HUP SOON GLOBAL CORPORATION LIMITED

ANNUAL REPORT 2011

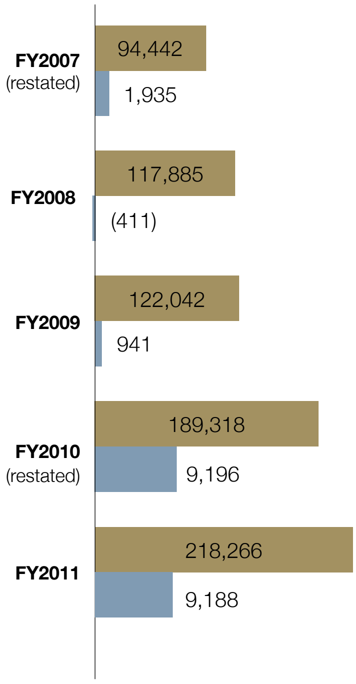
CONTENTS

FINANCIAL HIGHLIGHTS

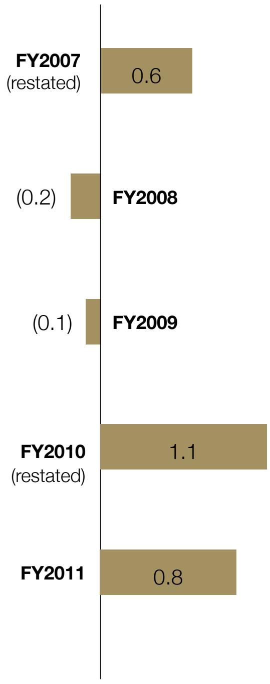
US$ '000	FY2007 (Restated)	FY2008	FY2009	FY2010 (Restated)	FY2011
Revenue	94,442	117,885	122,042	189,318	218,266
Operating Profit	1,935	(411)	941	9,196	9,188
Total Assets	87,763	99,329	117,294	178,264	165,142
Total Shareholders' Equity	43,667	41,515	41,821	69,717	68,801
Cash and Equivalents	11,463	10,547	11,714	13,850	14,846
Loans and Borrowings	10,682	25,347	31,427	55,479	60,870
Ratios					
EPS (US cents)*	0.6	(0.2)	(0.1)	1.1	0.8
NAV (US cents)	12.0	11.4	11.5	15.2	15.0

* adjusted for exceptional items

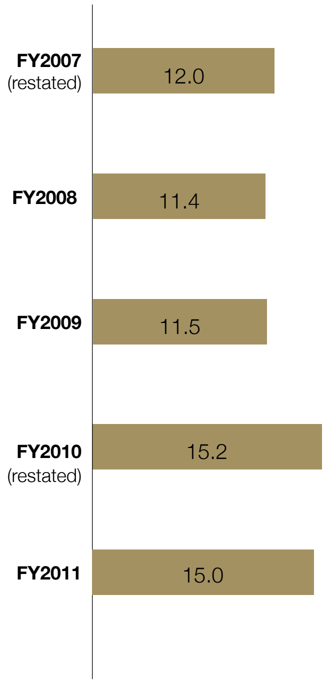
Revenue and Operating Profit
US$ '000



Earnings per Share*
US cents



Net Asset Value per Share
US cents



GROUP AT A GLANCE

GROUP REVENUE
US$218.3 million

OPERATING PROFIT
US$9.2 million

NET ASSET VALUE PER SHARE
US cents 15.0

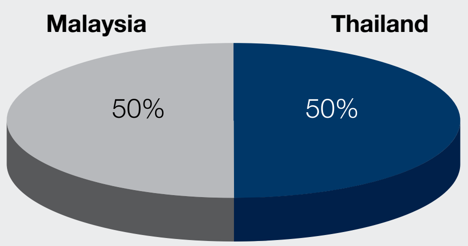
HUP SOON GLOBAL CORPORATION LIMITED, TOGETHER WITH ITS SUBSIDIARIES AND ASSOCIATED COMPANIES ("HSG GROUP" OR THE "GROUP") IS PRINCIPALLY ENGAGED IN THE MARKETING AND DISTRIBUTION OF AUTOMOTIVE AFTERMARKET PRODUCTS, INDUSTRIAL EQUIPMENT AND SUPPLIES AS WELL AS BATTERY MANUFACTURING. THE GROUP REPRESENTS MORE THAN 100 LEADING BRANDS AND MANUFACTURERS. HUP SOON GLOBAL CORPORATION LIMITED, THE PARENT COMPANY OF THE GROUP, IS LISTED ON THE SGX CATALIST.

With a staff of over 1,800 strong, the Group's operational subsidiaries and associated companies operate primarily in Thailand and Malaysia through its *Borneo Technical, Anglo-Thai, Kwikpart, FactoryPro, United Motor Works (Siam), Yokohama* and *Nichiyu* trade names.

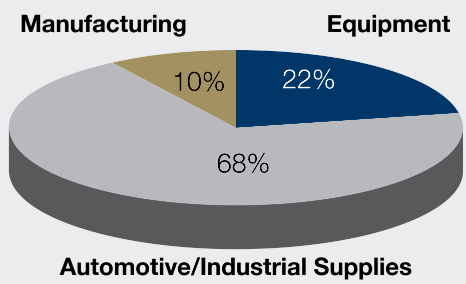
The Group's revenues come from its three business divisions: Equipment, Automotive/Industrial Supplies and Manufacturing.

REVENUE BREAKDOWN

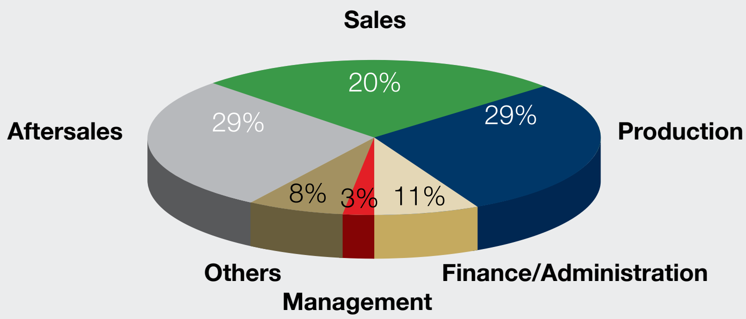
BY COUNTRY



BY BUSINESS DIVISION



TOTAL STAFF STRENGTH OF OVER 1,800



EQUIPMENT

The HSG Group's equipment business is focused on the marketing and distribution of agricultural and material handling equipment. The Group has been distributing a range of agriculture tractors and parts in Thailand for over 60 years and currently represents the *Massey Ferguson* and *Kioti* brands of agriculture equipment. The Group is also the exclusive distributor of *Mitsubishi* forklifts and parts in Thailand where it provides after-sales services as well. In addition to outright sales, the Group also maintains a fleet of forklifts for rental or operating leases.

Furthermore, the Group holds a 30.0% stake in Nichiyu Asia Pte Ltd, the Asian distribution arm of Nippon Yusoki Co. Ltd which manufactures the *Nichiyu* brand electric material handling equipment.

AUTOMOTIVE/ INDUSTRIAL SUPPLIES

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

MANUFACTURING

The HSG Group is one of the leading automotive battery manufacturers in the region and the largest in Malaysia. With a monthly capacity to manufacture in excess of 160,000 automotive batteries and 160,000 motorcycle batteries, the Group caters to the OEM, private label and aftermarket segments. The Group's *Yokohama* brand of batteries is sold widely in Malaysia and around the world.

The Group also has an in-house lead recycling plant that can reclaim about 900 tons of lead from scrap batteries every month.

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

VALUE PROPOSITION

DISTRIBUTION NETWORK

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

DOMAIN KNOWLEDGE

- Experience at both corporate and operating levels
- The operating subsidiaries have been in the business for many years

MARKET LEADER IN CERTAIN SEGMENTS

- Largest manufacturer and distributor of automotive batteries in Malaysia
- Major distributor for 3M industrial products in Thailand

SOURCING CAPABILITIES

- Represents over 100 brands from all over the world

REPUTATION

- The market knows our name

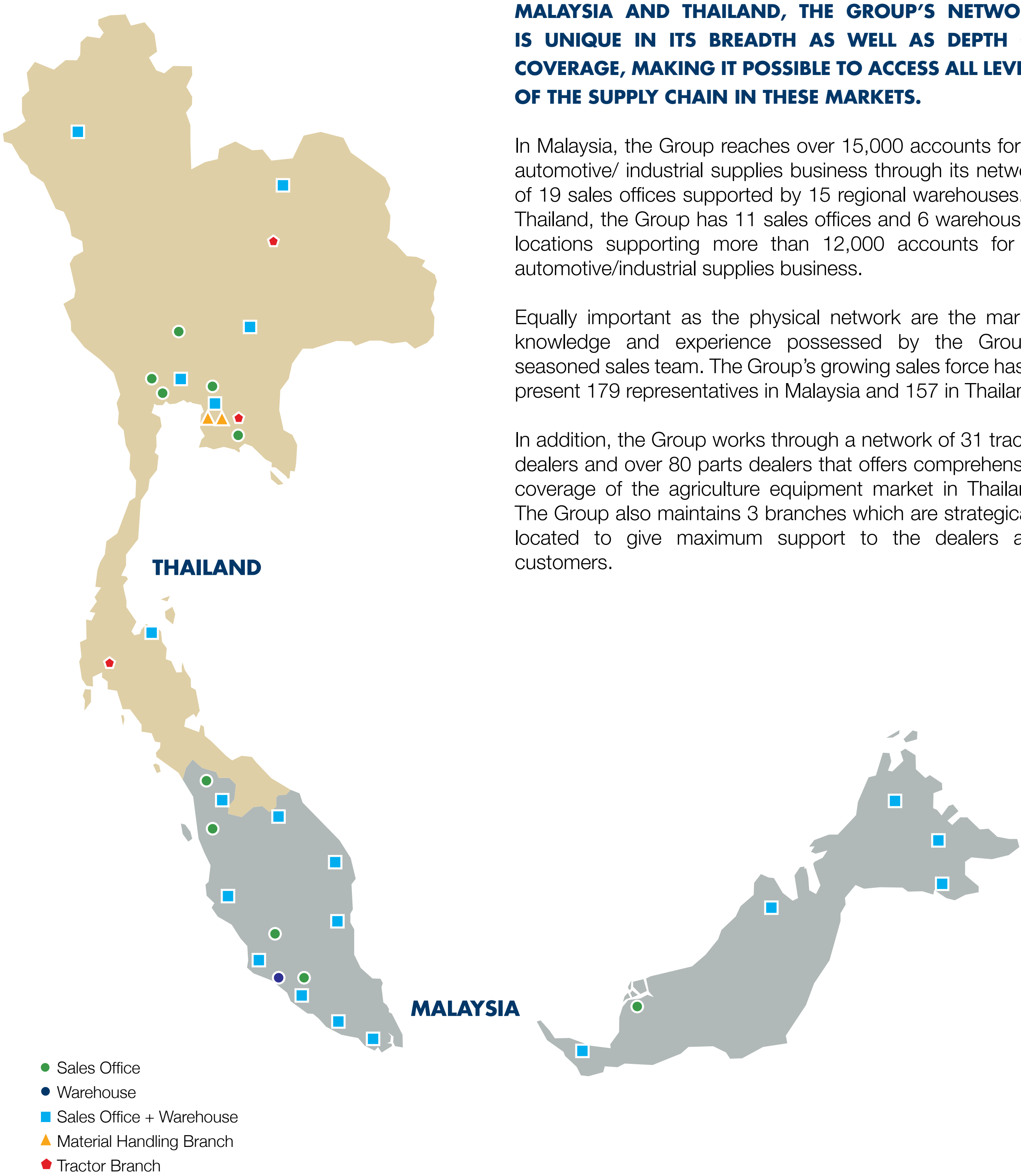
OUR REACH

THE FOUNDATION OF THE GROUP'S OPERATIONS IS THE EXTENSIVE PROPRIETARY DISTRIBUTION NETWORK THAT IT HAS BUILT UP OVER MANY YEARS. COVERING BOTH MALAYSIA AND THAILAND, THE GROUP'S NETWORK IS UNIQUE IN ITS BREADTH AS WELL AS DEPTH OF COVERAGE, MAKING IT POSSIBLE TO ACCESS ALL LEVELS OF THE SUPPLY CHAIN IN THESE MARKETS.

In Malaysia, the Group reaches over 15,000 accounts for its automotive/ industrial supplies business through its network of 19 sales offices supported by 15 regional warehouses. In Thailand, the Group has 11 sales offices and 6 warehousing locations supporting more than 12,000 accounts for its automotive/industrial supplies business.

Equally important as the physical network are the market knowledge and experience possessed by the Group's seasoned sales team. The Group's growing sales force has at present 179 representatives in Malaysia and 157 in Thailand.

In addition, the Group works through a network of 31 tractor dealers and over 80 parts dealers that offers comprehensive coverage of the agriculture equipment market in Thailand. The Group also maintains 3 branches which are strategically located to give maximum support to the dealers and customers.



COVERAGE

FOR ITS AUTOMOTIVE/ INDUSTRIAL SUPPLIES BUSINESS, THE GROUP HAS SALES OFFICES IN THE FOLLOWING LOCATIONS:

MALAYSIA
Alor Setar, Sungai Petani, Butterworth, Ipoh, Shah Alam, Cheras (Kuala Lumpur), Seremban, Melaka, Batu Pahat, Johor Bahru, Kota Bharu, Kuala Terengganu, Kuantan, Kuching, Sibu, Miri, Kota Kinabalu, Sandakan and Tawau

THAILAND
Ayuthaya, Chacheongsao, Chiangmai, Korat, Laemchabang, Laksi (Bangkok), Rayong, Samutsakorn, Suratthani, Nakornphathom and Udonthani

THE GROUP OPERATES THE FOLLOWING BRANCHES FOR ITS EQUIPMENT DIVISION IN THAILAND:

AGRICULTURE
Khon Kaen, Krabi and Rayong

INDUSTRIAL
Amata Nakorn and Chonburi

CHAIRMAN'S STATEMENT

Despite the setbacks encountered last year, the group managed to achieve sales growth of 15.3% to reach US$218.3 million, helped by gains made in all business segments.

My fellow shareholders;

A YEAR IN REVIEW

FY2011 marked a challenging year for the Group in many ways.

The Group's agriculture equipment division, which came out of a stellar year of performance, began FY2011 with the loss of an agency that it represented for 60 years. Meanwhile, the Group's manufacturing and automotive distribution businesses were plagued by the downward spiral of lead price in the second half of the year. Added to that, the prolonged floods halted economic activities in Thailand for most of 4Q2011 which further affected the Group's Thai operations.

Faced with these challenges, the Group took prompt initiatives to minimize damages and seek out longer-term solutions.

Immediately after receiving notice that the Group's agriculture equipment subsidiary will no longer be representing *New Holland* tractors, we began discussions with other top tractor manufacturers. Within months, the Group succeeded in signing on two renowned tractor brands; *Massey Ferguson* of the US and *Kioti* from Korea. As promised, we took the loss of an agency and turned it in to an opportunity to improve our business model by becoming a multiple brand distributor with a stronger product mix and range. While a full scale launch of the new tractors was delayed by the floods, preliminary reaction from the fields has been positive.

Also, to address the high dependency on lead for its battery manufacturing activity, the Group took much efforts to improve and expand its lead reclamation capacities. Investments are currently under way to increase the output and we intend to be self sufficient in lead requirements in FY2012. No measure can completely eradicate the effects of the movement in raw material prices, but these improvements will make the Group less susceptible to such external factors, thus giving us an advantage over our competitors.

While the Group could not escape from the effects of the floods, damages to our properties and inventory were contained thanks to our staff's vigilant efforts and we were fully operational by January this year. Above all, I am happy to report that there were no human casualities among the Group's personnel and families due to the floods.

Timothy Chia Chee Ming
Executive Chairman

OPERATIONS

Despite the setbacks encountered last year, the Group managed to achieve sales growth of 15.3% to reach US$218.3 million in FY2011, helped by gains made in all business segments. Leading the top line growth was the agriculture equipment business with its 26.1% increase in revenue. Continued momentum from FY2010, its record high year, as well as aggressive selling down of inventory prior to the termination of the *New Holland* distributorship agreement, more than offset the disruption of business caused by the floods in Thailand.

The Group's revenue from its automotive and industrial supplies distribution business also grew by 13.9%. Despite business losses suffered in the 4Q2011, Thailand still managed to outpace Malaysia by growing 15% in revenue, thanks to the solid performance achieved earlier in the year. As for products, while batteries continued to remain as the most important, higher growth came from other automotive products attesting to the Group's efforts to diversify its product base.

The Group's top line growth was further augmented by the full year inclusion of the Yokohama Group. While not reflected in the Group's revenues, the material handling business that is carried out by our associate United Motor Works (Siam) made impressive gains of 34%.

Profitability for the year remained steady with the Group's gross profit margin recording 22.1% from the previous year's 22.5%. Selling and distribution expenses represented 12.9% of Group revenues for the period, which remained the same from the previous year. The Group's net attributable profit for the year recorded US$1.4 million. Excluding exceptional items, which are mainly flood related provisions, net attributable profits for the year would have been US$3.0 million compared to the previous year's US$4.0 million after similar adjustments.

On the Group's balance sheet, notable changes include the significant fall in inventories and trade payables caused by the sell down of machines from the transition of tractor dealerships. Despite recording a profit for the year, the Group's shareholders' equity dipped marginally to US$68.8 million from the previous year's US$69.7 million due to foreign exchange translations.

Cash and cash equivalents saw an increase to US$14.8 million, inclusive of bank overdrafts, from the previous year's US$13.9 million from positive cashflows generated from operations of US$3.4 million and financing of US$3.0 million against investing activities of US$5.5 million. The Group's gearing ratio registered 0.61X, compared with the 0.66X in FY2010.

MERCY RELIEF

Hup Soon Global Group is proud to have participated in Mercy Relief's efforts to help flood victims in Thailand during the recent deluge. While the Group itself was not exempt from the effects of the flood, it provided much needed trucks and personnel to the humanitarian endeavors.

Mercy Relief is a non-governmental humanitarian charity that aims to provide assistance to disaster-stricken communities in the region.

The Group also worked independently to help those affected by the flood through donations of necessities including food, blankets and floatation devices.

CHAIRMAN'S STATEMENT

GOING FORWARD

We expect challenges and uncertainties to continue in the year ahead. The global economy is without clear direction and the effects of the floods still linger in many parts of Thailand with some of our customers not yet fully recovered. Furthermore, although feedback for the new tractors has been good, introducing new brands into a relatively mature market always remains a challenge.

These factors, however, do not deter our commitment to growth. While being mindful of cost savings and sharing resources, we will carry out essential investments to improve our business model, which is to grow our market presence and improve our supply chain network. Moreover, the Group will continue to add product lines to take advantage of the scalable nature of our businesses.

We also continue to look for new markets and business opportunities in the region.

APPRECIATIONS

Earlier this year, we welcomed Mr Zulkifli Baharudin to the Board as its sixth member. Mr Zulkifli brings with him many years of experience in logistics and global supply chain management. We very much look forward to his advice and insights, especially in growing the Group's business regionally.

I would also like to take this opportunity to extend my gratitude to our valued customers, stakeholders, bankers and business partners for their continued support.

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 challenging year. A special thanks goes out to our staff in Thailand for their perseverance and determination during these difficult times.

Finally I would like to thank my fellow directors for their unwavering commitment and guidance.

Timothy Chia Chee Ming
Executive Chairman

BUSINESS UNITS

BUSINESS UNITS

EQUIPMENT

The Group's equipment business consists mainly of the sales and marketing of various equipment including agriculture tractors, material handling equipment as well as transmission systems.

AGRICULTURE EQUIPMENT

Anglo-Thai Co. Ltd. ("ATC"), a subsidiary of the Group, has been distributing agriculture equipment in Thailand for over 60 years. In FY2011, the Group succeeded in securing two internationally renowned tractor brands, *Massey Ferguson* from the US and *Kioti* from Korea. With that, the Group has become a multiple brand holder, which was not practicable under the previous distribution agreement it was bound by.

The new distributorships bring with them a stronger product range for the Group. The new line-up not only includes medium-sized tractors that the Group traditionally has a strong market presence but also a more comprehensive small-compact range as well, which caters to the market segment that has seen faster growth.

Beside the Thai market, the Group has also won concession to distribute the *Kioti* brand tractors in Laos, Myanmar and Cambodia.

The Group also complements its tractor sales with add-on implements such as ploughs and loaders.

TRANSMISSION

Apart from agriculture equipment, ATC also provides marketing services and after-sales support automatic transmission systems, representing the *Allison* and *Dana* brands. The Group also provides maintenance and repair services to vehicles in Thailand which are equipped with these transmission systems.

MATERIAL HANDLING EQUIPMENT

The HSG Group works closely with two important principals in the material handling equipment segment: Mitsubishi, an established player in internal combustion forklifts and Nichiyu, the electric forklift specialist.

The Group, through its associate United Motor Works (Siam) Public Company Limited ("UMWS"), has been the exclusive distributor of *Mitsubishi* forklifts and parts in Thailand for over 28 years. In addition to outright equipment sales the Group also provides after-sales services and parts and maintains a fleet of forklifts for rental or operating lease. The operating lease segment has increasingly gained more importance in recent years.

Aside from material handling equipment, UMWS also distributes a range of garage equipment, representing various brands such as *Ammco, Coats, Challenger* and *Mandolfo*. These garage equipment are mainly used in the automotive service industry and include lift posts, wheel balancers, brake servicing equipment and tyre changers.

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, Australia, the Philippines and India.

GROWTH STRATEGY

With the new agreements to distribute the *Massey Ferguson* and *Kioti* agriculture equipment, the Group's focus is to aggressively increase presence in the market. To achieve this, as well as to better cater to the new enlarged product range, much efforts have been put to reestablish and strengthen the dealership network which currently consists of 31 tractor dealers and over 80 parts dealers. The Group also opened up 3 new branches in strategic locations in FY2011 to better support the dealers as well as customers directly, and plans to open more in the coming years.

On top of the above, while tractors remain the core product, the Group will strengthen its implements and parts business by taking back initiatives and working closer with both dealers and customers.

In the material handling business, operation 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.

BUSINESS UNITS

AUTOMOTIVE/ INDUSTRIAL SUPPLIES

The HSG Group markets and distributes a wide range of automotive and industrial supplies in Thailand and Malaysia. Over the years the Group's business model has evolved from that of a traditional upstream distributor, to a more complex supply chain provider by expanding further downstream through its comprehensive networks.

In Malaysia, the Group can reach over 15,000 customers through its extensive network comprising of 15 stocking points and 19 sales offices. The Group's extensive network, built over many years, covers both East and West Malaysia and enables the Group to reach all levels of the supply chain from wholesalers to installers. The business is conducted through the Group's subsidiaries Borneo Technical Co. (M) Sdn Bhd and Kwikpart Sdn Bhd.

In Thailand, the Group's subsidiary Borneo Technical (Thailand) Ltd. has been involved in the business for over 30 years. The Group serves over 12,000 accounts for industrial supplies and automotive aftermarket products through its 11 sales offices and 6 warehousing locations throughout Thailand. Applying a similar business model as Malaysia, the Group continues to work closely with customers in all levels of the supply chain to reduce lead time and eliminate added handling costs.

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 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.

The Group is also the exclusive distributor of the *Yokohama* brand of batteries in Malaysia.

INDUSTRIAL SUPPLIES

The range of industrial supplies distributed by the Group includes abrasives, adhesives, various tools, safety products and 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

Despite the cautious economic outlook for FY2012, the Group will continue to focus on its core strategy of increasing customer base and further expanding and developing the supply chain network. The markets in Malaysia and Thailand remain fragmented and by perfecting its business model, the Group sees much room for growth. This holds especially true in Thailand where the Group's market presence is relatively low in the automotive parts segment. To this effect, critical investments will not be spared, although the Group will be very mindful of managing overheads.

Furthermore, the Group will continue to expand its product base to increase efficiency of the network and take advantage of the scalability of the business. In line with this, the Group will seek out joint venture and backward integration opportunities to create synergies in procurement and distribution.

The Group will also explore expanding its automotive and industrial supplies business to other markets in the region.

BUSINESS UNITS

MANUFACTURING

BATTERY MANUFACTURING

The HSG Group is one of the leading regional manufacturers of automotive batteries through its subsidiary Yokohama Industries Berhad ("YIB"). Listed on Bursa Malaysia, YIB has its main manufacturing plant in Semenyih, Malaysia and can produce in excess of 160,000 automotive and 160,000 motorcycle batteries per month. The Group caters to the OEM, private label and aftermarket segments and its *Yokohama* brand of batteries are distributed throughout Malaysia and exported to over 40 countries in the world.

The Group also maintains a research and development centre to work on innovations in battery technology, design and manufacturing.

LEAD RECLAMATION

The Group is one of the very few battery manufacturers with in-house lead reclamation capabilities which can reclaim about 900 tons of lead from scrap batteries per month. This unique competence gives the HSG Group an important advantage over its peers in that it can reduce the impact of lead price fluctuation as well as foreign exchange exposures. Most importantly, reclamation contributes to keeping the environment safe and clean for future generations.

GROWTH STRATEGY

In FY2011, the Group initiated important advances in its lead reclamation operations. Not only is the Group in the process of increasing capacity but it has overhauled the reclamation process to become more energy and time efficient. With the completion of two additional rotary furnaces in FY2012, the Group's lead reclamation capacity will increase to about 1,350 tons a month, exceeding its internal requirements for lead. The improved efficiencies and capacity of the lead reclamation process will further enhance the Group's competitive edge.

While automotive batteries continue to be its core product, the Group will further expand into other types of batteries in the coming years, notably traction and deep-cycle batteries, which yield higher margins. As for motorcycle batteries, the Group plans to shift its production lines abroad to seek out lower labour costs.

BOARD OF DIRECTORS

TIMOTHY CHIA CHEE MING

Executive Chairman

PHILIP ENG HENG NEE

Executive Deputy Chairman

TIMOTHY YONG WEI HSIEN

Executive Director

YAP CHEE KEONG

Independent Director/ Chairman of the Audit Committee

PROFESSOR TAN CHIN TIONG

Independent Director/ Chairman of the Remuneration and Nomination Committee

ZULKIFLI BAHARUDIN

Independent Director

TIMOTHY CHIA CHEE MING

Executive Chairman

Appointed Executive Chairman on 1 May 2010, Mr Timothy Chia was reelected on 26 April 2011.

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 Group, 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. From 2009 to 2011, he was the Chairman – Asia for UBS Investment Bank.

Mr Chia is currently serving as Senior Advisor of EQT Funds Management Ltd and Chairman – Asia for Coutts & Co. Ltd. Mr Chia also serves on the board of several private and public-listed companies, including Banyan Tree Holdings Ltd, Fraser and Neave Ltd, SP Power Grid 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, Singapore Post Ltd, Macquarie Pacific Star Prime REIT Management Ltd, The Hour Glass Ltd, Frasers Centrepoint 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 non-executive 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

Mr Timothy Yong was appointed Executive Director on 27 October 2006.

Prior to his involvement in the incorporation of Hup Soon Global in 2005, Mr Yong spent eight years with PAMA Group Inc. ("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 on 27 April 2010.

Mr Yap is the Lead Independent Director of Straits Trading Company and an independent non-executive Director of CapitaMalls Asia Limited and is the Chairman of their audit committees. He is the Chairman of CityNet Infrastructure Management Pte Ltd and also an independent non-executive Director of Citibank Singapore Limited, Tiger Airways Holdings Ltd and UTAC Holdings Ltd. In addition, he serves as a board member of the Accounting and Corporate Regulatory Authority and as a member of the Public Accountants Oversight Committee. Mr Yap is also a non-executive Director of SPI (Australia) Assets Pty Ltd.

Mr Yap was previously 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, merger and 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/ Chairman of the Remuneration and Nomination Committee

Appointed an Independent Director on 8 May 2008, Professor Tan Chin Tiong was reelected on 26 April 2011.

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.

ZULKIFLI BAHARUDIN

Independent Director

Mr Zulkifli was appointed an Independent Director on 4 May 2011.

Mr Zulkifli is the Managing Director of Global Business Integrators Pte Ltd, a holding company which is involved in logistics and supply chain activities across Indo-China through its subsidiary, Indo-Trans Corporation where he is the Executive Chairman. Mr Zulkifli is the Vice Chairman of Mentor Media Ltd, an electronics sub-assembling company with facilities across China, India, Europe and US. He is an Independent Director of Securus Partners Pte Ltd, a data property fund joint venture between Al-Rajhi Bank and Keppel Corporation of Singapore. Mr Zulkifli sits on the board of Singapore Post Limited, Civil Aviation Authority of Singapore and is a member of the Board of Trustees of the Singapore Management University.

A Nominated Member of Parliament from 1997 to 2001, Ambassador Zulkifli is also Singapore's Non-Resident Ambassador to the People's Democratic Republic of Algeria and Uzbekistan.

Mr Zulkifli was awarded the Public Service Medal (PBM) in 2005 and the Public Service Star (BBM) in 2011.

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 of Borneo Technical Co. (M) Sdn Bhd in 1990, 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 35 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 HSG 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. She is also a member of the Institute of Certified Public Accountants and the American Academy of Financial Management.

SOPHIA LIM
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)

Prof. Tan Chin Tiong
(Independent Director)

Mr Yap Chee Keong
(Independent Director)

Mr Zulkifli Baharudin
(Independent Director)

AUDIT COMMITTEE

Mr Yap Chee Keong
(Chairman)

Prof. Tan Chin Tiong

Mr Zulkifli Baharudin

REMUNERATION & NOMINATION COMMITTEE

Prof. Tan Chin Tiong
(Chairman)

Mr Yap Chee Keong

Mr Zulkifli Baharudin

AUDITORS

Ernst & Young LLP
(Certified Public Accountants)
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Tan Chian Khong
(since financial year ended 31December 2011)

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
www.hupsoon.com

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 of the Company at Board meetings and Board Committee meetings during 2011 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	*	1/1
[2] Philip Eng Heng Nee	6/6	1/1	*
Timothy Yong Wei Hsien	6/6	*	*
Professor Tan Chin Tiong	6/6	4/4	1/1
Yap Chee Keong	6/6	4/4	1/1
[3] Zulkifli Baharudin	4/4	3/3	N.A.

1 Mr Timothy Chia stepped down as member of the RNC on 4 May 2011.
2 Mr Philip Eng stepped down as member of the AC on 4 May 2011 and continued to attend the AC meetings at the invitation of the AC.
3 Mr Zulkifli Baharudin was appointed as director on 4 May 2011. He was appointed a member of the AC and RNC on 4 May 2011.
* Attended the meetings at the invitation of the respective Committee.

REPORT ON CORPORATE GOVERNANCE

Newly appointed directors are given the opportunity to meet with senior management of the Group and to attend a comprehensive orientation programme which includes management presentations on the Group's businesses and strategic plans as well as site visits to the Group's businesses. The Company has a comprehensive appointment process for new directors. A formal letter of appointment is issued to a new director setting out a director's duties and obligations and provided with relevant information on the Group's corporate and business information.

The directors are provided with opportunities in continuing education in areas relevant to their duties and responsibilities so as to update them on matters that may affect or may enhance their performance as Board or Board Committee members. The directors are also encouraged to keep themselves abreast of the latest developments on the laws and regulations relevant to directors and the Group.

Principle 2: Board Composition and Guidance

The size, balance and mix of expertise of the Board are reviewed from time to time by the RNC to facilitate effective decision making taking into consideration 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.

Mr Zulkifli Baharudin was appointed as an Independent Director on 4 May 2011. As an Independent Director, Mr Baharudin is free from any relationship with the executive management of the Company that could materially interfere with the exercise of his independent judgment.

The Board currently comprises 6 directors, of whom 3 are independent non-executive directors and 3 are executive 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
Mr Zulkifli Baharudin (appointed on 4 May 2011)

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
Timothy Chia Chee Ming (Executive Director and Chairman)	Bachelor of Science cum laude in Management, Fairleigh Dickinson University, United States	26/04/2007 / 26/04/2011	Banyan Tree Holdings Limited Fraser and Neave Limited	Singapore Post Limited

Name	Academic / Professional Qualification	Date of Appointment / Last Re-election	Current Directorships in Other Listed Companies	Past Directorships in Listed Companies
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 Frasers Centrepoint Asset Management Ltd (manager of Fraser Centrepoint Trust)	MCL Land Limited
Timothy Yong Wei Hsien (Executive Director)	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 / 26/04/2011	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	26/11/2009 / N.A.	Tiger Airways Holdings Ltd CapitaMalls Asia Limited The Straits Trading Company Limited	Nil
Zulkifli Baharudin (Independent Director)	National University of Singapore – Bachelor of Science in Estate Management	04/05/2011 / N.A.	Mentor Media Ltd Singapore Post Limited	Communication Design International Limited

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, all of whom are independent directors:-

Professor Tan Chin Tiong (Chairman)
Mr Yap Chee Keong
Mr Zulkifli Baharudin (appointed 4 May 2011)

The Chairman of the RNC is not a substantial shareholder and is not directly associated with a substantial shareholder of the Company (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 and re-appointment of a director (whether by rotation or otherwise) and advising and recommending such appointment and re-appointments to the Board;

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

(d) evaluating the effectiveness of the Board as a whole based on objective criteria; and

(e) 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 (or any equivalent appointments howsoever described) shall retire from office at each annual general meeting of the Company provided always that all directors, other than the Chief Executive Officer (or any equivalent appointments howsoever described), submit themselves for re-nomination and re-election at regular intervals and at least once every 3 years.

Mr Philip Eng, an Executive Director and the Deputy Chairman since 1 May 2010, whose duties are similar to that of a chief executive officer, is regarded as the Chief Executive Officer (as defined in the Company's Articles of Association) and therefore is not subject to retirement by rotation.

Mr Timothy Yong and Mr Yap Chee Keong, having served the longest since their last election and appointment respectively, will retire and seek re-election at the Company's upcoming Annual General Meeting ("**AGM**") to be held on 24 April 2012. Mr Zulkifli Baharudin who was appointed during the year will also retire and seek re-election at the 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 independence of each director is determined upon appointment and reviewed annually by the RNC. The RNC has affirmed the independence of the current Independent Directors, namely Professor Tan Chin Tiong, Mr Yap Chee Keong and Mr Zulkifli Baharudin. The RNC is of the view that each of the Independent Directors is independent in character and judgment.

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 believes that it is more appropriate and effective to access the Board as a whole, as each member of the Board contributes in different ways to the success of the Group.

Principle 6: Access to Information

The Board and Board Committee members are provided with adequate information prior to Board and Board Committee meetings respectively so that members may better understand the matters prior to the meeting and discussion may be focused on questions that the members may have. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. 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. The appointment and removal of the Company Secretary are subject to the approval of the Board. The Board also has access to independent professional advice where appropriate.

Board meetings for each year are scheduled in advance in the preceding year to facilitate directors' individual administrative arrangements in respect of competing commitments.

REPORT ON CORPORATE GOVERNANCE

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. 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;

(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.

To assist them in their duties, the RNC has access to advice of experts in executive compensation.

The total remuneration policy for the directors and senior management 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 Hup Soon Global Performance Share Plan and Hup Soon Global Restricted Share Plan (collectively, the "**Share Plans**"), a share based performance incentive scheme as 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. The Share Plans are administered by the RNC. 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 is for an initial period of 3 years, automatically renewable yearly thereafter and has a notice period of 6 months.

Non-executive directors have remuneration packages consisting of directors' fees and attendance fees. The directors' fees policy is based on a scale of fees divided into basic retainer fees as director and additional fees for attendance and serving on Board Committees. The fees payable to the non-executive directors are subject to shareholders' approval at the AGM. The Company believes that to attract and retain directors, timely payment of their fees is essential. Accordingly, the Company will seek shareholders' approval for the directors' fees for the current financial year ending 31 December 2012 at the AGM so that they may be paid quarterly in arrears.

Details of the remuneration of the Company's directors and the 5 top-earning executives for FY2011 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	-	279,422	41,625	133,749	-	454,796
Philip Eng Heng Nee	-	298,622	41,625	93,864	-	434,111
Timothy Yong Wei Hsien	-	363,745	44,000	101,770	-	509,515
Independent Directors						
Professor Tan Chin Tiong	100%	-	-	-	-	100%
Yap Chee Keong	100%	-	-	-	-	100%
[1] Zulkifli Baharudin	100%	-	-	-	-	100%

[1] Mr Zulkifli Baharudin was appointed as a director on 4 May 2011
* 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	60	37	3	-	100
Between S$250,000 to S$499,999:					
[1] Atsushi Tomita	33	30	37	-	100
[1] Patrick Yong Mian Thong	65	20	15	-	100
[1] Manit Lertsakornsiri	77	23	-	-	100
Jennie Hong Chok Hane	73	26	1	-	100

[1] Payable by subsidiaries

None of the employees whose remuneration exceeded S$150,000 during FY2011 is an immediate family member of the Company's directors.

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.

REPORT ON CORPORATE GOVERNANCE

Principle 11: Audit Committee

The AC comprises the following members, all of whom are independent directors:

Mr Yap Chee Keong (Chairman)
Professor Tan Chin Tiong
Mr Zulkifli Baharudin (appointed on 4 May 2011)

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 has full authority to commission and review findings of internal investigations into matters where it is alerted of any suspected fraud or irregularity or failure of internal controls likely to have material impact on the Group's operating results. It can investigate any matter within its terms of reference and with the full cooperation of management.

The AC's role includes:

(a) reviewing and approving the annual and interim financial statements 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 FY2011, the AC has met with the external auditors and internal auditors once without the presence of management to gather feedback on management's level of cooperation, adequacy of staff resources and competency of finance team, and other matters that warrant AC's attention.

During FY2011, the aggregate amount of fees charged by the external auditors, Ernst & Young LLP, amounted to approximately US$168,000, comprising US$94,000 for the provision of audit services and US$74,000 for the provision of non-audit services. The AC has reviewed the non-audit services provided by the external auditors and is satisfied with the independence and objectivity of Ernst & Young LLP as external auditors and recommends to the Board their nomination for re-appointment as auditors of the Company at the forthcoming AGM.

The Company complies with Rule 712 and 716 of the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") .

Whistleblowing Policy

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.

Principle 12: Internal Controls
Principle 13: Internal Audit

The Board, through the AC, is responsible for oversight of the risk management, internal controls and governance processes delegated to Management. The AC oversees and appraises the quality of the Company's internal audit function.

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 Group has an Enterprise Risk Management ("**ERM**") framework to identify, evaluate and manage significant risks including financial, operational and compliance risks affecting the Group. The AC reviews the quarterly risk management reports and is satisfied that Management has adequate internal controls systems for identifying and managing risks. The AC is satisfied with the risk management process in place, and, in its opinion, that the effectiveness and adequacy of the controls have been appropriately reviewed through the management self assurance process, as well as the independent assurance provided by the Company's internal auditors and the external auditors.

The Group's subsidiary, Yokohama Industries Berhad ("**YIB**"), has established a risk management structure, which depicts the lines of reporting and responsibility at its board, audit & risk management committee and management levels.

The Company's internal audit function is outsourced to a professional accounting firm ("**Internal Auditor**") which has met the standards set out by the Standards of the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The Internal Auditor reports directly to the AC on audit related matters and to the Chief Financial Officer on administrative matters. It plans its audit schedule in consultation with, but independently of management and the AC approves the audit schedule.

During the year, the Internal Auditor has conducted periodic visits, including surprise audits, to overseas subsidiaries to review their operations to ensure compliance with the internal control framework. All the audit reports including any material issues identified are submitted to the AC for deliberation with copies of these reports extended to the relevant senior management for corrective actions, as recommended. The summary audit findings, recommendations, updates and Management's actions taken are discussed at the AC meetings. The AC is satisfied that Management has taken appropriate steps to address all material issues raised.

Whilst the internal audit system and the internal controls put in place by Management provides reasonable assurance against material financial misstatements or loss, reliability, relevance and integrity of information (including financial information), completeness of records, safeguarding of assets, effectiveness and efficiency of operations and compliance of applicable laws and policies, such assurance cannot be absolute in view of the inherent limitations of any internal audit system and internal controls against the occurrence of significant human and system errors, poor judgment in decision-making, losses, fraud or other irregularities.

The Board is satisfied that problems are identified on a timely basis and follow up actions are taken promptly to minimise unnecessary lapses. Nothing has come to the attention of the Board to indicate any material breakdown in the controls has occurred during the year under review. The Board, with the concurrence of the AC, is of the opinion that, in the absence of any evidence to the contrary, the Group's framework of internal controls and procedures is adequate to provide reasonable assurance of achieving its internal control objectives and addressing financial, operational and compliance 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.

Voting in absentia by mail or electronic means requires careful study to ensure that the integrity of the information and authentication of the identity of the shareholders through these means are not compromised.

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(19) of the Catalist Rules, with a more stringent blackout period than that prescribed by SGX-ST.

Directors and employees are also prohibited from dealing in securities of its listed subsidiary, YIB, while in possession of unpublished price-sensitive information by virtue of their status as directors and/or employees. They are also prohibited from trading in YIB's securities during the blackout period commencing from one month before and ending 2 days after the release of any of YIB's financial results announcement.

Interested Person Transactions

The Group does not have any interested person transaction during FY2011.

Material Contracts

There was no material contract of the Group involving the interests of the chief executive officer, directors or controlling shareholders either still subsisting at the end of FY2011 or if not then subsisting, entered into since the end of FY2011.

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 FY2011.

REPORT OF THE DIRECTORS

The directors of Hup Soon Global Corporation Limited (the "Company") are pleased to present their report to the members together with the audited consolidated financial statements of 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 2011.

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
Professor Tan Chin Tiong	Independent Director
Yap Chee Keong	Independent Director
Zulkifli Baharudin	Independent Director (appointed on 4 May 2011)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in this report, 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, Chapter 50, an interest in shares and share awards of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	At the beginning of financial year or date of appointment		At the 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	–	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 pursuant to the Hup Soon Global Performance Share Plan ("PSP") 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. As certain performance targets of PSP were not met, all the share awards granted under the PSP lapsed on 17 March 2011.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2012.

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

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.

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 the 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 PSP and 858,000 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 then Remuneration and Nomination Committee, the committee administering the Share Awards ("Committee"), comprising Professor Tan Chin Tiong, Yap Chee Keong and Timothy Chia Chee Ming. As certain performance targets of Share Awards were not met, all the Share Awards granted under the RSP and PSP lapsed on 26 February 2010 and 17 March 2011 respectively.

Particulars of the unissued shares under awards granted pursuant to PSP, awards exercised, cancelled or lapsed during the financial year, and awards outstanding as at 31 December 2011 are as follows :

Participants	Date of grant	Awards lapsed during the financial year	Aggregate awards granted since commencement of PSP to end of financial year	Aggregate awards lapsed since commencement of PSP to end of financial year	Aggregate awards outstanding as at end of financial year	Vesting period
Director of the Company						
Timothy Yong Wei Hsien	22.10.2008	(330,000)	330,000	(330,000)	–	22.10.2008 to 31.3.2011 [(1)]
Employees						
Employees of the Group	22.10.2008	(517,000)	517,000	(517,000)	–	22.10.2008 to 31.3.2011 [(1)]

[(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 lapsed on 17 March 2011.

REPORT OF THE DIRECTORS

SHARE PLANS (CONT'D)

Share awards (cont'd)

Controlling shareholders of the Company and their associates are not eligible to participate in the PSP 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. None of the directors and employees of the Company and its subsidiaries have been granted any award under the PSP.

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. The Company did not grant any option at a discount during financial year 2011.

AUDIT COMMITTEE

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

Yap Chee Keong	Chairman of the Audit Committee
Professor Tan Chin Tiong	Member
Zulkifli Baharudin	Member

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 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.

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

Philip Eng Heng Nee
Director

Singapore
28 March 2012

STATEMENT BY DIRECTORS

We, Timothy Chia Chee Ming and Philip Eng Heng Nee, 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 2011 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

Philip Eng Heng Nee
Director

Singapore
28 March 2012

INDEPENDENT AUDITORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011
TO THE MEMBERS OF HUP SOON GLOBAL CORPORATION LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Hup Soon Global Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 42 to 125, which comprise the balance sheets of the Group and the Company as at 31 December 2011, 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 financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 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 2011 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
28 March 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Group 2011 US$'000	Group 2010 US$'000
Revenue	4	218,266	189,318
Cost of sales		(169,934)	(146,774)
Gross profit		48,332	42,544
Other operating income	5	2,713	2,814
Selling and distribution costs		(28,180)	(24,493)
Administrative expenses		(13,677)	(11,669)
Profit from operations	6	9,188	9,196
Finance costs	7	(2,933)	(2,061)
Negative goodwill	13	–	8,613
Loss on remeasurement of investment in associate to fair value upon business combination achieved in stages	13	–	(3,914)
Other expenses	8	(941)	(714)
Share of results of associates		(551)	527
Share of results of jointly controlled entities		569	412
Share of results of investments accounted for using the equity method		18	939
Profit before tax		5,332	12,059
Tax expense	9	(2,914)	(3,004)
Profit for the year		2,418	9,055
Other comprehensive income:			
Foreign currency translation (loss)/gain		(2,867)	6,100
Other comprehensive income for the year, net of tax		(2,867)	6,100
Total comprehensive income for the year		(449)	15,155
Profit attributable to :-			
Owners of the Company		1,400	7,957
Non-controlling interests		1,018	1,098
		2,418	9,055
Total comprehensive income attributable to :-			
Owners of the Company		(1,103)	13,355
Non-controlling interests		654	1,800
		(449)	15,155
Earnings per share			
Basic and diluted (USD cents)	10	0.38	2.18

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

BALANCE SHEETS

AS AT 31 DECEMBER 2011

	Note	Group 2011 US$'000	Group 2010 US$'000 (Restated)	Company 2011 US$'000	Company 2010 US$'000
Non-current assets					
Property, plant and equipment	11	36,540	34,726	–	5
Investment property	12	–	116	–	–
Investment in subsidiaries	13	–	–	62,313	62,959
Investment in associates	14	4,941	6,399	–	–
Investment in jointly controlled entities	15	2,994	2,499	–	–
Deferred tax assets	16	2,510	2,755	–	–
Intangible asset	17	6,596	6,596	–	–
Current assets					
Inventories	18	54,257	63,452	–	–
Trade receivables	19	33,393	37,440	–	–
Other receivables	20	1,544	1,762	39	9
Prepayments		1,168	891	34	61
Tax recoverable		623	319	–	–
Amounts due from related companies	21	308	–	9,696	8,772
Loan to an associate	22	1,786	2,807	–	–
Short-term deposits	23	66	156	–	–
Cash and bank balances	23	18,308	14,447	188	363
		111,453	121,274	9,957	9,205
Assets classified as held for sale	24	108	3,899	–	–
		111,561	125,173	9,957	9,205
Current liabilities					
Trade payables	25	18,473	32,760	–	–
Other payables and accruals	26	10,827	10,591	234	782
Provision for liabilities	27	2,286	1,820	–	–
Amounts due to related companies	21	18	489	1,705	1,125
Interest-bearing loans and borrowings	28	52,244	44,600	156	422
Provision for taxation		872	1,480	5	–
		84,720	91,740	2,100	2,329
Liabilities classified as held for sale	24	–	4,180	–	–
		84,720	95,920	2,100	2,329
Net current assets		26,841	29,253	7,857	6,876
Non-current liabilities					
Interest-bearing loans and borrowings	28	8,626	9,769	–	–
Provision for retirement benefits	29	1,022	906	–	–
Deferred tax liabilities	16	1,973	1,952	–	–
		11,621	12,627	–	–
Net assets		68,801	69,717	70,170	69,840

BALANCE SHEETS

AS AT 31 DECEMBER 2011

	Note	Group 2011 US$'000	Group 2010 US$'000 (Restated)	Company 2011 US$'000	Company 2010 US$'000
Equity attributable to owners of the Company					
Share capital	30	68,248	68,248	65,613	65,613
Treasury shares	30	(10)	–	(10)	–
Legal reserve	31	2,001	1,889	–	–
Accumulated profits/(losses)		17,917	16,629	(7,289)	(8,380)
Share grant reserve	32	3,465	3,465	12	12
Translation reserve	33	5,681	8,044	11,844	12,595
Capital reserve	34	(43,099)	(43,099)	–	–
Premium on disposal of non-controlling interests		313	–	–	–
Discount on acquisition of non-controlling interests		25	23	–	–
		54,541	55,199	70,170	69,840
Non-controlling interests		14,260	14,518	–	–
Total equity		68,801	69,717	70,170	69,840

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

Group	Share capital (Note 30)	Treasury shares (Note 30)	Legal reserve (Note 31)	Accumulated profits	Share grant reserve (Note 32)	Translation reserve (Note 33)	Capital reserve (Note 34)	Premium on disposal of non-controlling interests	Discount on acquisition of non-controlling interests	Total reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	Attributable to owners of the Company												
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2011	68,248	–	1,889	16,629	3,465	8,044	(43,099)	–	23	(13,049)	55,199	14,518	69,717
Profit for the year	–	–	–	1,400	–	–	–	–	–	1,400	1,400	1,018	2,418
Other comprehensive income													
Foreign currency translation	–	–	–	–	–	(2,503)	–	–	–	(2,503)	(2,503)	(364)	(2,867)
Total comprehensive income for the year	–	–	–	1,400	–	(2,503)	–	–	–	(1,103)	(1,103)	654	(449)
Contributions by and distributions to owners													
Purchase of treasury shares	–	(10)	–	–	–	–	–	–	–	–	(10)	–	(10)
Dividend paid to non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(595)	(595)
Transfer from accumulated profits to legal reserve	–	–	112	(112)	–	–	–	–	–	–	–	–	–
Total contributions by and distributions to owners	–	(10)	112	(112)	–	–	–	–	–	–	(10)	(595)	(605)
Changes in ownership interests in subsidiaries													
Disposal of subsidiary (Note 13)	–	–	–	–	–	140	–	–	–	140	140	–	140
Acquisition of non-controlling interests (Note 13)	–	–	–	–	–	–	–	–	2	2	2	(4)	(2)
Disposal of non-controlling interests (Note 13)	–	–	–	–	–	–	–	313	–	313	313	(313)	–
Total changes in ownership interests in subsidiaries	–	–	–	–	–	140	–	313	2	455	455	(317)	138
Total transactions with owners in their capacity as owners	–	(10)	112	(112)	–	140	–	313	2	455	445	(912)	(467)
Balance at 31 December 2011	68,248	(10)	2,001	17,917	3,465	5,681	(43,099)	313	25	(13,697)	54,541	14,260	68,801

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

Group	Share capital (Note 30)	Legal reserve (Note 31)	Accumulated profits	Share grant reserve (Note 32)	Translation reserve (Note 33)	Capital reserve (Note 34)	Discount on acquisition of non-controlling interests	Total reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	Attributable to owners of the Company										
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	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											
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 contributions by and distributions to owners	–	–	–	–	–	–	–	–	–	(92)	(92)
Changes in ownership interests in subsidiaries											
Acquisition of a subsidiary (Note 13)	–	–	–	–	–	–	–	–	–	12,857	12,857
Acquisition of non-controlling interests (Note 13)	–	–	–	–	–	–	23	23	23	(47)	(24)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	23	23	23	12,810	12,833
Total transactions with owners in their capacity as owners	–	–	–	–	–	–	23	23	23	12,718	12,741
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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

Company	Share capital (Note 30) US$'000	Treasury shares (Note 30) US$'000	Accumulated losses US$'000	Share grant reserve (Note 32) US$'000	Translation reserve (Note 33) US$'000	Total reserves US$'000	Total US$'000
Balance at 1 January 2011	65,613	–	(8,380)	12	12,595	4,227	69,840
Profit for the year	–	–	1,091	–	–	1,091	1,091
Other comprehensive income for the year							
Foreign currency translation	–	–	–	–	(751)	(751)	(751)
Total comprehensive income for the year	–	–	1,091	–	(751)	340	340
Contributions by and distributions to owners							
Purchase of treasury shares	–	(10)	–	–	–	–	(10)
Total transactions with owners in their capacity as owners	–	(10)	–	–	–	–	(10)
Balance at 31 December 2011	65,613	(10)	(7,289)	12	11,844	4,567	70,170
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

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	2011 US$'000	2010 US$'000
Cash flows from operating activities:		
Profit before tax	5,332	12,059
Adjustments for :-		
Depreciation of property, plant and equipment	4,002	2,734
Depreciation of investment property	3	6
Negative goodwill	–	(8,613)
Loss on remeasurement of previously held interest in subsidiary acquired	–	3,914
Loss on disposal of a subsidiary	17	–
Interest expense	2,933	2,061
Interest income	(224)	(243)
Share of results of investments accounted for using the equity method	(18)	(939)
Net gain on disposal of property, plant and equipment	(401)	(70)
Gain on disposal of investment property	–	(19)
Property, plant and equipment written off	75	116
Impairment loss on property, plant and equipment	60	–
Fair value loss on forward currency contracts	–	5
Currency realignment	(448)	2,077
Operating profit before working capital changes	11,331	13,088
Decrease/(increase) in inventories	9,359	(7,852)
Decrease/(increase) in receivables	3,686	(3,588)
(Decrease)/increase in payables	(14,378)	2,536
Cash flows generated from operations	9,998	4,184
Interest paid	(2,933)	(2,061)
Interest received	224	243
Taxation paid	(3,884)	(1,489)
Net cash flows from operating activities	3,405	877
Cash flows from investing activities:		
Purchase of property, plant and equipment (Note 11)	(6,462)	(3,868)
Proceeds from disposal of property, plant and equipment	937	523
Proceeds from disposal of investment property	–	102
Dividend received from a jointly controlled entity	50	36
Investment in associates (Note 14)	(35)	(1,446)
Net cash outflow on acquisition of a subsidiary (Note 13)	–	(5,962)
Net cash inflow from disposal of a subsidiary (Note 13)	54	–
Acquisition of non-controlling interests (Note 13)	(2)	(24)
Net cash flows used in investing activities	(5,458)	(10,639)
Cash flows from financing activities:		
Proceeds from loans and borrowings	2,533	8,905
Dividend paid to non-controlling interests of a subsidiary	(595)	(92)
Decrease in short-term deposits pledged	90	2,268
Decrease in loan to an associate	1,021	817
Net cash flows from financing activities	3,049	11,898
Net increase in cash and cash equivalents	996	2,136
Cash and cash equivalents at beginning of year	13,850	11,714
Cash and cash equivalents at end of year (Note 23)	14,846	13,850

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

1. CORPORATE INFORMATION

Hup Soon Global Corporation Limited (the "Company"), is a limited liability company, which is incorporated 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 13 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 the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars (USD or US$) and all values in the tables are rounded to the nearest thousand (US$'000) as 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 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 107 *Disclosures – Transfers of Financial Assets*	1 July 2011
Amendments to FRS 12 *Deferred Tax: Recovery of Underlying Assets*	1 January 2012
Amendments to FRS 1 Presentation of Items of Other Comprehensive Income	1 July 2012
Revised FRS 19 Employee Benefits	1 January 2013
Revised FRS 27 Separate Financial Statements	1 January 2013
Revised FRS 28 Investments in Associates and Joint Ventures	1 January 2013
FRS 110 Consolidated Financial Statements	1 January 2013
FRS 111 Joint Arrangements	1 January 2013
FRS 112 Disclosure of Interests in Other Entities	1 January 2013
FRS 113 Fair Value Measurements	1 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Except for the Amendments to FRS 1 and FRS 112, the directors expect that the adoption of the 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 Amendments to FRS 1 and FRS 112 are described below.

Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income (OCI) is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 is effective for financial periods beginning on or after 1 January 2013.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2013.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

Basis of consolidation 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.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends 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.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(a) Basis of consolidation (cont'd)

Basis of consolidation from 1 January 2010 (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
– Derecognises the carrying amount of any non-controlling interest;
– Derecognises the cumulative translation differences recorded in equity;
– Recognises the fair value of the consideration received;
– Recognises the fair value of any investment retained;
– Recognises any surplus or deficit in profit or loss;
– Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

– Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

– Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.

(b) Business combinations

Business combinations from 1 January 2010

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 a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations (cont'd)

Business combinations from 1 January 2010 (cont'd)

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's 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 prior to 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. Any additional acquired share of interest did not affect previously recognised goodwill.

– When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been 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 adjustments to the contingent consideration were recognised as part of 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 reported in the consolidated financial statements of the controlling holding company.

– No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations (cont'd)

Business combinations involving entities under common control (cont'd)

- No additional 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 Company.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Functional and foreign currency (cont'd)

(b) Transactions and balances

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 end of the reporting period. 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 end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under translation reserve in equity. The translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(c) Consolidated financial statements

For consolidation purpose, 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 average exchange rates for the year. 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.

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 its 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.

2.8 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Associates (cont'd)

The Group's investments in associates are accounted for using the equity method. Under the equity method, 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 and is neither amortised nor tested individually for impairment. 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 included as income in the determination of the Group's share of results 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 associates 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 the end of each reporting period 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 financial statements of the associates 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 significant influence over the associate, the Group measures and recognises 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.

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 losses on such transactions between the Group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Joint venture (cont'd)

Upon loss of joint control, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the former jointly controlled entity upon loss of joint 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. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The 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.

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.

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 at each financial year end, and adjusted prospectively, if appropriate.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 is initially measured at cost. 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.

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. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating units (or group of cash-generating units) to which the goodwill relates. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Intangible assets (cont'd)

(a) Goodwill (cont'd)

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 operations and are recorded in the functional currency of the foreign operations 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 carried at cost less any accumulated amortisation and any 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.

2.13 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment of non-financial assets (cont'd)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets 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, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third year.

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

Initial recognition and measurement

Financial assets are recognised 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial assets (cont'd)

Subsequent measurement

The subsequent measurement of financial assets depend on their classification as follows:

(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, and through the amortisation process.

Derecognition

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 had 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Impairment of financial assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses 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.

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 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.

(b) Financial assets carried at cost

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

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Initial recognition and measurement

Financial liabilities are recognised 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 plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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 at fair value through profit or loss. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Financial liabilities (cont'd)

Derecognition

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.

2.19 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 resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period 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.

(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 end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Employee benefits (cont'd)

(c) Retirement benefits

Certain subsidiaries 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 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, even if that right is not explicitly specified in an arrangement.

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 and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their 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 principally 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 of the previous year, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Revenue

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, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. 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. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods 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 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 at the end of the reporting period, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Taxes (cont'd)

(b) Deferred tax

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

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

– where the deferred tax liability arises from the initial recognition of goodwill or 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; and

– in respect of taxable 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 and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred tax asset relating to the deductible temporary difference 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; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 the end of each reporting period 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 in 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 end of each reporting period.

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 taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Taxes (cont'd)

(c) Sales tax

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

– where the sales tax incurred on 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.

2.27 Segment reporting

For management purposes, the Group is organised into 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 40, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 Contingencies (cont'd)

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.

2.30 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.31 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies :

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. 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 Judgments made in applying accounting policies

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

(a) Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgment 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 judgment 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$872,000 (2010 : US$1,480,000), US$2,510,000 (2010 : US$2,755,000) and US$1,973,000 (2010 : US$1,952,000) respectively.

(b) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, 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$1,022,000 (2010 : US$906,000). Further details are given in Note 29 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(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$62,313,000 (2010 : US$62,959,000).

(c) Impairment of loans and receivables

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

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

(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 2011, the carrying amount of the Group's inventory is US$54,257,000 (2010: US$63,452,000).

(e) Impairment of brand

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next four years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Further details of the key assumptions applied in the impairment assessment of brand are given in Note 17 to the financial statements.

4. REVENUE

	Group 2011 US$'000	Group 2010 US$'000
Sale of goods	218,249	188,633
Rendering of services	9	31
Rental income	8	654
	218,266	189,318

5. OTHER OPERATING INCOME

	Group 2011 US$'000	Group 2010 US$'000
Interest income from loans and receivables	224	243
Foreign exchange gain, net	55	1,054
Rebate and claim	1,076	684
Sale of scrap	81	236
Subsidy from suppliers	119	113
Grant income from Jobs Credit Scheme	–	7
Gain on disposal of property, plant and equipment	413	70
Gain on disposal of investment property	–	19
Recovery of bad debts written-off	335	89
Write back of allowance for doubtful trade debts (Note 19)	55	26
Refund of duty from re-export	30	–
Management fee received from an associate	32	–
Others	293	273
	2,713	2,814

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. The Government extended the Scheme with another two payments at stepped down rates of 6% and 3% in March and June 2010 respectively. During the financial year ended 31 December 2010, the Company received grant income of US$7,000 under the Scheme.

6. PROFIT FROM OPERATIONS

This is arrived at after charging:-

	Group 2011 US$'000	Group 2010 US$'000
Depreciation of property, plant and equipment (Note 11)	(4,002)	(2,734)
Depreciation of investment property (Note 12)	(3)	(6)
Loss on disposal of property, plant and equipment	(10)	–
Allowance for doubtful trade debts (Note 19)	(119)	(637)
Allowance for doubtful non-trade debts (Note 20)	–	(2)
Executive officers' emoluments	(2,618)	(2,729)
Salaries and employees' benefits (excluding executive officers' emoluments)		
- Wages, salaries and bonus	(17,119)	(13,175)
- Defined contribution plans	(1,754)	(1,301)
- Other employee benefits	(4,822)	(4,094)
Inventories recognised as an expense in cost of sales (Note 18)	(168,468)	(134,708)
Audit fees charged by		
- Auditors of the Company	(94)	(84)
- Other auditors	(143)	(120)
Non-audit fees charged by		
- Auditors of the Company	(74)	(37)
- Other auditors	(21)	(56)
Rental expense (Note 39)	(1,391)	(1,681)
Retirement benefits (Note 29)	(183)	(328)
Fair value loss on forward currency contracts (Note 36)	–	(5)

7. FINANCE COSTS

	Group 2011 US$'000	Group 2010 US$'000
Interest expense:		
Revolving bank loans	(229)	(198)
Term loan	(1,729)	(1,092)
Obligations under finance leases	(117)	(109)
Bankers acceptance	(736)	(571)
Bank overdraft	(118)	(87)
Bank letter of credit	(4)	(4)
	(2,933)	(2,061)

8. OTHER EXPENSES

	Group 2011 US$'000	Group 2010 US$'000
Transaction costs incurred in a business combination	–	(430)
Cessation cost in relation to assets classified as held for sale	(148)	(284)
Loss on disposal of a subsidiary (Note 13)	(17)	–
Costs relating to floods	(776)	–
	(941)	(714)

Included in the costs relating to floods, there was a loss on disposal of plant and equipment of US$2,000 and building improvement written off of US$35,000.

9. TAX EXPENSE

	Group 2011 US$'000	Group 2010 US$'000
Provision for taxation in respect of profit for the year:-		
Current taxation	(3,026)	(2,833)
Deferred taxation (Note 16)	(349)	(187)
	(3,375)	(3,020)
Over/(under) provision of current taxation in respect of prior year	335	(8)
Overprovision of deferred taxation in respect of prior year (Note 16)	126	24
	(2,914)	(3,004)

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 2011 and 2010 is as follows :-

	Group 2011 US$'000	Group 2010 US$'000
Profit before tax	5,332	12,059
Taxation at the domestic rate applicable to profit in the countries where the Group operates	(3,436)	(1,493)
Non-deductible expenses for taxation purposes	(635)	(1,545)
Utilisation of current year reinvestment allowances	150	449
Utilisation of previously unrecognised deferred tax assets	44	–
Deferred tax benefits not recognised	(586)	(443)
Overprovision in respect of prior year	461	16
Income not subject to corporate tax	1,226	265
Tax effect on income received from overseas	(138)	(253)
	(2,914)	(3,004)

9. TAX EXPENSE (CONT'D)

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

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

	Group	
	2011	**2010**
	US$'000	US$'000
Unused tax losses	450	317
Unutilised capital allowances	223	211

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

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

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2011	**2010**
	US$'000	US$'000
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share	1,400	7,957

	Number of shares	
	2011	**2010**
	'000	'000
Weighted average number of ordinary shares for basic and diluted earnings per share computation *	364,292	364,354

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

11. 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 2010	1,713	–	1,286	–	679	1,385	2,457	1,086	1,500	1,388	–	11,494
Acquisition of a subsidiary (Note 13)	78	8,127	–	10,456	1,214	18,070	1,290	–	601	–	360	40,196
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 24)	–	(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 and 1 January 2011	1,955	8,654	1,428	11,666	2,378	21,668	4,824	1,133	2,129	–	418	56,253
Additions	–	–	–	1,499	868	2,113	1,159	641	232	–	1,032	7,544
Disposals	–	–	–	–	(53)	(554)	(407)	(485)	(60)	–	–	(1,559)
Written-off	–	–	–	–	(11)	(1,974)	(365)	–	(20)	–	–	(2,370)
Transfer to assets classified as held for sale	–	–	(62)	(6)	–	–	–	–	–	–	–	(68)
Reclassification	–	–	–	89	13	361	120	–	(120)	–	(463)	–
Exchange difference	(58)	(273)	(42)	(349)	(90)	(632)	(213)	(31)	(71)	–	(59)	(1,818)
At 31 December 2011	1,897	8,381	1,324	12,899	3,105	20,982	5,118	1,258	2,090	–	928	57,982
Accumulated depreciation and impairment loss												
At 1 January 2010	–	–	4	–	635	518	1,516	524	720	324	–	4,241
Acquisition of a subsidiary (Note 13)	–	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 24)	–	(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 and 1 January 2011	–	701	33	1,154	985	14,188	2,812	623	1,031	–	–	21,527
Depreciation charge for the year	–	99	29	255	330	1,667	720	590	312	–	–	4,002
Disposals	–	–	–	–	(14)	(358)	(243)	(485)	(59)	–	–	(1,159)
Written-off	–	–	–	–	(9)	(1,933)	(333)	–	(20)	–	–	(2,295)
Impairment loss	–	–	–	–	–	–	60	–	–	–	–	60
Exchange difference	–	(7)	(2)	(42)	(43)	(423)	(2)	(13)	(161)	–	–	(693)
At 31 December 2011	–	793	60	1,367	1,249	13,141	3,014	715	1,103	–	–	21,442
Net carrying value												
At 31 December 2010	1,955	7,953	1,395	10,512	1,393	7,480	2,012	510	1,098	–	418	34,726
At 31 December 2011	1,897	7,588	1,264	11,532	1,856	7,841	2,104	543	987	–	928	36,540

11. 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 2010	270	434	8	712
Additions	4	–	–	4
Exchange difference	26	41	(6)	61
At 31 December 2010 and 1 January 2011	300	475	2	777
Additions	7	–	–	7
Disposals	(313)	(485)	–	(798)
Exchange difference	6	10	–	16
At 31 December 2011	–	–	2	2
Accumulated depreciation				
At 1 January 2010	224	434	8	666
Depreciation charge for the year	46	–	–	46
Exchange difference	25	41	(6)	60
At 31 December 2010 and 1 January 2011	295	475	2	772
Depreciation charge for the year	2	–	–	2
Disposals	(303)	(485)	–	(788)
Exchange difference	6	10	–	16
At 31 December 2011	–	–	2	2
Net book value				
At 31 December 2010	5	–	–	5
At 31 December 2011	–	–	–	–

Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of US$7,544,000 (2010 : US$4,695,000) of which US$1,082,000 (2010 : US$827,000) was acquired by means of finance leases. Cash outflow on acquisition of property, plant and equipment amounted to US$6,462,000 (2010 : US$3,868,000).

The carrying amount of property, plant and equipment held under finance leases at the end of the reporting period was US$3,568,000 (2010 : US$4,229,000).

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

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets pledged as security

The Group's freehold land, buildings and plant, machinery and equipment with a carrying amount of US$26,876,000 (2010 : US$25,988,000) are mortgaged to secure the Group's interest-bearing loans and borrowings (Note 28).

Impairment of assets

During the financial year, certain subsidiaries of the Group within the automotive aftermarket products and industrial supplies segment, and agriculture tractors and engine transmission segment, incurred an impairment loss of US$60,000 (2010: US$Nil) as a result of floods in Thailand. The impairment loss is recognised in "Other expenses" line item of profit or loss for the financial year ended 31 December 2011. The Group is currently in the process of claiming compensation from its insurers.

12. INVESTMENT PROPERTY

	Group	
	2011	**2010**
	US$'000	US$'000
Balance sheet:		
At 1 January	131	–
Acquisition of a subsidiary (Note 13)	–	320
Disposal	–	(104)
Transfer to assets classified as held for sale (Note 24)	(127)	(104)
Exchange difference	(4)	19
At 31 December	–	131
Accumulated depreciation		
At 1 January	15	–
Acquisition of a subsidiary (Note 13)	–	37
Depreciation charge for the year	3	6
Disposal	–	(21)
Transfer to assets classified as held for sale (Note 24)	(19)	(9)
Exchange difference	1	2
At 31 December	–	15
Net book value		
At 31 December	–	116
Income statement:		
Rental income from investment properties:		
- Minimum lease payments	7	5
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	2	2
- Non-rental generating properties	1	1
	3	3

12. INVESTMENT PROPERTY (CONT'D)

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 of the Group as of 31 December 2010 is US$114,000 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.

During the financial year ended 31 December 2011, the investment property was transferred to assets classified as held for sale (Note 24).

13. INVESTMENT IN SUBSIDIARIES

	Company 2011 US$'000	Company 2010 US$'000
Shares, at cost	181,774	181,119
Less: Impairment loss	(129,051)	(128,396)
Exchange differences	9,590	10,236
Carrying amount of investments	62,313	62,959

During the current financial year, management performed an impairment test for the investment in HSG Management Services Pte Ltd (formerly known as Hup Soon Industrial Equipment Pte. Ltd.). An impairment loss of US$655,000 (equivalent to S$834,000) [2010: US$3,062,000 (equivalent to S$4,169,000)] is recognised to write down this subsidiary to its recoverable amount. The recoverable amount of the investment in HSG Management Services Pte Ltd is determined based on the net realisable value of its assets and liabilities as at 31 December 2011.

Management performed an impairment test for the investment in Hup Soon Global Pte Ltd ("HSGPL") as at 31 December 2011. 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 (2010: three-year) period. The pre-tax discount rate applied to the cash flow projections ranges from 7.1% to 8.5% (2010 : 3.7% to 6.8%). The growth rate used to extrapolate the cash flows of the subsidiaries of HSGPL beyond the three-year period is 0% (2010 : 0% to 1%). Based on the recoverable amount, no additional impairment loss is recognised for the investment in HSGPL.

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

The subsidiaries as at 31 December are:-

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2011 %	Proportion of ownership interest 2010 %
	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
#	HSG Management Services Pte. Ltd. (Singapore)	Provides management services (Singapore)	100	100
#	HSG Investments Pte. Ltd. (Singapore)	Investment holding (Singapore)	100	100
@	Arboretum Mauritius Limited. (1) (Republic of Mauritius)	Investment holding (Republic of Mauritius)	100	100
*	Hup Soon Global (M) Sdn. Bhd. (Malaysia)	Investment holding (Malaysia)	100	100
	Held through subsidiaries			
	Held by Hup Soon Global Pte. Ltd.			
#	Borneo Technical (S) Pte. Ltd. (Singapore)	Investment holding (Singapore)	100	100
*	Borneo Technical (Thailand) Limited (Thailand)	Marketing and distribution of automotive aftermarket products and industrial supplies (Thailand)	100	100
*	Factory Products Centre (Thailand) Limited (Thailand)	Dormant	100	100

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2011 %	2010 %
	Held through subsidiaries (cont'd)			
	Held by Hup Soon Global Pte. Ltd. (cont'd)			
*	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
*	BatteryPro (M) Sdn. Bhd. (Malaysia)	Retail and service centre for batteries, automotive replacement parts and battery-related products and applications (Malaysia)	100	–
	Held by HSG Investments Pte. Ltd.			
*	Yokohama Industries Berhad (Malaysia)	Investment holding (Malaysia)	60.42	60.41
	Held by Borid Energy Investment Holdings Pte. Ltd.			
#	Yoko Borid Energy Holdings Pte. Ltd. (formerly known as Borid Energy Holdings Pte. Ltd.) (2) (Singapore)	Investment holding (Singapore)	–	100
	Held by HSG Management Services Pte. Ltd.			
	Hup Soon Industrial Equipment Sdn. Bhd. (3) (Malaysia)	Marketing and distribution of material handling equipment (Malaysia)	–	100
	Held by Arboretum Mauritius Limited			
	Twinwood Technologies (IT Services) Pvt. Ltd. (4) (India)	Dormant	–	100

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2011 %	2010 %
	Held through subsidiaries (cont'd)			
	Held by Yoko Borid Energy Holdings Pte. Ltd.			
*	Yoko Borid Energy (M) Sdn. Bhd. (formerly known as Borid Energy (M) Sdn. Bhd.) (Malaysia)	Provides battery charging services and marketing and distribution of technical products (Malaysia)	100	100
*	Yoko Borid Electrics Sdn. Bhd. (formerly known as Borid Electrical Components Sdn. Bhd.) (Malaysia)	Dormant	100	100
*	Yoko Borid Technologies (M) Sdn. Bhd. (formerly known as 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

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2011 %	2010 %
	Held through subsidiaries (cont'd)			
	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
	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. (Malaysia)	Manufacturing and marketing of batteries (Malaysia)	100	100
*	Yokohama Holdings Sdn. Bhd. (Malaysia)	Investment holding (Malaysia)	100	100
*	Yokolube Sdn Bhd (formerly known as Tai Kwong Battery (K.L.) Sdn. Bhd.) (Malaysia)	Dormant	100	100
*	Tai Kwong Battery (Ipoh) Sdn. Bhd. (Malaysia)	Dormant	100	100
*	Tai Kwong Battery (JB) Sdn. Bhd. (Malaysia)	Dormant	50	50
*	Tai Kwong Battery (Penang) Sdn. Bhd. (Malaysia)	Dormant	20	20
*	Yokohama Ventures Sdn. Bhd. [5] (Malaysia)	Dormant	100	100
*	Yokohama Management Services Sdn. Bhd. (Malaysia)	Dormant	100	100

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2011 %	2010 %
	Held through subsidiaries (cont'd)			
	Held by Yokohama Industries Berhad (cont'd)			
*	Ikatan Intan Sdn. Bhd. (Malaysia)	Investment holding (Malaysia)	100	100
*	Yokohama Reclamation Sdn. Bhd. (Malaysia)	Material recovery (Malaysia)	100	100
#	Yoko Borid Energy Holdings Pte. Ltd. (2) (Singapore)	Investment holding (Singapore)	100	–
	Held by Yokohama Holdings Sdn. Bhd.			
*	Tai Kwong Battery (JB) Sdn. Bhd. (Malaysia)	Dormant	50	50
*	Tai Kwong Battery (Penang) Sdn. Bhd. (Malaysia)	Dormant	80	80
*	Yokohama Trading Sdn. Bhd. (Malaysia)	Retailing of batteries and related products (Malaysia)	100	100
*	Tai Kwong-Yokohama Battery (Kuantan) Sdn. Bhd. (Malaysia)	Dormant	100	100
*	Tai Kwong-Yokohama Battery (Sabah) Sdn. Bhd. (Malaysia)	Dormant	100	100
*	Tai Kwong-Yokohama Battery (Tawau) Sdn. Bhd. (Malaysia)	Dormant	100	100
*	Tai Kwong-Yokohama Battery Co. Sdn. Bhd. (Malaysia)	Dormant	100	100
*	Tai Kwong-Yokohama Battery (Seremban) Sdn. Bhd. (Malaysia)	Dormant	100	100
*	Tai Kwong Yokohama Battery (Melaka) Sdn. Bhd. (Malaysia)	Dormant	100	100

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Proportion of ownership interest 2011 %	2010 %
	Held through subsidiaries (cont'd)			
	Held by Yokohama Batteries Sdn. Bhd.			
*	Orient Batteries Sdn. Bhd. (Malaysia)	Dormant	100	100
	Held by Ikatan Intan Sdn. Bhd.			
*	Jendela Wira Sdn. Bhd. (Malaysia)	Transportation services (Malaysia)	100	100
	Held by Jendela Wira Sdn. Bhd.			
*	Syarikat ZHK Sdn. Bhd. (Malaysia)	Transportation services (Malaysia)	100	100
	Held by Yokohama Management Services Sdn. Bhd.			
*	Yokohama Technical Services Sdn. Bhd. (Malaysia)	Dormant	100	100

Audited by Ernst & Young LLP, Singapore.
* Audited by member firms of Ernst & Young Global in the respective countries.
@ Not required to be audited in the country of incorporation.
(1) Struck off subsequent to the year end.
(2) 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 and its subsidiaries namely, Borid Energy (M) Sdn Bhd, Borid Electrical Components Sdn Bhd and Borid Technologies (M) Sdn Bhd to Yokohama Industries Berhad.
(3) On 16 March 2011, the Company through its wholly-owned subsidiary, Hup Soon Industrial Equipment Pte. Ltd. had entered into a sale and purchase agreement with Goldbell Corporation Pte. Ltd. to dispose of Hup Soon Industrial Equipment Sdn. Bhd.
(4) Struck off during the year.
(5) On 13 May 2011, Yokohama Ventures Sdn. Bhd. ("YVSB") entered into a Call Option Agreement ("Agreement") with Mehran Cycle Industries (Pvt.) Ltd., wherein Mehran Cycle Industries (Pvt.) Ltd. has agreed to grant an option to purchase up to 49% of the ordinary issued and paid up capital of Mehran Yokohama Batteries (Pvt.) Limited in Pakistan. Mehran Yokohama Batteries (Pvt.) Limited is a newly setup entity in Pakistan with its principal activity being manufacturing and trading of automotive batteries and has yet to commence commercial production at the reporting date. As at the date of this report, YVSB has not exercised the option.

(a) Purchase of treasury shares during financial year ended 31 December 2011

In June 2011, the Group's subsidiary, Yokohama Industries Berhad ("YIB"), bought back 10,000 ordinary shares for a cash consideration of approximately RM7,000 (equivalent to approximately US$2,000). These shares are treated as treasury shares of YIB. Arising from this transaction, the Group is deemed to have acquired an additional 0.01% equity interest in YIB resulting in the Group's equity interest in YIB increasing from approximately 60.41% to 60.42%. The difference of US$2,000 between the consideration and the carrying value of the additional interest acquired had been recognised as "Discount on acquisition of non-controlling interests" within equity.

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Disposal of a subsidiary during financial year ended 31 December 2011

During the financial year ended 31 December 2011, the Group disposed of a wholly-owned subsidiary, Hup Soon Industrial Equipment Sdn Bhd ("HSIESB") for a cash consideration of US$33,000. The loss on the disposal of HSIESB amounted to US$17,000.

The carrying amounts of the identifiable assets and liabilities of HSIESB as at the date of disposal were:

	US$'000
Property, plant and equipment	1,149
Inventories	1,479
Trade receivables	662
Other receivables	28
Cash and bank balances	132
Trade payables	(2,199)
Other payables	(220)
Amounts due to related company	(11)
Interests-bearing loans and borrowings *	(1,110)
Total net identifiable liabilities disposed	(90)
Translation reserve released upon disposal of a subsidiary	140
Loss on disposal of a subsidiary (Note 8)	(17)
Total consideration	33

* Included in interest-bearing loans and borrowings is bank overdrafts of US$153,000.

Effect of the disposal of HSIESB on cash flow	
Total consideration	33
Less: Cash and bank balances	(132)
Add: Bank overdrafts	153
Net cash inflow on disposal of subsidiary	54

(c) Incorporation of subsidiary during financial year ended 31 December 2011

During the financial year ended 31 December 2011, a subsidiary of the Group, Hup Soon Global Pte Ltd incorporated a wholly-owned subsidiary, BatteryPro (M) Sdn. Bhd. ("BatteryPro") in Malaysia. BatteryPro was incorporated with a paid up capital of US$1 (equivalent to RM2).

(d) Disposal of non-controlling interests during financial year ended 31 December 2011

On 28 January 2011, the Group's wholly-owned subsidiary, Borid Energy Investment Holdings Pte Ltd disposed its 100% equity interest in Yoko Borid Energy Holdings Pte Ltd ("YBEH") to another subsidiary, Yokohama Industries Berhad for a cash consideration of approximately RM4,000,000 (approximately US$1,308,000). Arising from this transaction, the Group is deemed to have disposed of a 39.59% equity interest in YBEH to non-controlling interests. The difference of US$313,000 between the cash consideration and the carrying value of interest disposed had been recognised as "Premium on disposal of non-controlling interests" within equity.

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

(e) Acquisition of subsidiary during financial year ended 31 December 2010

On 31 March 2010 (the "acquisition date"), the Group's wholly-owned subsidiary, HSG Investments Pte. Ltd. ("HSGI") acquired an additional 19.52% equity interest in its 40.75%-owned associate, Yokohama Industries 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 motorcycle 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.

The Group has finalised the purchase price allocation exercise during the first quarter ended 31 March 2011 which is within the 12-month period from the date of acquisition of 31 March 2010, in accordance with FRS103: Business Combinations. The finalisation of fair value of the identifiable assets and liabilities of YIB only has reclassification effect on the Group's balance sheet. There is no impact on the negative goodwill previously recognised.

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

	Provisional fair value recognised on acquisition US$'000	**Fair value finalised during the year** US$'000
Property, plant and equipment (Note 11)	23,233	24,896
Investment property (Note 12)	203	283
Intangible asset – brand (Note 17)	7,503	6,596
Deferred tax assets	55	55
Trade receivables	1,777	1,777
Other receivables	4,839	4,839
Tax recoverable	564	564
Inventories	14,643	14,643
Cash and bank balances	1,946	1,946
	54,763	55,599
Trade payables	(746)	(746)
Other payables and accruals	(2,538)	(2,538)
Provision for liabilities (Note 27)	(87)	(87)
Deferred tax liabilities	(729)	(1,565)
Interest-bearing loans and borrowings	(18,303)	(18,303)
	(22,403)	(23,239)
Total identifiable net assets at fair value	32,360	32,360
Non-controlling interest measured at the non-controlling interest's proportionate share of YIB's net identifiable assets	(12,857)	(12,857)
Negative goodwill arising from acquisition	(8,613)	(8,613)
	10,890	10,890

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

	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
Net cash outflow on acquisition of subsidiary	5,962

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 to 31 December 2010, 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 values 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 had been finalised within 12 months from the date of acquisition, that was 31 March 2011.

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Subsequent to 31 March 2010, the Group's subsidiary, 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)

14. INVESTMENT IN ASSOCIATES

	Group	
	2011	**2010**
	US$'000	US$'000
Shares, at cost	2,014	1,978
Share of post-acquisition reserves	2,258	2,809
Exchange differences	669	1,612
Carrying amount of investments	4,941	6,399

The share of post-acquisition reserves includes negative goodwill of US$2,208,000 (2010: US$2,208,000).

During the financial year ended 31 December 2011, a subsidiary of the Group, Yokohama Ventures Sdn. Bhd. subscribed for 40%, 30% and 30% of share capital in newly incorporated Lambaian Cekal Sdn. Bhd., Jauhari Hati Sdn. Bhd. and Dermaga Asli Sdn. Bhd. respectively. The total cash consideration for the investments amounted to RM110,000 (equivalent to US$35,000).

14. 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 2011 %	2010 %
	<u>Held through subsidiaries</u>			
	Held by Hup Soon Global Pte. Ltd.			
*	Capricorn Holdings Limited (Thailand)	Investment holding (Thailand)	49	49
	Held by Yokohama Ventures Sdn. Bhd.			
@	Lambaian Cekal Sdn. Bhd. (Malaysia)	Supply solar energy and central contract (Malaysia)	40	–
@	Jauhari Hati Sdn. Bhd. (Malaysia)	Supply solar energy and central contract (Malaysia)	40	–
@	Dermaga Asli Sdn. Bhd. (Malaysia)	Central project solar energy (Malaysia)	30	–

* Audited by member firms of Ernst & Young Global.
@ Not required to be audited in the country of incorporation for the year of incorporation.

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

	2011 US$'000	2010 US$'000
Assets and liabilities :		
Current assets	10,137	9,097
Non-current assets	13,527	13,337
Total assets	23,664	22,434
Current liabilities	12,383	9,144
Non-current liabilities	993	1,672
Total liabilities	13,376	10,816
Results :		
Revenue	16,041	22,636
(Loss)/profit for the year	(1,128)	1,380

15. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	Group 2011 US$'000	Group 2010 US$'000
Shares, at cost	1,504	1,504
Share of post-acquisition reserves	1,408	889
Exchange differences	82	106
Carrying amount of investments	2,994	2,499

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 2011 %	Proportion of ownership interest 2010 %
	Held through subsidiaries			
	Held by United Motor Works International Pte. Ltd.			
***	Nichiyu Asia Pte Ltd (Singapore)	Distribution of the "Nichiyu" brand of electric material handling equipment (Singapore)	30	30
	Held by HSG Ventures (Australia) Pte. Ltd.			
@	Total Battery Solutions Pty Ltd (Australia)	Dormant	50	50

*** Audited by PKF-CAP LLP, Singapore.
@ Not required to be audited in the country of incorporation.

15. 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	
	2011	**2010**
	US$'000	US$'000
Assets and liabilities :		
Current assets	5,991	4,321
Non-current assets	1,428	1,407
Total assets	7,419	5,728
Current liabilities	3,957	2,644
Non-current liabilities	455	585
Total liabilities	4,412	3,229
Results :		
Revenue	9,195	6,100
Profit for the year	569	412

16. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax as at 31 December relates to the following:

	Group			
	Balance sheet		**Income statement**	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Deferred tax assets:				
Allowance for slow-moving inventories	898	1,121	(223)	221
Allowance for doubtful debts	156	303	(147)	(15)
Provision for retirement benefits	206	272	(66)	34
Provision for liabilities	1,157	1,063	94	108
Provision for unrealised profits	75	–	75	–
Property, plant and equipment	(216)	(131)	(85)	67
Unutilised capital allowances	3	97	(94)	(87)
Unused tax losses	32	–	32	(36)
Fair value adjustments on acquisition of subsidiary	–	(145)	145	–
Other items	199	175	24	71
	2,510	2,755	(245)	363
Deferred tax liabilities:				
Property, plant and equipment	(1,941)	(1,973)	32	(350)
Other items	(32)	21	(53)	21
	(1,973)	(1,952)	(21)	(329)
Exchange difference			43	(197)
Deferred tax expense (Note 9)			(223)	(163)

17. INTANGIBLE ASSET

	Group Brand US$'000
Cost :	
At 1 January 2010	–
Acquisition of a subsidiary (Note 13)	6,596
At 31 December 2010, 1 January 2011 and 31 December 2011	6,596
Accumulated amortisation and impairment :	
At 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011	–
Net carrying amount :	
At 31 December 2010	6,596
At 31 December 2011	6,596

Brand

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

Impairment testing of brand

The recoverable amount of the cash-generating unit (CGU) has been determined based on value in use calculation using cash flow projections from financial budgets approved by management covering a four-year period. The pre-tax discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flow projections beyond the four-year period are as follows:

	Yokohama brand	
	2011	2010
Growth rates	2.5%	2.0%
Pre-tax discount rates	8.3%	8.6%

The calculations of value in use for the CGU is most sensitive to the following assumptions:

Growth rates – The forecasted growth rates are based on management expected growth rate and do not exceed the long-term average growth rate for the industry relevant to the CGU.

Pre-tax discount rates – The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

18. INVENTORIES

	Group	
	2011	**2010**
	US$'000	US$'000
Balance sheet		
Raw materials		
At cost	6,739	8,384
At net realisable value	2,388	–
Finished goods		
At cost	35,914	39,500
At net realisable value	835	335
Work-in-progress		
At cost	4,577	3,862
At net realisable value	147	–
Consumables (at cost)	141	139
Goods in transit (at cost)	3,516	11,232
Total inventories at lower of cost and net realisable value	54,257	63,452
Income statement		
Inventories recognised as an expense in cost of sales (Note 6)	168,468	134,708
Inclusive of the following charge:		
- Inventories written-down	1,807	1,405

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

In October 2011, there was severe flooding in Thailand. The Group recorded losses on flood-damaged inventories amounted to US$531,000 in profit or loss. However, the Group has insurance coverage for the flood damage to its inventories and is in the process of lodging an insurance claim.

19. TRADE RECEIVABLES

	Group	
	2011	**2010**
	US$'000	US$'000
External parties	35,098	41,158
Less: Allowance for doubtful debts	(1,705)	(3,718)
	33,393	37,440

The currency profile of trade receivables is as follows:-

Malaysian Ringgit	15,534	14,626
Thai Baht	17,132	21,074
US Dollar	727	244
Euro	–	1,431
Singapore Dollar	–	65
	33,393	37,440

19. TRADE RECEIVABLES (CONT'D)

For the year ended 31 December 2011, an allowance for doubtful debts of US$119,000 (2010 : US$637,000) (Note 6) was recognised in profit or loss subsequent to a debt recovery assessment performed on trade receivables as at 31 December 2011.

Receivables that are past due but not impaired

The Group has trade receivables amounting to US$5,534,000 (2010: US$4,105,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2011	**2010**
	US$'000	US$'000
Trade receivables past due :		
Lesser than 30 days	3,886	2,936
30 to 60 days	980	349
More than 60 days	668	820
	5,534	4,105

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group			
	Collectively impaired		**Individually impaired**	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Trade receivables – nominal amounts	17,573	11,254	10,282	14,284
Less: Allowance for doubtful debts	(594)	(756)	(1,111)	(2,962)
	16,979	10,498	9,171	11,322

19. TRADE RECEIVABLES (CONT'D)

	Group			
	Collectively impaired		**Individually impaired**	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Movement in allowance accounts:				
At 1 January	(756)	(629)	(2,962)	(1,249)
Acquisition of a subsidiary	–	(283)	–	(2,200)
Charge for the year (Note 6)	(119)	(4)	–	(633)
Write back (Note 5)	29	26	26	–
Written off	221	208	1,799	1,153
Attributable to assets classified as held for sale	–	–	–	205
Exchange differences	31	(74)	26	(238)
At 31 December	(594)	(756)	(1,111)	(2,962)

Trade receivables that are individually determined to be impaired at the end of the reporting period 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. OTHER RECEIVABLES

	Group		Company	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Sundry receivables	607	562	38	7
Less: Allowance for doubtful debts	–	(138)	–	–
	607	424	38	7
Rebate and claims receivable from suppliers	467	960	–	–
Deposits	470	378	1	2
	1,544	1,762	39	9

Included in sundry receivables, there is a proceed receivable from disposal of property, plant and equipment of US$131,000 (2010: US$Nil).

Sundry receivables that are impaired

The Group's sundry receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	Individually impaired	
	2011	**2010**
	US$'000	US$'000
Sundry receivables – nominal amounts	–	211
Less: Allowance for doubtful debts	–	(138)
	–	73

20. OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Movement in allowance accounts:				
At 1 January	(138)	–	–	–
Acquisition of a subsidiary	–	(130)	–	–
Charge for the year (Note 6)	–	(2)	–	–
Written off	138	1	–	–
Exchange differences	–	(7)	–	–
At 31 December	–	(138)	–	–

Sundry receivables that are individually determined to be impaired at the end of the reporting period 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.

21. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

	Group		Company	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Amounts due from related companies :				
Subsidiaries	–	–	9,682	8,772
Associate	308	–	14	–
	308	–	9,696	8,772
Amounts due to related companies :				
Subsidiaries	–	–	(1,705)	(1,125)
Associate	(18)	(489)	–	–
	(18)	(489)	(1,705)	(1,125)

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$942,000 (2010 : US$836,000) due from a subsidiary which bears interest at 5% (2010 : 5%) per annum.

Amount due from an associate is non-trade in nature, unsecured, non-interest bearing, repayable on demand and is 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.

21. AMOUNTS DUE FROM/(TO) RELATED COMPANIES (CONT'D)

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	–	–	7,991	7,647
Thai Baht	290	(489)	–	–
	290	(489)	7,991	7,647

22. LOAN TO AN ASSOCIATE

Loan to an associate bears interest at the Company's cost of funds of 6.00% (2010 : 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.

23. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Cash and bank balances				
- Continuing operations	18,308	14,447	188	363
Short-term deposits pledged with licensed bank	66	156	–	–
Cash and short-term deposits	18,374	14,603	188	363

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 (2010 : 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 short-term deposits are as follows:-

	Group		Company	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Malaysian Ringgit	4,954	7,422	–	–
Thai Baht	9,853	1,819	–	–
Singapore Dollar	2,503	4,964	26	183
US Dollar	1,064	398	162	180
	18,374	14,603	188	363

23. CASH AND SHORT-TERM DEPOSITS (CONT'D)

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

	Group	
	2011	**2010**
	US$'000	US$'000
Cash and bank balances		
- Continuing operations	18,308	14,447
- Assets classified as held for sale (Note 24)	–	132
Short-term deposits pledged with licensed bank	66	156
Bank overdrafts		
- Continuing operations (Note 28)	(3,462)	(576)
- Assets classified as held for sale (Note 24)	–	(153)
	14,912	14,006
Less: Short-term deposits pledged	(66)	(156)
Cash and cash equivalents	14,846	13,850

24. 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 end of the reporting period of US$108,000 (2010: US$199,000) relates to buildings and investment property in the Group's subsidiary, YIB Group with carrying amounts of US$Nil and US$108,000 (2010: US$104,000 and US$95,000) respectively which approximate their fair values immediately before being classified as held for sale (Notes 11 and 12).

(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 a 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. The disposal was completed on 14 April 2011. 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".

24. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE (CONT'D)

(b) Disposal group classified as held for sale (cont'd)

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	
	2011	**2010**
	US$'000	US$'000
Assets :		
Property, plant and equipment (Note 11)	–	1,150
Inventories	–	1,643
Trade receivables	–	748
Other receivables	–	27
Cash and bank balances (Note 23)	–	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 23).

25. 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	
	2011	**2010**
	US$'000	US$'000
Malaysian Ringgit	5,971	5,944
Thai Baht	7,338	9,067
US Dollar	5,056	15,880
Euro	3	78
Japanese Yen	102	200
British Pound	1	1,398
Australian Dollar	2	193
	18,473	32,760

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Accruals	7,399	7,351	234	782
Deposits from customers	810	1,950	–	–
Sundry payables	2,618	1,285	–	–
Fair value of forward currency contract (Note 36)	–	5	–	–
	10,827	10,591	234	782

27. PROVISION FOR LIABILITIES

	Group		
	Warranty	Rebate	Total
	US$'000	US$'000	US$'000
At 1 January 2010	499	498	997
Acquisition of a subsidiary (Note 13)	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 and at 1 January 2011	1,304	516	1,820
Charge to profit or loss	2,269	2,743	5,012
Utilised during the year	(1,741)	(2,724)	(4,465)
Exchange difference	(65)	(16)	(81)
At 31 December 2011	1,767	519	2,286

(i) Warranty

The Group provides warranty 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 10.5% of sales of qualifying products generated during the financial year.

28. INTEREST-BEARING LOANS AND BORROWINGS

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Floating rate				
Banker's acceptance	17,236	18,030	–	–
Bank overdrafts (Note 23)	3,462	576	156	422
Revolving loans	23,126	18,865	–	–
Term loans	15,333	15,151	–	–
	59,157	52,622	156	422
Fixed rate				
Obligations under finance leases (Note 35)	1,713	1,747	–	–
	60,870	54,369	156	422
Less:				
Term loans (non-current)	(7,737)	(8,953)	–	–
Obligations under finance leases (non-current) (Note 35)	(889)	(816)	–	–
Interest-bearing loans and borrowings (non-current)	(8,626)	(9,769)	–	–
Interest-bearing loans and borrowings (current)	52,244	44,600	156	422

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$1,713,000 (2010 : US$1,625,000) of interest-bearing loans and borrowings are secured by leased assets with net carrying values of US$3,568,000 (2010 : US$4,229,000) (Note11). US$8,659,000 (2010 : US$11,762,000) 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$26,876,000 (2010 : US$25,988,000) (Note 11).

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$2,833,000 (2010 : US$2,597,000) which is due later than 5 years.

28. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

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

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Malaysian Ringgit	32,068	30,020	–	–
Thai Baht	24,430	17,859	–	–
Singapore Dollar	774	1,045	156	422
US Dollar	3,598	5,445	–	–
	60,870	54,369	156	422

The weighted average effective interest rates at the end of the reporting period for borrowings, excluding obligations under finance leases were as follows :-

	Group	
	2011	2010
	%	%
Banker's acceptance	3.80	2.90
Bank overdrafts	6.90	6.60
Revolving loans	4.20	4.65
Term loans	6.00	5.85

29. PROVISION FOR RETIREMENT BENEFITS

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

All employees of Anglo-Thai Tractors Limited, Borneo Technical (Thailand) Limited and Anglo-Thai Company Limited are eligible for the Plans. The amount of Legal Severance Payment is determined by the duration of employment in accordance with the Legal Severance Payment as described under Article 18 of the Thai Labor Protection Act (Code) in Thailand. Under the Legal Severance Payment Plan, the amount of severance pay for retiring employee is determined based on the duration of employment from more than 120 days to over 10 years with entitlement for minimum of one month to ten months basic salary and other fixed income depending on the length of service. 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 allowances, depending on the length of service. In respect of the Long Service Award Plan, 7.6 grams of gold are awarded for a minimum of 10 years of service and up to 91.2 grams of gold are awarded for 40 years of service.

29. 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 and Long Service Award Plan		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Current service cost	90	13	40	17	130	30
Interest cost on benefit obligation	28	24	15	24	43	48
Net actuarial losses recognised during the year	10	103	–	147	10	250
Net benefit expense	128	140	55	188	183	328

Amounts recognised in the balance sheets as at:-

Group	Legal Severance Payment Plan		Long Service Provision Plan and Long Service Award Plan		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Defined benefit obligation	615	581	407	572	1,022	1,153
Unrecognised net actuarial gain	–	(103)	–	(144)	–	(247)
Benefit liability	615	478	407	428	1,022	906

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

Benefit obligation at beginning of year	478	414	428	379	906	793
Translation differences	86	46	(40)	42	46	88
Current service cost	90	13	40	17	130	30
Interest cost on benefit obligation	28	24	15	24	43	48
Unrecorded net actuarial gain	–	(98)	–	(137)	–	(235)
Net actuarial losses recognised during the year	10	103	–	147	10	250
Benefits paid	(77)	(24)	(36)	(44)	(113)	(68)
Benefit obligation at end of the reporting period	615	478	407	428	1,022	906

29. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

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

	2011	2010
	%	%
Discount rates	4.0	4.5
Price inflation	2.5	3.5
Salary inflation	5.0	6.0
	Per Baht weight of Gold	
Gold prices (Thai Baht)	20,000	13,500

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:-

	2011	2010
	US$'000	US$'000
Legal Severance Payment Plan	615	478
Long Service Provision Plan and Long Service Award Plan	407	428
	1,022	906

30. SHARE CAPITAL AND TREASURY SHARES

(a) 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 2010, 31 December 2010, 1 January 2011 and 31 December 2011	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.

30. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

(a) Share capital (cont'd)

The holders of ordinary shares (except treasury 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.

(b) Treasury shares

	Group and Company			
	2011		2010	
	Number of ordinary shares		Number of ordinary shares	
	'000	US$'000	'000	US$'000
At 1 January	–	–	–	–
Acquired during the financial year	(80)	(10)	–	–
At 31 December	(80)	(10)	–	–

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 80,000 (2010: Nil) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was S$13,000 (equivalent to US$10,000) (2010: Nil) and this was presented as a component within shareholders' equity.

31. LEGAL RESERVE

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

32. Share grant reserve

	Group		Company	
	2011	**2010**	**2011**	**2010**
	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. The PSP shares will be released to eligible executives after the vesting period if certain performance targets as determined by the Committee are achieved or otherwise in accordance with the rules of the PSP. The fair value of the share awards was determined using the Monte-Carlo model. 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 lapsed on 17 March 2011.

33. TRANSLATION RESERVE

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

34. CAPITAL RESERVE

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

35. FINANCE LEASE OBLIGATIONS

	Group			
	2011		2010	
	Minimum lease payments US$'000	Present value of payments (Note 28) US$'000	Minimum lease payments US$'000	Present value of payments (Note 28) US$'000
Not later than one year	910	824	1,014	931
Later than one year but not later than five years	969	889	865	816
Total minimum lease payments	1,879	1,713	1,879	1,747
Less: Amounts representing finance charges	(166)	–	(132)	–
Present value of minimum lease payments	1,713	1,713	1,747	1,747

The effective interest rates of the finance leases range from 3.53% to 6.98% (2010 : 3.40% to 6.98%) 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 11.

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.

36. DERIVATIVE FINANCIAL INSTRUMENTS

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

	Group	
	2011 US$'000	2010 US$'000
Notional amount		
British Pound	487	511
US Dollar	3,977	5,818
Thai Baht	29	88
Japanese Yen	34	2,778
	4,527	9,195

36. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Net fair value

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

	Group	
	2011	**2010**
	US$'000	US$'000
Fair value loss on forward currency contracts [Notes 6, 26 and 43(b)]	–	5

37. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, 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	
	2011	**2010**
	US$'000	US$'000
Related parties :-		
Sale of goods to associates	(414)	(102)
Sale of services to a jointly controlled entity	–	(3)
Purchase of goods and equipment from an associate	46	–
Purchase of services from an associate	62	–
Purchase of services from a company/firm related to a director	–	3
Rental expenses paid to an associate	215	52
Management fee received from an associate	(32)	–
Interest income received from an associate	(151)	(219)
Dividend income received from a jointly controlled entity	(50)	(36)

Company/firm related to a director:

During the financial year ended 31 December 2010, Seabanc Insurance Brokers Pte. Ltd., a company of 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.

37. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation of key management personnel

	Group 2011 US$'000	Group 2010 US$'000
Short-term employee benefits	2,618	2,729
Total compensation paid to key management personnel	2,618	2,729
Comprise amounts paid to :-		
Directors of the Company	906	1,133
Other key management personnel	1,712	1,596
	2,618	2,729

38. CAPITAL COMMITMENTS

	Group 2011 US$'000	Group 2010 US$'000
Capital commitments in respect of property, plant and equipment approved and contracted for	98	483

39. OPERATING LEASE COMMITMENTS

The Group leases certain land and building, properties and motor vehicles. These non-cancellable leases have remaining lease terms of between 2 months and 6 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 profit or loss during the year amounted to US$1,391,000 (2010 : US$1,681,000).

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

	Group 2011 US$'000	Group 2010 US$'000
Within one year	1,061	1,041
After one year but not more than five years	2,597	2,810
More than five years	163	515
	3,821	4,366

40. 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 2011 and 2010 and assets, liabilities and other segment information regarding the Group's business segments at 31 December 2011 and 2010.

40. SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

2011	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$'000	Adjustments and eliminations US$'000	Notes	Total US$'000
Revenue								
Sales to external customers	148,334	49,099	20,833	–	–	–		218,266
Segment results	6,198	3,661	2,167	–	(2,838)	–		9,188
Finance costs	(1,396)	(371)	(952)	–	(214)	–		(2,933)
Other expenses	(61)	(715)	–	(165)	–	–		(941)
Share of results of associates	–	–	–	(551)	–	–		(551)
Share of results of jointly controlled entities	–	–	–	569	–	–		569
Profit before tax								5,332
Tax expense								(2,914)
Profit for the year								2,418
Assets and liabilities								
Segment assets	70,034	27,291	54,758	7,935	5,645	(521)	A	165,142
Segment liabilities	51,525	13,483	23,802	–	7,531	–		96,341
Capital expenditure	1,807	755	4,167	–	815	–		7,544
Depreciation charge	892	316	2,004	–	793	–		4,005

Included in the share of results of associates for the year, there was a share of costs relating to floods in Thailand of US$674,000.

40. 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$'000	Adjustments and eliminations US$'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)
Other expenses	–	–	(430)	(284)	–	–		(714)
Share of results of associates	–	–	–	527	–	–		527
Share of results of jointly controlled entities	–	–	–	412	–	–		412
Profit before tax								12,059
Tax expense								(3,004)
Profit for the year								9,055
Assets and liabilities								
Segment assets	93,270	10,792	55,496	12,598	6,123	(15)	A	178,264
Segment liabilities	49,318	23,517	23,523	4,180	8,009	–		108,547
Capital expenditure	1,145	933	2,293	320	4	–		4,695
Depreciation charge	746	167	1,414	367	46	–		2,740

40. SEGMENT INFORMATION (CONT'D)

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

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

	Group	
	2011	**2010**
	US$'000	US$'000
Elimination of unrealised profits in inventories	(521)	(15)

(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	
	2011	**2010**	**2011**	**2010**
	US$'000	US$'000	US$'000	US$'000
Malaysia	108,330	97,594	40,395	39,359
Thailand	109,936	91,724	2,726	2,071
Others	–	–	15	8
	218,266	189,318	43,136	41,438

41. CONTINGENCIES

(a) Contingent liabilities

Legal claims

On 15 January 2010, Borneo Technical (Thailand) Limited ("BTL"), Anglo-Thai Company Limited ("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.

On 20 April 2011, BTL and ATC placed a deposit of THB 9.9 million (equivalent to US$0.32 million) plus interest with the Central Labor Court for a stay of execution.

41. CONTINGENCIES (CONT'D)

(b) Guarantees

	Company 2011 US$'000	Company 2010 US$'000
Corporate guarantee given to financial institutions for credit facilities of the subsidiaries	58,970	33,081

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Foreign currency risk

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily SGD, Malaysian Ringgit (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 42% (2010 : 48%) 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) amounted to US$1,064,000 (2010 : US$398,000) and US$162,000 (2010 : US$180,000) for the Group and the Company respectively.

Certain subsidiaries of the Group 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 2011, the Group had hedged 67% (2010 : 27%) 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.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit 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	
	2011	**2010**
	US$'000	US$'000
	Profit net of tax	**Profit net of tax**
USD		
Strengthened 4% (2010 : 8%)	(135)	(1,179)
Weakened 4% (2010 : 8%)	135	1,179
JPY		
Strengthened 10% (2010 : 7%)	(11)	(197)
Weakened 10% (2010 : 7%)	11	197

(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 end of the reporting period, approximately 85.8% (2010 : 82.0%) 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.

42. 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 end of the reporting period based on contractual undiscounted repayment obligations.

	2011				2010			
	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
Group								
Financial assets:								
Trade receivables	33,393	–	–	33,393	37,440	–	–	37,440
Other receivables	1,544	–	–	1,544	1,762	–	–	1,762
Amounts due from related companies	308	–	–	308	–	–	–	–
Loan to an associate	1,893	–	–	1,893	2,975	–	–	2,975
Cash and short-term deposits	18,374	–	–	18,374	14,603	–	–	14,603
Total undiscounted financial assets	55,512	–	–	55,512	56,780	–	–	56,780
Financial liabilities:								
Trade payables	18,473	–	–	18,473	32,760	–	–	32,760
Other payables and accruals (excludes derivatives)	10,827	–	–	10,827	10,586	–	–	10,586
Amounts due to related companies	18	–	–	18	489	–	–	489
Interest-bearing loans and borrowings	54,735	6,979	4,483	66,197	45,692	7,650	3,616	56,958
Derivatives								
- Forward currency contracts – gross payments	–	–	–	–	9,200	–	–	9,200
- Forward currency contracts – gross receipts	–	–	–	–	(9,195)	–	–	(9,195)
Total undiscounted financial liabilities	84,053	6,979	4,483	95,515	89,532	7,650	3,616	100,798
Total net undiscounted financial liabilities	(28,541)	(6,979)	(4,483)	(40,003)	(32,752)	(7,650)	(3,616)	(44,018)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

	2011				2010			
	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	39	–	–	39	9	–	–	9
Amounts due from related companies	9,743	–	–	9,743	8,814	–	–	8,814
Cash and short-term deposits	188	–	–	188	363	–	–	363
Total undiscounted financial assets	9,970	–	–	9,970	9,186	–	–	9,186
Financial liabilities:								
Other payables and accruals	234	–	–	234	782	–	–	782
Amounts due to related companies	1,705	–	–	1,705	1,125	–	–	1,125
Interest-bearing loans and borrowings	156	–	–	156	422	–	–	422
Total undiscounted financial liabilities	2,095	–	–	2,095	2,329	–	–	2,329
Total net undiscounted financial assets	7,875	–	–	7,875	6,857	–	–	6,857

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.

	2011				2010			
	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	58,970	–	–	58,970	33,081	–	–	33,081

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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 (2010 : 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$254,000 (2010 : US$237,000), arising mainly as a result of higher interest expense on floating rate loans and borrowings.

(d) Credit risk

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

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

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values [Note 43(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 :

	2011		**2010**	
	US$'000	% of total	US$'000	% of total
By country:				
Malaysia	15,534	47	14,626	39
Thailand	17,132	51	21,074	56
United States of America	727	2	244	1
Singapore	–	–	65	–
France	–	–	1,431	4
	33,393	100	37,440	100

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk (cont'd)

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 19 (trade receivables).

43. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

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

The Group	2011			2010		
	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 19)	33,393	–	–	37,440	–	–
Other receivables	1,544	–	–	1,762	–	–
Amounts due from related companies (Note 21)	308	–	–	–	–	–
Loan to an associate (Note 22)	1,786	–	–	2,807	–	–
Cash and short-term deposits (Note 23)	18,374	–	–	14,603	–	–
	55,405	–	–	56,612	–	–

43. FINANCIAL INSTRUMENTS (CONT'D)

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

The Group	2011 Loans and receivables US$'000	2011 Liabilities at amortised cost US$'000	2011 Liabilities at fair value through profit or loss US$'000	2010 Loans and receivables US$'000	2010 Liabilities at amortised cost US$'000	2010 Liabilities at fair value through profit or loss US$'000
Liabilities						
Trade payables (Note 25)	–	(18,473)	–	–	(32,760)	–
Other payables and accruals (excludes derivative financial instruments) (Note 26)	–	(10,827)	–	–	(10,586)	–
Amounts due to related companies (Note 21)	–	(18)	–	–	(489)	–
Interest bearing loans and borrowings (excludes obligations under finance leases) (Note 28)	–	(59,157)	–	–	(52,622)	–
Derivative financial instruments (Note 36)	–	–	–	–	–	(5)
	–	(88,475)	–	–	(96,457)	(5)

The Company	2011 Loans and receivables US$'000	2011 Liabilities at amortised cost US$'000	2010 Loans and receivables US$'000	2010 Liabilities at amortised cost US$'000
Assets				
Other receivables (Note 20)	39	–	9	–
Amounts due from related companies (Note 21)	9,696	–	8,772	–
Cash and short-term deposits (Note 23)	188	–	363	–
	9,923	–	9,144	–
Liabilities				
Other payables and accruals (Note 26)	–	(234)	–	(782)
Amounts due to related companies (Note 21)	–	(1,705)	–	(1,125)
Interest bearing loans and borrowings (Note 28)	–	(156)	–	(422)
	–	(2,095)	–	(2,329)

43. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair values

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

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

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

Financial instruments carried at fair value

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

	Group							
	2011 US$'000				**2010 US$'000**			
	Quoted prices in active markets for identical instruments	**Significant other observable inputs**	**Significant un-observable inputs**	**Total**	**Quoted prices in active markets for identical instruments**	**Significant other observable inputs**	**Significant un-observable inputs**	**Total**
	Level 1	**Level 2**	**Level 3**		**Level 1**	**Level 2**	**Level 3**	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Financial liabilities								
Derivative financial instruments (Note 36)								
- Forward currency contracts	–	–	–	–	–	5	–	5

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 2011 and 2010.

43. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair values (cont'd)

Determination of fair value

Derivative financial instruments (Note 36): Forward currency contracts were 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.

44. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

As disclosed in Note 31, certain subsidiaries of the Group are required by the Thai Civil Commercial Code to contribute to and maintain a non-distributable legal reserve. This externally imposed capital requirement has been complied with by the relevant subsidiaries for the financial years ended 31 December 2011 and 2010.

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 short-term deposits. Capital includes equity attributable to the equity holders of the Company less translation reserve and the abovementioned legal reserve.

44. CAPITAL MANAGEMENT (CONT'D)

	Group	
	2011	**2010**
	US$'000	US$'000
Trade payables (Note 25)	18,473	32,760
Other payables and accruals (Note 26)	10,827	10,591
Amounts due to related companies (Note 21)	18	489
Interest-bearing loans and borrowings (Note 28)	60,870	54,369
Liabilities classified as held for sale, net of cash and bank balances (Note 24)	–	4,048
Less:		
Cash and short-term deposits (Note 23)	(18,374)	(14,603)
Net debt	71,814	87,654
Equity attributable to owners of the Company	54,541	55,199
Less:		
Legal reserve	(2,001)	(1,889)
Translation reserve	(5,681)	(8,044)
Total capital	46,859	45,266
Capital and net debt	118,673	132,920
Gearing ratio	61%	66%

45. PRIOR YEAR ADJUSTMENT

During the year, the Group recorded a prior year adjustment relating to the fair values of the identifiable assets and liabilities of its subsidiary, Yokohama Industries Berhad which had been determined on a provisional basis in prior year as the purchase price allocation exercise had not been finalised by the date the financial statements for the year ended 31 December 2010 were authorised for issue. The Group has finalised the purchase price allocation exercise during the year within the 12 months period from the date of acquisition in accordance with FRS 103: Business Combinations. Accordingly, the fair values of the identifiable assets and liabilities of Yokohama Industries Berhad had been revised.

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

	As previously reported	**Effects of prior year adjustment**	**As restated**
	US$'000	US$'000	US$'000
Balance sheet:			
As at 31 December 2010			
Property, plant and equipment	33,063	1,663	34,726
Investment property	36	80	116
Intangible asset	7,503	(907)	6,596
Deferred tax liabilities	1,116	836	1,952

46. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

(a) The Company's wholly-owned subsidiary, Arboretum Mauritius Limited ("Arboretum"), had upon its own application, been struck off from the Registrar of Companies, Republic of Mauritius, and accordingly been dissolved on 3 January 2012.

(b) On 20 March 2012, the Company and AP Oil International Limited have entered into a joint venture agreement to incorporate a joint venture company ("JV Co"). The Company and AP Oil International Limited will hold 50% equity interest each in the JV Co. The primary business of the JV Co is to create and own a brand name ("Brand") and to develop and produce lubricating fluids for automotive and industrial usage and related products under the Brand.

47. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 28 March 2012.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2012

SHARE CAPITAL

Issued and fully paid-up capital	:	S$101,216,517
Number of issued shares (excluding treasury shares)	:	364,274,387
Number of treasury shares	:	80,000
Number of treasury shares as a percentage of total issued shares (excluding treasury shares)	:	0.022%
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	2,449	44.16	826,007	0.23
1,000 – 10,000	2,521	45.46	7,205,471	1.98
10,001 – 1,000,000	558	10.06	30,180,167	8.28
1,000,001 and above	18	0.32	326,142,742	89.51
TOTAL	**5,546**	**100.00**	**364,354,387**	**100.00**

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 16 March 2012, 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 2012

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

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.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2012

TOP TWENTY SHAREHOLDERS

No.	Name	No. of shares	%*
1	UNITED MOTOR WORKS (MAURITIUS) LIMITED	161,698,398	44.39
2	RAFFLES NOMINEES (PTE) LTD	66,132,600	18.15
3	VIEWSMART PROFITS LIMITED	56,849,198	15.61
4	ARANDA INVESTMENTS PTE LTD	9,872,000	2.71
5	GOH SWEE HENG	5,482,832	1.51
6	PATTANACHAIPUVANON ATHIWAT	4,771,926	1.31
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	4,064,500	1.12
8	OCBC SECURITIES PRIVATE LTD	2,346,788	0.64
9	UOB KAY HIAN PTE LTD	2,217,500	0.61
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,728,000	0.47
11	DBS NOMINEES PTE LTD	1,715,800	0.47
12	HSBC (SINGAPORE) NOMINEES PTE LTD	1,559,000	0.43
13	PHILLIP SECURITIES PTE LTD	1,508,200	0.41
14	CHOW KEN YIAN	1,500,000	0.41
15	CHOW JIN YIAN	1,200,000	0.33
16	CHOW SIM YIAN	1,200,000	0.33
17	CHOW TSIN YIAN	1,200,000	0.33
18	TAN IAN-MAO	1,096,000	0.30
19	NG KAH SEEN, STEPHEN	800,000	0.22
20	DMG & PARTNERS SECURITIES PTE LTD	771,000	0.21
	TOTAL	327,713,742	89.96

* The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as at 16 March 2012, excluding 80,000 ordinary shares held as treasury shares as at that date.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2012

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of substantial shareholders	Number of shares held Direct Interest	Number of shares held Deemed Interest	Shareholding Percentage (%) *
United Motor Works (Mauritius) Limited	161,698,398	-	44.39
[1] Gracefield Holdings Limited	-	161,698,398	44.39
[1] Timothy Chia Chee Ming	-	161,698,398	44.39
Islandwide Investment Limited	66,026,600	-	18.13
[2] Schroder Ventures Asia Pacific Fund LP1	-	66,026,600	18.13
[2] Schroder Ventures Asia Pacific Fund LP2	-	66,026,600	18.13
Viewsmart Profits Limited	56,849,198	-	15.61
[3] Fung Capital Asia Fund (I) Ltd	-	56,849,198	15.61
[3] Fung Capital Ltd	-	56,849,198	15.61
[3] Fung Holdings Ltd	-	56,849,198	15.61
[3] King Lun Holdings Limited	-	56,849,198	15.61
[3] HSBC Trustee (C.I.) Limited	-	56,849,198	15.61
[3] HSBC Private Bank (C.I.) Limited	-	56,849,198	15.61
[3] HSBC Private Banking Holdings (Suisse) S.A.	-	56,849,198	15.61
[3] HSBC Europe (Netherlands) B.V.	-	56,849,198	15.61
[3] HSBC Bank plc	-	56,849,198	15.61
[3] HSBC Holdings plc	-	56,849,198	15.61
[3] Dr William Fung Kwok Lun	-	56,849,198	15.61

* The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Company as at 16 March 2012, excluding 80,000 ordinary shares held as treasury shares as at that date.

Notes:

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

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

3 Fung Capital Asia Fund (I) Ltd, Fung Capital Ltd, Fung Holdings Ltd, King Lun Holdings Limited, HSBC Trustee (C.I) Limited, HSBC Private Bank (C.I) Limited, HSBC Private Banking Holdings (Suisse) S.A., HSBC Europe (Netherlands) B.V., HSBC Bank plc, HSBC Holdings plc and Dr William Fung Kwok Lun are deemed interested in the Shares held by Viewsmart Profits Limited. Viewsmart Profits Limited is 100% owned by Fung Capital Asia Fund (I) Ltd, which is 100% owned by Fung Capital Ltd, which is further 100% owned by Fung Holdings Ltd, which in turn is 100% owned by King Lun Holdings Limited. King Lun Holdings Limited is 50% owned by HSBC Trustee (C.I) Limited, the trustee of a trust established for the benefit of the family members of Dr Victor Fung Kwok King, and 50% owned by Dr William Fung Kwok Lun. HSBC Trustee (C.I.) Limited is a wholly-owned subsidiary of HSBC Private Bank (C.I.) Limited, which is a wholly-owned subsidiary of the HSBC Private Banking Holdings (Suisse) S.A., which is a wholly-owned subsidiary of HSBC Europe (Netherlands) B.V., which is a 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, 24 April 2012 at 11.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 December 2011.

2. To re-elect as a director of the Company ("**Director**"), Mr Zulkifli Baharudin who was appointed during the year [see Explanatory Note (i)].

3. To re-elect as a Director, Mr Timothy Yong Wei Hsien, who is retiring by rotation pursuant to the Company's Articles of Association.

4. To re-elect as a Director, Mr Yap Chee Keong, who is retiring by rotation pursuant to the Company's Articles of Association. [see Explanatory Note (ii)]

5. To approve the payment of Directors' fees of S$151,903 for the financial year ended 31 December 2011. (2010: S$165,791).

6. To approve the payment of Directors' fees of up to S$175,000 for the financial year ending 31 December 2012, to be paid quarterly in arrears. [see Explanatory Note (iii)]

7. 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:

8. **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 (iv)]

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

“That the Directors 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 (v)]

10. **Renewal of Share Purchase Mandate**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of 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 (vi)]

BY ORDER OF THE BOARD

Sophia Lim Siew Fay
Company Secretary

Date: 9 April 2012

Notes:

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

Explanatory Notes:-

i. Under Resolution 2, Mr Zulkifli Baharudin, who is considered independent for the purpose of Rule 704(7) of the Catalist Rules, will, upon re-election, continue to serve as a member of the Audit Committee as well as the Remuneration and Nomination Committee of the Company.

ii. Under Resolution 4, Mr Yap Chee Keong, who is considered independent for the purpose of Rule 704(7) of the Catalist Rules, will, upon re-election, continue to serve as the Chairman of the Audit Committee of the Company and a member of the Remuneration and Nomination Committee of the Company.

iii. Commencing from the financial year ending 31 December 2012 ("FY2012"), the Company proposes to pay Directors' fees during the financial year in which the fees are incurred. This is to ensure that Directors are paid on a continuing "as-earned" basis for services already rendered, rather than in arrears after the financial year has ended. The proposed Resolution 6, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during FY2012, and is to be paid quarterly in arrears. The amount of the Directors' fees for FY2012 is computed based on the anticipated number of Board and Board committee meetings and additional unscheduled Board and Board committee meetings for FY2012. In the event that the amount of Directors' fees proposed for FY2012 is insufficient, separate approval from shareholders of the Company will be sought at the next Annual General Meeting of the Company for payment to meet the shortfall.

iv. The proposed Resolution 8, if passed, will empower the Directors from the date of the above Annual General Meeting of the Company 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 8 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 8 is passed; and

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

v. The proposed Resolution 9, if passed, will empower the Directors from the date of the above Annual General Meeting of the Company 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.

vi. The proposed Resolution 10, if passed, will empower the Directors from the date of the above Annual General Meeting of the Company 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 2011 are set out in greater detail in the Letter to Shareholders enclosed with this Notice.

HUP SOON GLOBAL CORPORATION LIMITED

(Registration Number: 199204815Z)

(Incorporated in the Republic of Singapore)

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT

1. For investors who have used their CPF monies to buy shares in the capital of Hup Soon Global Corporation Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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

of ____(Address)

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

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

*and/or

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

or failing *him/her, the Chairman of the Annual General Meeting ("**AGM**") as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the AGM of the Company to be held at Pines Room (Upper Level), The Pines, 30 Stevens Road, Singapore 257840 on Tuesday, 24 April 2012 at 11.00 a.m. and at any adjournment thereof.

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

	TO BE USED ON A SHOW OF HANDS		TO BE USED IN THE EVENT OF A POLL	
Ordinary Resolutions	**For#**	**Against#**	**For##**	**Against##**
1. To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 December 2011.				
2. To re-elect as Director, Mr Zulkifli Baharudin, who was appointed during the year.				
3. To re-elect as Director, Mr Timothy Yong Wei Hsien, who will retire by rotation.				
4. To re-elect as Director, Mr Yap Chee Keong, who will retire by rotation.				
5. To approve the payment of Directors' fees of S$151,903 for the financial year ended 31 December 2011.				
6. To approve the payment of Directors' fees of up to S$175,000 for the financial year ending 31 December 2012, to be paid quarterly in arrears.				
7. To re-appoint Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration.				
8. To authorise the Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50.				
9. 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.				
10. To approve the renewal of the Share Purchase Mandate.				

Dated this ________day of ________________ 2012

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. Save for members who are nominee companies, 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
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