rotation.				
4. To approve the payment of Directors' fees of S$165,791 for the financial year ended 31 December 2010.				
5. To re-appoint Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration.				
6. To authorise the Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50.				
7. To authorise the Directors to grant awards and issue shares under the Hup Soon Global Performance Share Plan and the Hup Soon Global Restricted Share Plan.				
8. To approve the renewal of the Share Purchase Mandate.				

Dated this ________day of ___________________ 2011

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 deemed to be in the alternative 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.

AFFIX STAMP

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

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