



合成工業有限公司
HUP SENG INDUSTRIES BERHAD
(Company No. 226098-P)
(Incorporated in Malaysia)

Annual Report 2009





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CORPORATE
information

DIRECTORS

Keh (Kerk) Chu Koh
(Chairman)

Kerk Chiew Siong
(Vice Chairman)

Kuo Choo Song
(Managing Director)

Kerk Chian Tung
(Executive Director)

Teo Lee Teck
(Non-Executive Director)

Kerk Kar Han
(Non-Executive Director)

Woon Chin Chan
(Independent
Non-Executive Director)

Norita Binti Ja'afar
(Independent
Non-Executive Director)

Mazrina Binti Arifin
(Independent
Non-Executive Director)

Raja Khairul Anuar
Bin Raja Mokhtar
(Non-Executive Director)

Wee Hoe Soon @
Gooi Hoe Soon
(Alternate Director to
Woon Chin Chan)

SECRETARY

Leong Siew Foong

REGISTERED OFFICE

Suite 6.1A, Level 6
Menara Pelangi
Jalan Kuning, Taman Pelangi
80400 Johor Bahru
Johor Darul Ta'zim
Tel: (07) 332 3536
Fax: (07) 332 4536

PRINCIPAL PLACE OF BUSINESS

14, Jalan Kilang
Kawasan Perindustrian
Tongkang Pecah
83010 Batu Pahat
Johor Darul Ta'zim

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
(378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: (03) 7841 8000
Fax: (03) 7841 8151

PRINCIPAL BANKERS

RHB Bank Berhad
Malayan Banking Berhad
Public Bank Berhad
United Overseas Bank (Malaysia) Berhad
HSBC Bank Malaysia Berhad

AUDITORS

Ernst & Young
Chartered Accountants

STOCKS EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

The image features two chocolate chip cookies on a white plate. The cookies are golden-brown with visible dark chocolate chips. The background is a soft, out-of-focus indoor setting with light coming from a window. The text 'CORPORATE structure' is overlaid on the right side of the image.

CORPORATE structure



**HUP SENG PERUSAHAAN
MAKANAN (M) SDN BHD**
(Company No. 19770-K)



合成工業有限公司
HUP SENG INDUSTRIES BERHAD
(Company No. 226098-P)



**HUP SENG HOON YONG
BROTHERS SDN BHD**
(Company No. 31372-V)



**IN-COMIX FOOD
INDUSTRIES SDN BHD**
(Company No. 180753-V)

CHAIRMAN'S statement



On behalf of the Board of Directors of Hup Seng Industries Bhd. (“HSIB” or “the Company”), I am pleased to present the Annual Reports and Audited Financial Statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December, 2009.

REVIEW OF THE FINANCIAL PERFORMANCE

I am happy to report that the Group has done very well in profit performance for the financial year ended 31 December, 2009. Profit before tax jumped 68% to RM35.8 million from RM21.3 million a year ago. The much improved performance was attributed to favourable key input costs and continued cost control measures.

Revenue, however, declined slightly by about 3% to RM213 million as compared with preceding year corresponding period of RM220 million. Weaker consumer spending affected by the economic

recession experienced in most part of 2009, which in turn pressured all players in the market to compete more vigorously hoping to maintain their market share have impacted the Group’s full year sales performance.

Cash balance of the Group doubled to RM42 million as at the end of the financial year. Net asset per share stood at RM1.18 and earnings per share (EPS) improved significantly from 13.4 sen in 2008 to 22.4 sen based on the effect of the share split from 60,000,000 shares to 120,000,000 shares.

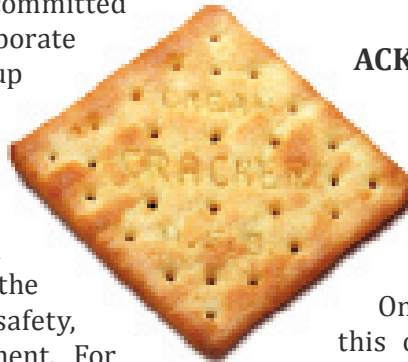
CHAIRMAN'S statement (cont'd)

DIVIDEND

The Board of Directors has declared a first interim dividend of 10% less 25% tax for the financial year ended 31 December, 2009 and a second interim dividend of 10% single tier, on 60,000,000 shares. These dividends were paid on 22 July, 2009 and 28 October, 2009 respectively. A final dividend of 4% single tier on 120,000,000 shares is recommended for this financial year.

CORPORATE SOCIAL RESPONSIBILITY

The Group recognizes the importance of a corporate culture that emphasizes good corporate social responsibility. The Group is committed to play its role as a caring corporate citizen. In line with this, the Group has continued to reach out to the community in making contributions toward the local community, for instances donations to various schools and associations. On a similar note, the Group places high importance on safety, health and employees development. For example, a committee relating to workplace safety is set up to promote awareness of safety in workplace. Various sports activities were organized for healthy and balanced working lifestyle for employees besides encouraging networking and socializing between colleagues and peer.



indicators are suggesting that Malaysia is poised to register positive economic growth for 2010. We expect the Group will fully leverage this positive economic sentiment to grow the top line as well as the bottom line, but are mindful of the risks to the recovery momentum.

While we remain cautiously optimistic, the management will continue its cautious approach undertaken to monitor, mitigate and respond to any negative economic headwinds through administration of operational cost controls and cash flows.

ACKNOWLEDGEMENT

To my colleagues on the Board, I would like to extend my gratitude for their contributions and guidance during the year.

On behalf of the Board of Directors, I take this opportunity to thank the management and employees at all levels for their support and contribution during the year.

Lastly, I would like to convey my sincere thanks to all shareholders, customers, selling agents, suppliers, business associates and relevant authorities for their continued support.

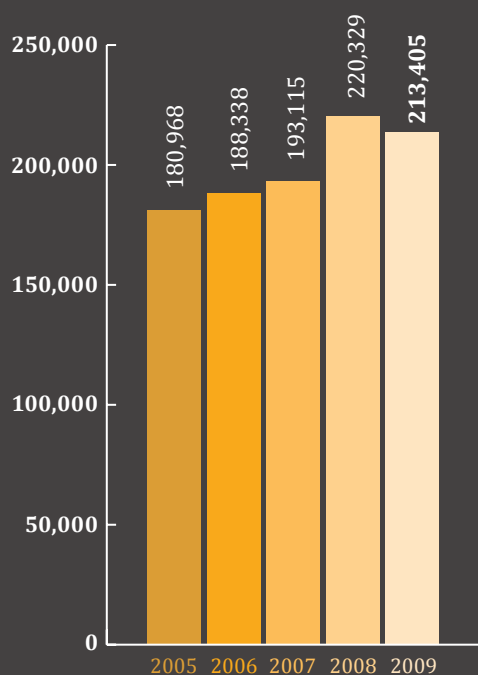
OUTLOOK and PROSPECTS

With the world economy on the mend in 2010, where recession is easing and recovery is emerging, we foresee the Malaysian economy to gain from the higher global demand for its products. Economic

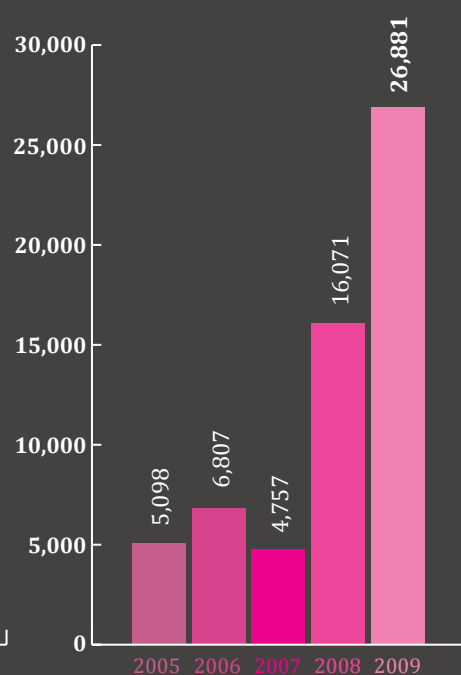
KEH (KERK) CHU KOH

Chairman

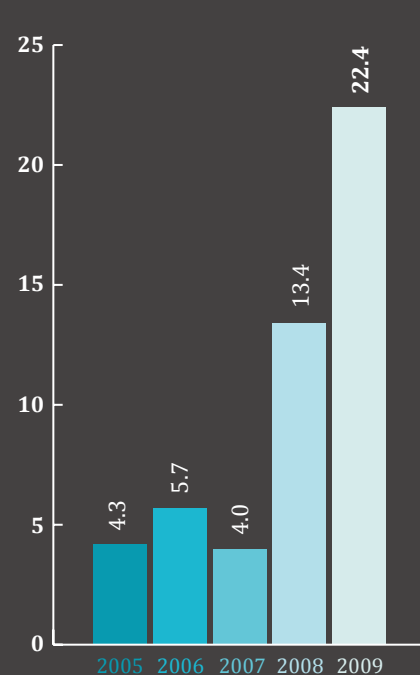
FIVE-YEAR group financial highlights



TURNOVER (RM'000)



PROFIT AFTER TAX (RM'000)



NET EARNING PER SHARE (SEN)

Financial year ended 31 December	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Turnover	180,968	188,338	193,115	220,329	213,405
Profit After Tax	5,098	6,807	4,757	16,071	26,881
Net Earning Per Share	4.3 sen	5.7 sen	4.0 sen	13.4 sen	22.4 sen

DIRECTORS' profile

Keh (Kerk) Chu Koh

Keh (Kerk) Chu Koh, Malaysian aged 67, is the Chairman of the Company. He became a member of the Board of Directors on 4 October, 1991 and was appointed as the Managing Director on 3 August, 2000. Subsequently, he is redesignated as Chairman on 1 February, 2003. He was the Deputy Managing Director of Hup Seng Perusahaan Makanan (M) Sdn. Bhd. ("HSPM") on 13 October, 1974 and then the Managing Director of the same on 1 April, 1977. He was appointed as the Deputy Managing Director on 21 April, 1977 and subsequently the Vice Chairman of Hup Seng Hoon Yong Brothers Sdn. Bhd. ("HSHY") on 1 January, 1990. He is the brother of Kuo Choo Song and Kerk Chiew Siong, and uncle of Kerk Chian Tung, Teo Lee Teck and Kerk Kar Han. His family relationship with shareholders of HSB Group Sdn. Bhd. (major shareholder of Hup Seng Industries Berhad ("HSIB")) is disclosed in page 14 of this Annual Report. He does not have any conflict of interest with the Company except for certain recurrent related party transactions of revenue or trading nature that is necessary for day-to-day operations of the Group. He has no convictions for any offences over the past 10 years. As one of the founders of Hup Seng Co., he has approximately 51 years of experience in the biscuits industry. He plans the Group's strategic business development and production development which includes the installation of various production facilities in the Group's factory and heads the research and development team which researches new varieties of biscuits. He contributed in obtaining the Certification of HACCP (Hazard Analysis Critical Control Point) & BRC (British Retail Consortium) for HSPM in year 2008, to ensure that product safety and quality are in line with global standard. He travels abroad extensively to keep abreast with the latest developments in the biscuits manufacturing industry and to assess new market prospects for the Group.

Kerk Chiew Siong

Kerk Chiew Siong, Malaysian aged 57, became a member of the Board of Directors on 4 October, 1991 and was appointed as an Executive Director on 3 August, 2000. His position as Executive Director was redesignated to Non-Executive Director on 1 February, 2003. On 17 August, 2006, he then became the Non-Executive Vice Chairman of the Company. He was appointed as the Director of HSPM on 12 March, 1981 and then as an Executive Director on 1 January, 1990 before being redesignated as Vice Chairman on 1 February, 2003. He was a Director of HSHY on 15 February, 1988 and then became the Deputy Managing Director of the same on 1 January, 1990 before being redesignated as Executive Director on 1 February, 2003. He is the brother of Kuo Choo Song and Keh (Kerk) Chu Koh, and uncle of Kerk Chian Tung, Teo Lee Teck and Kerk Kar Han. His family relationship with shareholders of HSB Group Sdn. Bhd. (major shareholder of HSIB) is disclosed in page 14 of this Annual Report. He does not have any conflict of interest with the Company except for certain recurrent related party transactions of revenue or trading nature that is necessary for day-to-day operations of the Group. He has no convictions for any offences over the past 10 years. He has more than 34 years of experience in the manufacturing and marketing of biscuits. As head of the Quality Assurance and Business Development Department, he is responsible for devising strategies for market development and researching the potentials of the Group's products in existing as well as new markets. He also ensures the Group's biscuits manufacturing quality control system meets the MS ISO9001:2000 requirements.

DIRECTORS' PROFILE (cont'd)



Kuo Choo Song

Kuo Choo Song, Malaysian aged 78, is the Managing Director of the Company. He became a member of the Board of Directors on 4 October, 1991 and was appointed as the Executive Chairman of the Company on 3 August, 2000. Subsequently, he is redesignated as Managing Director in HSIB on 1 February, 2003. He had been a member of the Audit Committee until 12 December, 2007. He was appointed as the Managing Director of HSPM on 13 October, 1974 and as the Chairman of the same since 1 April, 1977. He was subsequently redesignated as Vice Chairman of HSPM on 1 February, 2003. He has been the Chairman of HSHY since 21 April, 1977. He has over 51 years of experience in the biscuits industry at management and board levels. He is one of the founders of Hup Seng Co. which was established in 1958 and subsequently became HSPM in 1974. He is the elder brother of Keh (Kerk) Chu Koh and Kerk Chiew Siong, and uncle of Kerk Chian Tung, Teo Lee Teck and Kerk Kar Han. His family relationship with shareholders of HSB Group Sdn. Bhd. (major shareholder of HSIB) is disclosed in page 14 of this Annual Report. He does not have any conflict of interest with the Company except for certain recurrent related party transactions of revenue or trading nature that is necessary for day-to-day operations of the Group. He has no convictions for any offences over the past 10 years. His job responsibilities include planning the Hup Seng Group's business development programs and representing the Group at various external functions.

Kerk Chian Tung

Kerk Chian Tung, Malaysian aged 39, became a member of the Board of Directors of the Company on 15 November, 1999 and was appointed as an Executive Director of the same on 17 August, 2000. She is the niece of Kuo Choo Song, Keh (Kerk) Chu Koh and Kerk Chiew Siong, and cousin of Teo Lee Teck and Kerk Kar Han. Her family relationship with shareholders of HSB Group Sdn. Bhd. (major shareholder of HSIB) is disclosed in page 14 of this Annual Report. She does not have any conflict of interest with the Company nor conviction for any offences over the past 10 years.

She graduated with a bachelor degree in Accounting from the University of Southern Queensland, Australia in 1991 and a bachelor degree in Manufacturing Management from the University of Monash, Australia in 1994. She joined an accounting firm as an auditor in 1992 and later joined Arthur Andersen HRM (Tax Services) Sdn. Bhd., a public accounting firm as a Tax Consultant in 1995. In 1997, she was employed as an Assistant Business Development Manager in Jaya Tiasa Holdings Berhad, a public listed company involved in investment holding and provision of management services, extraction and sale of logs. She joined a trading company as a Finance Manager in 1998 and then resigned in 1999 to become an investment analyst in SBB Securities Sdn. Bhd., a company involved in stockbroking activities.



Teo Lee Teck

Teo Lee Teck, Malaysian aged 50, was appointed as a Non-Executive Director of the Company on 10 August, 2000. He is a member of the Remuneration Committee. He was a Director of HSPM on 20 March, 1984 and then an Executive Director of the same on 1 January, 1990. He started his career with HSPM in 1977 as a Chocolate Wafer Section supervisor and was promoted numerous times before assuming the position of Production Manager in 1987. During that period, he was actively involved in developing new products under the direction of the Chairman whilst continuously modifying and improving facilities of the machinery in the factory to move towards automation. In 1994 he was promoted to Project Manager, responsible for construction of factory and installation of new machines. He has more than 31 years of experience in biscuit manufacturing. He has been appointed as HSPM's Quality Management Representative of MS ISO 9001:2000 since 2002 and assisted in completion of the infrastructure in order to obtain HACCP & BRC Certification in 2008. He has been appointed as a Director for In-Comix Food Industries Sdn. Bhd. on 7 July, 2009, fully responsible for the product manufacturing, quality and hygienic assurance of the Company and provides full support to HACCP Management System; ensures the machineries & equipment of the factory is upgraded technologically in tandem with business development; meets with the Head of Operational Unit to discuss and resolve key operational and other key management issues regularly, highlights and discusses significant issues at Board meetings. He is the nephew of Kuo Choo Song, Keh (Kerk) Chu Koh and Kerk Chiew Siong, and cousin of Kerk Chian Tung and Kerk Kar Han. His family relationship with shareholders of HSB Group Sdn. Bhd. (major shareholder of HSIB) is disclosed in page 14 of this Annual Report. He does not have any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

Kerk Kar Han

Kerk Kar Han, Malaysian aged 42, was appointed as a Non-Executive Director of the Company on 15 August, 2006. He joined HSHY on 20 September, 1995 as a Management Executive. He was promoted to Admin Senior Executive in July, 1997. On 10 March, 1998, he was appointed as the Executive Director of HSHY. Subsequently, he was redesignated as Director cum Admin Senior Executive on 24 January, 2003. On 1 January, 2004, he was promoted to Director cum Assistant Admin Manager. His responsibilities include maintaining and improving the organizational administration system, ensuring the compliance of company policies, overseeing branches performance and participating in sales and marketing strategic planning and decision making as well as supervising, overseeing and co-ordinating operations of sales and marketing. He reports directly to Business Development Executive Director. He has more than 14 years of experience in business administration and management. He has been appointed as a Director for In-Comix Food Industries Sdn. Bhd. on 7 July, 2009, fully responsible for the admin, marketing & sales and material purchase of the Company and provides full support to HACCP Management System. He meets with the Head of Operational Unit to discuss and resolve key operational, financial and other key management issues regularly, highlights and discusses significant issues at Board meetings. He is the nephew of Kuo Choo Song, Keh (Kerk) Chu Koh and Kerk Chiew Siong, and cousin of Kerk Chian Tung and Teo Lee Teck. His family relationship with shareholders of HSB Group Sdn. Bhd. (major shareholder of HSIB) is disclosed in page 14 of this Annual Report. He does not have any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

DIRECTORS' PROFILE (cont'd)



Woon Chin Chan

Woon Chin Chan, Malaysian aged 51, was appointed as an Alternate Director to Wee Hoe Soon @ Gooi Hoe Soon (Independent Non-Executive Director) on 6 March, 2003. On 3 January, 2005, he became an Independent Non-Executive Director, Chairman of both the Audit Committee and Remuneration Committee whilst being a member of the Nomination Committee. He does not have any family relationship with any director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

He is a member of Malaysian Institute of Certified Public Accountant ("MICPA") and Malaysian Institute of Accountant ("MIA"). He acquired accounting qualification in the Malaysian Association of Certified Public Accountants in 1983. He is presently a consultant cum trainer in financial and related matters. Since 1990, he has been a project manager to various working groups that develop MASB Standard and conducts training for the professional staff of Bursa Malaysia Securities Berhad ("Bursa Securities") and Securities Commission. In addition, he provides consultancy services to SME on financial issues and reporting. From 1988 to 1990, he was a technical manager in MICPA developing various technical materials on accounting, taxation and company law. He also acted as secretary to technical committees and liaison bodies with the statutory bodies on accounting matters. He joined a major international accounting firm from 1980 to 1988, holding the position as an audit manager. While in the accounting firm, he was involved in various audit assignments and listing exercises, and engaged in due diligence and share valuation projects. He was appointed as an Independent Non-Executive Director of OCI Berhad, a public listed company, on 4 May, 2009.

Mazrina Binti Arifin

Mazrina Binti Arifin, Malaysian aged 42, was appointed as an Independent Non-Executive Director of the Company on 27 June, 2000. She is the Chairman of the Nomination Committee as well as a member of the Audit Committee. She does not have any family relationship with any director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences over the past 10 years.

She obtained a Bachelor of Science majoring in Accounting from the University of Hull, United Kingdom in 1991. She is qualified as a Certified Chartered Accountant from the Chartered Association of Certified Accountants in England since 1993. She was attached with Arthur Andersen HRM (Tax Services) Sdn. Bhd. from 1995 to 1998 and was a Senior Tax Consultant prior to her leaving the firm. She was the Founder and Managing Director of Under6'ers, Child Enrichment Centres, in Kuala Lumpur and Selangor from 1999 to 2006.

She was appointed as Finance Director for Springboard4 Asia Sdn Bhd, a UK based IT Consulting and Training firm and Director for Paddy Schubert Consultants in 2005.



Norita Binti Ja'afar

Norita Binti Ja'afar, Malaysian aged 38, was appointed as an Independent Non-Executive Director of the Company on 11 August, 2000. She is a member in both the Audit Committee and the Nomination Committee. She does not have any family relationship with any director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences over the past 10 years.

She obtained a Bachelor of Arts (Hons.) majoring in Economics from the University of Nottingham, United Kingdom in 1994. She obtained a Master of Science majoring in Fiscal Policy in Economics from the University of Bath, United Kingdom in 1995. She joined Arthur Andersen HRM (Tax Services) Sdn. Bhd. as a Tax Consultant from 1996 to 1997. Subsequently, she joined KAF Group of Companies as a Financial Analyst from 1997 to 1999. She went on to join FIMA Securities Sdn. Bhd. as Vice-President of Research from 1999 to 2000. Presently, she is the Managing Director of Sal's Food Industries Sdn. Bhd.

Raja Khairul Anuar Bin Raja Mokhtar

Raja Khairul Anuar Bin Raja Mokhtar, Malaysian aged 35, was appointed as a Non-Executive Director of the Company on 14 December, 2000. He was appointed as a member of the Audit Committee on 12 December, 2007 and is a member of the Remuneration Committee. He does not have any family relationship with any director and/or major shareholder. He does not have any conflict of interest with the Company nor convictions for any offences over the past 10 years.

He holds a Bachelor of Commerce (majoring in Finance and Marketing) and a Diploma of Commerce from Curtin University of Technology, Perth Western Australia in 1998. He started his career as an Executive at L&M Corporate (M) Bhd. from 1998 to 2000 and subsequently joined a Multinational IT company, Hewlett-Packard Sales (M) Sdn. Bhd., as a Business Analyst from 2001 to 2002. He is currently attached to EMKAY (Paradigma Intan Sdn. Bhd.), a property development company and as Executive Director for Skirmish Paintball Asia Sdn. Bhd. since 2004.

Wee Hoe Soon @ Gooi Hoe Soon

Wee Hoe Soon @ Gooi Hoe Soon, Malaysian aged 50, was appointed as an Independent Non-Executive Director of the Company on 27 June, 2000. He was appointed as the Chairman of both the Audit Committee and Remuneration Committee whilst being a member of the Nomination Committee until year 2004. On 3 January, 2005, he resigned from being an Independent Non-Executive Director, Chairman of Audit Committee and Remuneration Committee as well as member of the Nomination Committee and became an Alternate Director to Woon Chin Chan. He does not have any family relationship with any director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

Mr. Gooi is a member of MICPA and MIA. He has more than 23 years of experience in the fields of accounting and corporate finance and was Finance Director of several private and public listed companies on Bursa Securities. He has been instrumental in the successful implementation of several corporate exercises, which include merger and acquisition, and corporate debt restructuring exercises undertaken by public listed companies. He was appointed to the board of directors of Avenue Capital Resources Bhd. (formerly known as Avenue Assets Berhad) as a Non-Executive Director in 1999 and was subsequently appointed as the Group Managing Director in 2001 and Deputy Chairman in 2004, holding this last position until 2006. He was also a CEO/Executive Director – Dealing of Avenue Securities Sdn. Bhd. He now sits on the board of directors of several public companies such as Pos Malaysia Berhad, Winsun Technologies Berhad, Kobay Technology Berhad, EON Bank Berhad and MIMB Investment Bank Berhad.

Note: Please refer to page 15 of this Annual Report on the number of Board meetings attended in the financial year.



DIRECTORS' PROFILE (cont'd)



Family Relations between HSB Group Sdn. Bhd.'s shareholders and Hup Seng Industries Bhd.'s (HSIB) Directors are as follows:-

HSB Group's
Shareholders

Kuo Choo Song
(HSIB Director)

Ke (Kek) Kim
Soon @ Kerk
Choo Soon

Dato' Seri Ker
(Kerk) Kim
Tim @ Kerk
Choo Ting

Keh (Kerk)
Chu Koh (HSIB
Director)

Kerk Chiew
Siong (HSIB
Director)

Wife

Lau Ah Chik
@ Yap Swee
Keow
(deceased)

Tan Siew Kee

Sim Guat
Keow @ Sim
Han Che

Datin' Seri
Chang Yang
@ Chen Yong

Lem Leh Lee
@ Lim Mok
Lee

Son

Teo Lee Tong

Kuo Liong Yok

Kerk Kar
Han (HSIB
Director)

Kerk Gau Yang

Teo Lee
Teck (HSIB
Director)

Kuo Chee Ching

Kerk Han
Meng

Kerk Chong
Yong

Teo Lay Gak

Kuo Chee
Yoong

Kuo Chee Joo

Kuo Chee Hau

Kuo Chee Kian

Kuo Chee Koon

Daughter

Kerk Chian
Tung (HSIB
Director)

Kerk Shiang
Yih

STATEMENT ON corporate governance

Name of Director	Designation	No. of meetings attended (out of the total 5 meetings held)
Keh (Kerk) Chu Koh	Non-Executive Chairman	5/5
Kerk Chiew Siong	Non-Executive Vice Chairman	4/5
Kuo Choo Song	Managing Director	5/5
Kerk Chian Tung	Executive Director	5/5
Teo Lee Teck	Non-Executive Director	5/5
Kerk Kar Han	Non-Executive Director	5/5
Woon Chin Chan	Senior Independent Non-Executive Director	5/5
Mazrina Binti Arifin	Independent Non-Executive Director	4/5
Norita Binti Ja'afar	Independent Non-Executive Director	5/5
Raja Khairul Anuar Bin Raja Mokhtar	Non-Executive Director	4/5
Wee Hoe Soon @ Gooi Hoe Soon	Alternate Director to Woon Chin Chan	0/5

STATEMENT ON corporate governance (cont'd)

BOARD OF DIRECTORS (cont'd)

Duties and Responsibilities (cont'd)

In line with the MCGG, the roles and responsibilities of Chairman and Managing Director are separated. The responsibility of Chairman is primarily to ensure that conduct and working of the Board is in an orderly and effective manner whilst the Managing Director manages the daily running of business and implementation of Board policies. The Managing Director is accountable for the profitable operation and strategic development of the Group, and obliged to refer major matters back to the Board.

The Independent Non-Executive Directors on the Board were elected with the objective of safeguarding the shareholders' interests whilst contributing impartial and objective judgment to the decision making process of the Board.

Supply and Access to Information

Prior to Board meetings, the Company Secretary and management would provide agenda and board papers to the Board members on a timely basis. The board papers include minutes of previous meeting, quarterly financial results, supporting management reports and copies of signed resolution for the months in concerned. In addition, the Board also receives qualitative information from relevant departments of the Group, as needs arise.

The Board members have full and unrestricted access to all information pertaining to the Group's business affairs. When necessary, the Board members may seek external professional advice, whether as a full Board or in their individual capacity, to enable them to discharge their duties with adequate knowledge at the expense of the Company. All directors may gain full access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that relevant rules and regulations are complied with. The Company Secretary attends all board meetings and all proceedings and conclusion from the Board meetings are minuted and signed by Chairman.

Re-election

Article 76 of the Articles of Association of the Company provides that all the Directors of the Company shall retire from office once at least in every three (3) years but shall be eligible for re-election. The Articles of Association also provide that at the Annual General Meeting ("AGM") in every subsequent year, one-third (1/3) of the existing Directors or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election.

According to Article 83 of the Articles of Association of the Company, Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment.

In accordance with Section 129(6) of the Companies Act, 1965, directors over seventy years of age are required to submit themselves for re-appointment annually. Kuo Choo Song, the Managing Director, is due for re-appointment pursuant to Section 129(6) of the Companies Act, 1965 at the forthcoming AGM.

Directors' Training

To date, all existing directors have attended sufficient Continuing Education Programme ("CEP") as required by Bursa Securities. The directors will continue to attend relevant seminars and programmes as a continuous process recommended by Bursa Securities.

The Board members are encouraged to attend continuous education programmes and seminars to keep themselves updated with developments in the marketplace. Chairman of the Audit Committee, Woon Chin Chan, who is a seminar speaker by profession has conducted numerous seminars organised by Bursatra Sdn. Bhd. in 2009. In 2009, training programmes attended by directors of the Company are as follows:-

1.	Keh (Kerk) Chu Koh	▶ Positive Working Attitude (In-house training of Hup Seng Perusahaan Makanan (M) Sdn. Bhd.)	20 - 22/06/2009
2.	Kuo Choo Song	▶ Positive Working Attitude (In-house training of Hup Seng Perusahaan Makanan (M) Sdn. Bhd.)	27 - 29/06/2009
3.	Kerk Chian Tung	▶ 6 th Superlative Annual Brand Marketing Conference ▶ 2010 Budget Seminar	27 & 28/07/2009 28/10/2009
4.	Teo Lee Teck	▶ Positive Working Attitude (In-house training of Hup Seng Perusahaan Makanan (M) Sdn. Bhd.)	27 - 29/06/2009

STATEMENT ON corporate governance (cont'd)

BOARD OF DIRECTORS (cont'd)

Directors' Training (cont'd)

5.	Kerk Kar Han	▶ 6 th Superlative Annual Brand Marketing Conference	27 & 28/07/2009
		▶ Positive Working Attitude (In-house training of Hup Seng Perusahaan Makanan (M) Sdn. Bhd.)	27 - 29/06/2009
6.	Woon Chin Chan	▶ MASB Conference: Accounting Challenges in Turbulent Times	29/04/2009
7.	Mazrina Binti Arifin	▶ 2010 Budget Seminar	28/10/2009

DIRECTORS REMUNERATION

Directors' Remuneration

Listed below is a summary of the aggregate remuneration package of the Directors received/receivable from the Company and its subsidiaries for the financial year ended 31 December, 2009, categorised into appropriate components.

	Salary (RM)	Fees (RM)	Bonus & allowance (RM)	Benefits-in-kind (RM)
Executive	915,360	140,000	458,174	37,692
Non-Executive	1,745,040	530,000	915,222	112,796

The number of Directors whose remuneration falls into each successive band of RM50,000 for the financial year ended 31 December, 2009 is disclosed as follows:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM50,001 to RM100,000	—	4
RM350,001 to RM400,000	—	1
RM400,001 to RM450,000	1	—
RM450,001 to RM500,000	—	1
RM1,100,001 to RM1,150,000	1	2

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board of Directors recognises its responsibilities in ensuring that the financial statements are prepared in accordance with the applicable approved accounting standards in Malaysia and provisions of the Companies Act, 1965. The Board also acknowledges its responsibility for presenting a fair and reasonable assessment of the financial position of the Group in the forms of annual and quarterly financial statements to its shareholders. Upon recommendations given by the Audit Committee of the financial statements, the Board will engage in discussions and reviews before approving them and subsequently releasing them to the public, Securities Commission ("SC") and Bursa Securities.

The Directors' Responsibility Statement in relations to the Audited Financial Statements pursuant to Paragraph 15.27 (a) of the Listing Requirements of Bursa Securities is provided on page 19 herein. In addition, the Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is included in this Annual Report.

Internal Control

The Board is aware of the importance of establishing and maintaining a sound internal control system in the Company and its subsidiaries to safeguard shareholders' interest and Group's assets. The Board continuously reviews and examines the effectiveness and efficiency of the internal control system on financial, operational and compliance risk and will seek

STATEMENT ON corporate governance (cont'd)

ACCOUNTABILITY AND AUDIT (cont'd)

Internal Control (cont'd)

alternative ways for improvement should any weakness be detected and identified. The system can only provide reasonable assurance against misstatement, loss or fraud as certain threats and risks are externally driven, unforeseen and beyond the control of the Group.

The Statement of Internal Control is set out on page 26 of this report.

Relationship with Auditors

The Board maintains a formal relationship with the auditors in seeking their advice to ensure compliance with the applicable accounting standards. The external auditors regularly bring up relevant matters that need to be addressed during the Audit Committee meetings and Board meetings.

The re-appointment and the remuneration of the external auditors have been recommended by the Audit Committee and are subject to the approval of shareholders and Board of Directors in the forthcoming AGM.

The role of the internal auditors is outlined in the Audit Committee Report.

SHAREHOLDERS AND INVESTORS

The Annual Report, press release as well as disclosures and announcements to Bursa Securities, such as quarterly and annual financial results are the primary means of communication between the Company and shareholders. The Board acknowledges the importance of disseminating information adhering to the disclosure requirements of the Bursa Securities to the shareholders on a timely basis and consequently ensures that the investors are well informed of any major developments of the Group. Notice of the AGM is issued to the shareholders at least 21 days prior to the date of AGM, in which separate resolutions to be proposed at the AGM for each distinct issue are provided.

The AGM serves as the primary forum to foster dialogue with shareholders. The Board ensures that adequate time is allocated for the question and answer session so that shareholders can clarify matters in relation to resolutions being proposed at the meeting as well as operational and corporate affairs. Upon request, the Directors will also meet up with the investors, press and investment analysts, and disseminate information adhering to the disclosure requirements of Bursa Securities.

While conducting presentations and interviews, the Board takes necessary precautions to ensure that price sensitive and information regarded as material undisclosed information about the Group is not revealed until after the prescribed announcement to the Bursa Securities has been made. With all the above means, the Company strives to ensure that an open and transparent channel of communication is maintained with its shareholders, institutional investors and the investing public at large.

CORPORATE SOCIAL RESPONSIBILITY

The Group recognises the need and responsibility to care for the community and strives to balance its social responsibility to the society with its business objectives and shareholders' expectations. The Group has taken some initiatives to reduction the carbon footprint a couple of years ago and particularly with the installation of Mobile Sale System, paper usage at the sales front has been reduced noticeably. Furthermore, the Group continues to improve on the efficiency of its manufacturing process in such way that leads to reduction in diesel and gas usage as well as production wastages.

In 2009, the Group continued to donate monies to local schools and associations. In addition, the Group also sponsored Company's products to universities, colleges, secondary schools and primary schools as well as associations in Malaysia. Through these associations, products of the Group were donated to single parent families, handicapped associations and families under poverty. On charity front, the Group sponsored products for fund raising activities in schools, religious bodies and charity organisations.

With regards to staff welfare, Occupational Safety and Health Programme had been installed providing a safe and healthy workplace for the employees, staff and visitors. Regular trainings at all levels are conducted in order to maintain safety awareness of the employees.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

Please refer to page 67 of the audited accounts in this Annual Report.

STATEMENT OF DIRECTORS' responsibilities in relation to financial statement

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the income statement and cash flows of the Company and the Group for the financial year. The Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965 is stated on page 32 of the Annual Report.

The Directors are of the view that, in preparing the financial statements of the Company and the Group for the year ended 31 December, 2009, the Company has adopted appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgements and estimates. The Directors have also considered that all applicable accounting standards have been followed during the preparation of the financial statements.

The Directors are responsible for ensuring that the Company keeps adequate accounting records that disclose with reasonable accuracy the financial position of the Company and the Group to enable them to ensure that the financial statements comply with the requirements of the Companies Act, 1965.

The Directors have ensured timely release of quarterly and annual financial results of the Company and Group to Bursa Securities so that the public and investors are informed of the Group's development.

The Directors also have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group, and to detect and prevent fraud and other irregularities.

OTHER COMPLIANCE information

a) Share Buybacks

There were no share buybacks by the Company during the financial year.

b) Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposal during the financial year.

c) Depository Receipts Programme

The Company did not sponsor any Depository Receipts Programme during the financial year.

d) Profit Estimate, Forecast or Projection

The Company did not release any profit estimate, forecast or projection for the financial year.

e) Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

f) Options, warrants or convertible securities

There were no options, warrants or convertible securities issued during the financial year.

g) Contracts Relating to Loan

There were no contracts relating to a loan by the Company and its subsidiaries in respect of the preceding terms.

h) Deviation in Financial Results

There was no material deviation between the results for the financial year and the unaudited results previously announced.

i) Non-Audit Fee

There was no non-audit fee paid to the external auditors for the financial year 31 December, 2009.

j) Sanctions and Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year 31 December, 2009.

k) Material Contracts

None of the Directors and major shareholders has any material contract with the Company and/or its subsidiaries during the financial year.

l) Revaluation Policy

There were no revaluations performed on all properties of the Group during the financial year.

COMPOSITION

The Committee comprises four (4) members and all of whom are Non-Executive Directors, with the majority of them being Independent Non-Executive Directors. One (1) member of the Committee is a member of the Malaysian Institute of Accountants ("MIA"). The current members of the Committee and their respective designations are as follows:-

- Woon Chin Chan
(Senior Independent Non-Executive Director)
Appointed on 3 January, 2005 as Chairman of Audit Committee
Member of MIA
- Mazrina Binti Arifin
(Independent Non-Executive Director)
Appointed on 3 August, 2000
- Norita Binti Ja'afar
(Independent Non-Executive Director)
Appointed on 27 August, 2002
- Raja Khairul Anuar Bin Raja Mokhtar
(Non-Executive Director)
Appointed on 12 December, 2007

TERMS OF REFERENCE FOR AUDIT COMMITTEE

Constitution

The Committee shall be appointed by the Board from amongst their number (pursuant to a resolution of the Board of Directors) excluding alternate director and shall consist of not fewer than three (3) members of whom a majority must be independent directors as defined in the Listing Requirements.

The Audit Committee shall ensure:

- All members of the Audit Committee should be non-executive directors and financially literate; and
- At least one member of the Audit Committee:-
 - i) must be a member of the Malaysian Institute of Accountants; or
 - ii) If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (ab) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
 - iii) fulfils such other requirements as prescribed by the Bursa Malaysia Securities Berhad ("Bursa Securities").

The members of the Committee shall select a Chairman from amongst their number who shall be an independent director.

If a member of the Committee resigns, dies or for any other reason ceases to be member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the terms of office and performance of the Committee and each of its members at least once every three (3) years.

AUDIT committee (cont'd)

TERMS OF REFERENCE FOR AUDIT COMMITTEE (cont'd)

Authority

The Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Company;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- e) be able to obtain independent professional or other advice;
- f) be able to convene meeting(s) with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary; and
- g) have authority to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

Functions

Duties and Responsibilities

- a) To review and report the following to the Board:
 - 1) with the external auditor, the audit plan;
 - 2) with the external auditor, his evaluation of the system of internal control;
 - 3) with the external auditor, his audit report;
 - 4) the assistance given by the Company's officers to the external auditor;
 - 5) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - i) changes in or implementation of major accounting policy changes;
 - ii) significant and unusual events; and
 - iii) compliance with accounting standards and other legal requirements;
 - 6) the external auditor's management letter and management's response;
 - 7) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - 8) any letter of resignation including the written explanations of the resignation from the external auditors of the Company; and
 - 9) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.
- b) To do the following, in relation to the internal audit function:-
 - review the adequacy of the scope, functions, competency and resources of internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

TERMS OF REFERENCE FOR AUDIT COMMITTEE (cont'd)

Functions (cont'd)

Duties and Responsibilities (cont'd)

- c) To recommend or consider the nomination of a person or persons as external auditors together with such other functions as may be agreed to by the Audit Committee and the Board of Directors.
- d) To verify the criteria for allocation of options pursuant to share scheme for employee.

Meeting and Reporting Procedure

- a) The Committee shall meet as the Chairman deems necessary but not less than four (4) times a year.
- b) The external auditors may request a meeting if they consider that one is necessary and shall have the right to appear and be heard at any meeting of the Committee.
- c) The Chairman shall convene a meeting whenever any member of the Committee requests for a meeting.
- d) Written notice of the meeting together with the agenda shall be given to the members of the Committee and external auditor where applicable.
- e) The Financial Controller, the Head of Internal Audit (where such a function exists) and a representative of the external auditors shall normally attend meetings.
- f) At least twice a year the Committee shall meet with the external auditors without executive Board members present.
- g) The Chairman shall be entitled, where deemed appropriate, to invite other Board members, employees, professionals and/or any person(s) with the relevant experience and expertise to attend meetings of the Committee.

The Committee meeting minutes are to be extended to the Chairman of Hup Seng Industries Berhad who will report to the Board of Directors.

Secretary

The Company Secretary shall be the Secretary of the Committee.

The Secretary is responsible for:-

- 1) sending out notices of meetings; and
- 2) preparing and keeping minutes of meetings

Quorum

Two members of the Committee present at the meeting shall constitute a quorum and the majority of members present must be independent directors.

ACTIVITIES DURING THE YEAR

Meetings

The Audit Committee meets regularly, with four (4) meetings held during the financial year ended 31 December, 2009. Prior to each Audit Committee meeting, a full set of Audit Committee papers and due notice of issues to be discussed are given on a timely basis. All meetings are attended with the presence of Company Secretary whereby all proceedings and conclusion from the Audit Committee meetings are minuted and signed by the Chairman. The Internal and External Auditors, Group Financial Controller and the Board were invited to attend these meetings to advise and clarify the accounting issues and company matters. Chairman of the Audit Committee maintained a constant flow of communication with the senior management, e.g. Chairman of the Board, Managing Director, Group Financial Controller, Head of External and Internal Auditors, to be kept informed and updated with matters affecting the Group. Two (2) meetings between the Audit Committee and the External Auditors without the presence of executive director(s) were held during calendar year 2009.

AUDIT committee (cont'd)

ACTIVITIES DURING THE YEAR (cont'd)

The dates and attendees of the meetings held are stated below:-

Attended by	Dates of Meeting				Total meetings attended
	17 Feb 2009	19 May 2009	18 Aug 2009	10 Nov 2009	
Woon Chin Chan	✓	✓	✓	✓	4/4
Mazrina Binti Arifin	✓	✓	✓	✓	4/4
Norita Binti Ja'afar	✓	✓	✓	✓	4/4
Raja Khairul Anuar Bin Raja Mokhtar	✓	✓	—	✓	3/4

The Audit Committee carried out the following activities during the financial year:-

- Reviewed the quarterly unaudited financial reports before recommending them to the Board of Directors for subsequent consideration and approval.
- Reviewed the audited financial statements before submitting them to the Board, ensuring that the financial statements were prepared in accordance with the applicable approved accounting standards and provisions of the Companies Act, 1965.
- Evaluated the performance of the External Auditors and made recommendations on their appointment to the Board.
- Discussed and attended to the key aspects of business operations that would affect the profitability and growth of the Company and its subsidiaries.
- Reviewed the internal control systems of the Group for the year.
- Reviewed the quarterly management reports, which provided the detailed breakdown of income statements of the three subsidiaries, revenue analysis, principal markets of manufactured products, analysis of sales outlets, production output and capacity, etc.
- Reviewed and discussed Related Party Transactions ("RPT") and Recurrent Related Party Transactions ("RRPT") with the Group Financial Controller, the External Auditors and the Company Secretary, to ascertain if the transactions are conducted at arm's length and on normal commercial terms, and such transactions are not detrimental to the interest of minority shareholders.

Duties and responsibilities of the Committee were discharged according to its Terms of Reference.

Internal Audit activities during the year

Internal audit function was conducted by an outsourced professional firm with an objective that independent feedback and reviews will be provided to the Audit Committee and subsequently the Board of Directors. The Audit Committee reviewed through the findings of the internal auditors to ensure that any major weaknesses are recognized and rectified on a timely basis, and an effective and efficient internal control system is well maintained.

Three (3) internal audit reports were provided to the Audit Committee in a year. The internal auditors reported on their findings, recommended corrective measures to be taken by the management and the management responses thereto. Subsequently, the internal auditors followed up on the extent of their recommendations being implemented by the management.

During the financial year, there was no material internal control weakness that would have resulted in any significant loss to the Group.

Further review on internal control system was also done by the Audit Committee through discussion with relevant management during the Board meeting whereby other concerns were addressed.

Nomination Committee

All the three (3) Nomination Committee members appointed are Independent Non-Executive Directors and they are namely:-

- Mazrina Binti Arifin
(Chairperson, Independent Non-Executive Director)
- Norita Binti Ja'afar
(Member, Independent Non-Executive Director)
- Woon Chin Chan
(Member, Independent Non-Executive Director)

The Nomination Committee is responsible for:-

- Reviewing composition of the Board and making recommendation on the appointment of new Director and Board Committees member to the Board.
- Conducting annual review on the required mix of skills, experience and core competencies required on the Board, as well as the size of Board and Non-Executive participation.
- Reviewing on an annual basis the appropriate balance and size of the Board for determination of the number of Directors on the Board.
- Recommending suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors.
- Assessing the effectiveness of the Board, the Board Committees and the contribution of each individual director.

The Committee may use the services of professional recruitment companies to source for the appropriate candidates for directorship. In carrying out its duties and responsibilities, the Nomination Committee will basically have full, free and unrestricted access to the Company's records, properties and personnel.

Nomination Committee is establishing the procedures and processes towards an annual assessment of the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual director, including independent non-executive directors as well as the managing director. These assessments are properly documented.

During the financial year, the Committee convened one (1) meeting on 17 December, 2009, and all the committee members attended the meeting.

Remuneration Committee

All of the Committee members appointed are Non-Executive Directors. Members of the Remuneration Committee are namely:-

- Woon Chin Chan
(Member, Independent Non-Executive Director)
- Raja Khairul Anuar Bin Raja Mokhtar
(Member, Non-Executive Director)
- Teo Lee Teck
(Member, Non-Executive Director)

The Remuneration Committee is responsible for:-

- Assessing the performance and commitment of the Group's Directors and senior management officers and ensuring their remuneration package reflects their involvement, responsibility undertaken, contributions and level of performance for the year.
- Recommending to the Board on the appropriateness of the remuneration package of the Directors and senior management officers based on their assessment.

The individual directors, including Executive Directors and Non-Executive Directors (including the Non-Executive Chairman) should abstain from the deliberations and voting on decisions in respect of their own remuneration package and entitlement.

In carrying out its duties and responsibilities, the Remuneration Committee will in principle have full, free and unrestricted access to the Company's records, properties and personnel. The Remuneration Committee may obtain the advice of external consultants on the appropriateness of remuneration package.

One (1) meeting was held on 17 December, 2009 during the financial year ended 31 December, 2009 and all the remuneration committee members attended the meeting.

STATEMENT ON internal control

Board Responsibility

The Board of Directors of Hup Seng Industries Berhad acknowledges that it is responsible to establish an effective control environment and framework, as well as review the adequacy and integrity of the risk management in financial, operational and compliance functions. Because of the limitations that are inherent in any systems of internal control, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly these systems can only provide reasonable and not absolute assurances against material misstatement or loss.

Internal Audit Function

An independent risk management company has been appointed as Internal Auditors during the year to review the adequacy and effectiveness of the internal control system of the Group.

The Internal Auditors reviewed key processes within the Group, provided recommendations to the management on the necessary measures to be taken and then reported on the management's response in relation to the recommendations. In subsequent meeting, the Internal Auditors then reported their follow up on the extent of implementations by the management on the recommendations. The Audit Committee would discuss and agree with the Internal Auditors on areas to be audited and receive reports from the Internal Auditors before presenting the internal audit report and making recommendations to the Board of Directors.

This year, internal audit activities were conducted on purchasing and packing processes, as well as production and quality assurance processes of a subsidiary of the Group, namely Hup Seng Perusahaan Makanan (M) Sdn. Bhd., and review on corporate governance of the Group.

The Board, through Senior Management and Audit Committee, ensures that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group. This includes examining principal business risks in critical areas and identifying measures to mitigate these risks. This process is regularly reviewed by the Audit Committee and the Board and accords with the Statement on Internal Control: Guidance For the Directors of Public Listed Companies. The process has been in place during the year under review and up to the date of approval of this annual report.

The Company incurred approximately RM80,000 on the internal audit activities for financial year ended 31 December, 2009.

Key Elements of Internal Control System

The Group's internal control key processes include the following:

- An organization structure which formally defines lines of responsibility and delegation of authority.
- Policies and procedures of most operating units within the Group are documented in the Standard Practice Instructions.
- Key functions such as corporate affairs, finance, tax, treasury and human resources are controlled centrally.
- Incompatible responsibilities are properly segregated to ensure that no staff is in total control of the whole transactions.
- There is an annual budgeting and target setting process which includes forecasts for each operating units with detailed reviews at all levels of operations. The Board reviews and approves the annual budget.
- There is effective reporting system in place to ensure timely generation of financial information for management review.
- Operating units meetings are conducted regularly to review financial performance, business development and deliberate on management issues.
- Managing Director meets with senior management/all operating units to discuss and resolve key operational, financial and other key management issues regularly. Significant issues are highlighted and discussed at Board meetings.
- The internal audit function adopts a risk-based approach in identifying areas of priority and carries out its work according to an audit plan approved by the Audit Committee. The Audit Committee holds regular meetings and reviews internal audit reports covering such matters, and ensures that weaknesses in controls highlighted are appropriately addressed by management.
- The Audit Committee has access to external auditors and their reports and meets with them to discuss on their findings and report.
- The Group has a policy on financial limits and approving authority for its operating and capital expenditure.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Internal Control for the inclusion in the annual report of the Company for the year ended 31 December, 2009.

The Statement is made in accordance with a resolution of the Board of Directors.

FINANCIAL statements

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DIRECTORS' report

Directors' report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December, 2009.

Principal activity

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are manufacture and sales of biscuits and coffee mix, and dealers in biscuits, confectionery and other foodstuff.

There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit for the year	<u>26,880,497</u>	<u>11,579,927</u>
Attributable to:		
Equity holders of the Company	<u>26,880,497</u>	<u>11,579,927</u>

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amount of dividends paid by the Company since 31 December, 2008 were as follows :

	RM
In respect of the financial year ended 31 December, 2009 :	
Interim dividend of 10% less 25% taxation, on 60,000,000 ordinary shares	4,500,000
Interim dividend of 10% single tier, on 60,000,000 ordinary shares	<u>6,000,000</u>
	<u>10,500,000</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December, 2009, of 4% single tier, on 120,000,000 ordinary shares, amounting to a dividend payable of RM4,800,000 (4 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December, 2010.

Directors

The names of the Directors of the Company in office since the date of the last report and at the date of this report are :

Keh (Kerk) Chu Koh	(Chairman)
Kerk Chiew Siong	(Vice Chairman)
Kuo Choo Song	(Managing Director)
Kerk Chian Tung	(Executive Director)
Teo Lee Teck	(Non-Executive Director)
Kerk Kar Han	(Non-Executive Director)
Woon Chin Chan	(Independent Non-Executive Director)
Norita Binti Ja'afar	(Independent Non-Executive Director)
Mazrina Binti Arifin	(Independent Non-Executive Director)
Raja Khairul Anuar Bin Raja Mokhtar	(Non-Executive Director)
Wee Hoe Soon @ Gooi Hoe Soon	(Alternate Director to Woon Chin Chan)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement, to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 7 of the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he/she is a member or with a company in which he/she has a substantial financial interest, except as disclosed in Note 25 to the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

The Company	Number of Ordinary Shares of RM 1 each			
	1 January, 2009	Bought	Sold	31 December, 2009
Direct interest				
Kuo Choo Song	218,000	—	—	218,000
Keh (Kerk) Chu Koh	548,000	—	—	548,000
Teo Lee Teck	387,000	—	—	387,000
Kerk Chian Tung	950,000	—	—	950,000
Kerk Kar Han	325,000	29,000	—	354,000
Kerk Chiew Siong	100,000	130,000	—	230,000
Deemed interest				
Kuo Choo Song	32,503,300	709,900	—	33,213,200 *
Keh (Kerk) Chu Koh	30,956,000	—	—	30,956,000 *
Teo Lee Teck	30,640,000	—	—	30,640,000 *
Kerk Kar Han	30,618,000	—	—	30,618,000 *
Kerk Chiew Siong	588,000	135,000	—	723,000 **
Holding company				
HSB Group Sdn Bhd				
Direct Interest				
Kuo Choo Song	1,099,506	—	—	1,099,506
Keh (Kerk) Chu Koh	3,030,988	—	—	3,030,988
Kerk Chiew Siong	3,756,871	—	—	3,756,871
Teo Lee Teck	2,038,501	—	—	2,038,501
Kerk Kar Han	1,534,192	—	—	1,534,192
Deemed interest				
Kuo Choo Song	5,818,459	—	—	5,818,459 **
Keh (Kerk) Chu Koh	2,486,094	—	—	2,486,094 **

* Deemed interested by virtue of his and/or his associates' interests in HSB Group Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and Section 134 of the Companies (Amendment) Act 2007.

** Deemed interested by virtue of his interests pursuant to Section 134 of the Companies (Amendment) Act 2007.

Directors' interests (cont'd)

Kuo Choo Song, Keh (Kerk) Chu Koh, Teo Lee Teck and Kerk Kar Han, by virtue of their interest in the Company, are deemed interested in the shares of the subsidiary companies to the extent that the Company has an interest.

Other statutory information

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading and inappropriate.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements and consolidated financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year under review which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Subsequent event

Details of a subsequent event are disclosed in Note 22 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 22 March, 2010.

Keh (Kerk) Chu Koh

Kuo Choo Song

STATEMENT by directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Keh (Kerk) Chu Koh and Kuo Choo Song, being two of the Directors of Hup Seng Industries Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 34 to 71 are drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December, 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 22 March, 2010.

Keh (Kerk) Chu Koh

Kuo Choo Song

STATUTORY declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Quek Ah Kow, being the officer primarily responsible for the financial management of Hup Seng Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 34 to 71 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed Quek Ah Kow at Batu Pahat in)
the State of Johor Darul Ta'zim on)
22 March, 2010) Quek Ah Kow

Before me,



**NO. 131A, JALAN SULTANAH
83000 BATU PAHAT, JOHOR**

Report on the financial statements

We have audited the financial statements of Hup Seng Industries Berhad, which comprise the balance sheets as at 31 December, 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 71.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December, 2009 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF 0039
Chartered Accountants

Wun Mow Sang
1821/12/10(J)
Chartered Accountant

Johor Bahru, Malaysia
Date: 22 March, 2010

INCOME STATEMENT of the group

For the year ended 31 December, 2009

	Note	2009 RM	2008 RM
Revenue	3	213,405,132	220,329,264
Cost of sales	4	<u>(138,730,913)</u>	<u>(160,833,820)</u>
Gross profit		74,674,219	59,495,444
Other income	3	1,866,323	1,883,155
Administrative expenses		(17,120,606)	(15,526,004)
Selling and marketing expenses		<u>(23,619,444)</u>	<u>(24,504,253)</u>
Operating profit	5	35,800,492	21,348,342
Finance cost		<u>(627)</u>	<u>(7,147)</u>
Profit before tax		35,799,865	21,341,195
Income tax expense	8	<u>(8,919,368)</u>	<u>(5,270,394)</u>
Profit for the year		<u>26,880,497</u>	<u>16,070,801</u>
Attributable to : Equity holders of the Company		<u>26,880,497</u>	<u>16,070,801</u>
Earnings per share attributable to equity holders of the Company (sen):			
Basic, for profit for the year	9	<u>22.4</u>	<u>13.4</u>
Diluted, for profit for the year	9	<u>22.4</u>	<u>13.4</u>
Dividends per share (sen)	10	<u>17.50</u>	<u>7.40</u>

The accompanying notes form an integral part of the financial statements.

INCOME STATEMENT of the company

For the year ended 31 December, 2009

	Note	2009 RM	2008 RM
Gross dividends from subsidiaries		17,916,000	12,966,000
Interest income		<u>265,173</u>	<u>163,608</u>
Revenue		18,181,173	13,129,608
Administrative expenses		<u>(2,666,116)</u>	<u>(2,373,654)</u>
Profit before tax	5	15,515,057	10,755,954
Income tax expense	8	<u>(3,935,130)</u>	<u>(2,843,748)</u>
Profit for the year		<u>11,579,927</u>	<u>7,912,206</u>
Dividends per share (sen)	10	<u>17.50</u>	<u>7.40</u>

The accompanying notes form an integral part of the financial statements.

BALANCE sheets

As at 31 December, 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Assets					
Non-current assets					
Property, plant and equipment	11	66,074,493	70,653,265	355,582	443,235
Investment properties	12	1,865,671	1,882,526	—	—
Prepaid land lease payments	13	4,959,874	5,085,565	—	—
Investment in subsidiaries	14	—	—	65,327,211	65,327,211
Goodwill on consolidation	15	13,227,508	13,227,508	—	—
Deferred tax assets	21	483,543	610,170	9,749	9,516
		<u>86,611,089</u>	<u>91,459,034</u>	<u>65,692,542</u>	<u>65,779,962</u>
Current assets					
Amount owing by subsidiaries	14	—	—	4,200,000	4,500,000
Inventories	16	23,418,474	20,282,491	—	—
Trade and other receivables	17	32,727,914	33,504,972	105,175	34,862
Tax recoverable		2,153,919	1,688,218	2,125,952	1,586,455
Cash and bank balances	18	42,219,598	21,224,792	11,176,172	10,196,584
		<u>100,519,905</u>	<u>76,700,473</u>	<u>17,607,299</u>	<u>16,317,901</u>
Total assets		<u>187,130,994</u>	<u>168,159,507</u>	<u>83,299,841</u>	<u>82,097,863</u>
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	22	60,000,000	60,000,000	60,000,000	60,000,000
Share premium		14,333,133	14,333,133	14,333,133	14,333,133
Other reserves	23	2,621,865	741,468	—	—
Retained earnings	24	64,706,562	50,691,989	7,856,256	6,776,329
Total equity		<u>141,661,560</u>	<u>125,766,590</u>	<u>82,189,389</u>	<u>81,109,462</u>
Non-current liability					
Deferred tax liabilities	21	<u>8,712,248</u>	<u>9,159,479</u>	<u>8,414</u>	<u>12,554</u>
Current liabilities					
Trade and other payables	19	33,423,934	31,376,270	1,102,038	975,847
Taxation		3,333,252	1,857,168	—	—
		<u>36,757,186</u>	<u>33,233,438</u>	<u>1,102,038</u>	<u>975,847</u>
Total liabilities		<u>45,469,434</u>	<u>42,392,917</u>	<u>1,110,452</u>	<u>988,401</u>
Total equity and liabilities		<u>187,130,994</u>	<u>168,159,507</u>	<u>83,299,841</u>	<u>82,097,863</u>

The accompanying notes form an integral part of the financial statements.

STATEMENT of changes in equity

For the year ended 31 December, 2009

Group	Note	<----- Attributable to equity holders of the Company ----->					Total RM
		Non-distributable		Revaluation reserve (Note 23) RM	Distributable		
		Share capital RM	Share premium RM			Retained profits RM	
At 1 January, 2008		60,000,000	14,333,133	796,374	39,076,700	114,206,207	
Realised revaluation surplus on disposal of property		—	—	(78,379)	(15,512)	(93,891)	
Deferred tax relating to disposal of property	21	—	—	23,473	—	23,473	
Net expense recognised directly in equity		—	—	(54,906)	(15,512)	(70,418)	
Profit for the year		—	—	-	16,070,801	16,070,801	
Total recognised income and expense for the year		—	—	(54,906)	16,055,289	16,000,383	
Dividend paid:	10						
Interim for year 2008 - 10% less 26% tax		—	—	—	(4,440,000)	(4,440,000)	
At 31 December, 2008		<u>60,000,000</u>	<u>14,333,133</u>	<u>741,468</u>	<u>50,691,989</u>	<u>125,766,590</u>	
At 1 January, 2009		60,000,000	14,333,133	741,468	50,691,989	125,766,590	
Revaluation surplus on properties		—	—	849,616	—	849,616	
Revaluation deficit on properties		—	—	1,713,788	(3,052,922)	(1,339,134)	
Deferred tax arising from revaluation	21	—	—	(683,007)	686,998	3,991	
Net income/(expense) recognised directly in equity		—	—	1,880,397	(2,365,924)	(485,527)	
Profit for the year		—	—	—	26,880,497	26,880,497	
Total recognised income and expense for the year		—	—	1,880,397	24,514,573	26,394,970	
Dividend paid:	10						
Interim for year 2009 - 10% less 25% tax		—	—	—	(4,500,000)	(4,500,000)	
- 10% single tier		—	—	—	(6,000,000)	(6,000,000)	
At 31 December, 2009		<u>60,000,000</u>	<u>14,333,133</u>	<u>2,621,865</u>	<u>64,706,562</u>	<u>141,661,560</u>	

The accompanying notes form an integral part of the financial statements.

STATEMENT of changes in equity (cont'd)

For the year ended 31 December, 2009

	Note	Share capital RM	Non distributable Share premium RM	Retained profits (Note 24) RM	Distributable Total RM
Company					
At 1 January, 2008		60,000,000	14,333,133	3,304,123	77,637,256
Profit for the year, representing total recognised income and expenses for the year		—	—	7,912,206	7,912,206
Dividend paid:	10				
Interim for year 2008		—	—	(4,440,000)	(4,440,000)
- 10% less 26% tax					
At 31 December, 2008		<u>60,000,000</u>	<u>14,333,133</u>	<u>6,776,329</u>	<u>81,109,462</u>
At 1 January, 2009		60,000,000	14,333,133	6,776,329	81,109,462
Profit for the year, representing total recognised income and expenses for the year		—	—	11,579,927	11,579,927
Dividend paid:	10				
Interim for year 2009		—	—	(4,500,000)	(4,500,000)
- 10% less 25% tax		—	—	(6,000,000)	(6,000,000)
- 10% single tier					
At 31 December, 2009		<u>60,000,000</u>	<u>14,333,133</u>	<u>7,856,256</u>	<u>82,189,389</u>

The accompanying notes form an integral part of the financial statements.

CASH FLOW statements

For the year ended 31 December, 2009

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash flows from operating activities				
Profit before taxation	35,799,865	21,341,195	15,515,057	10,755,954
Adjustments for :				
Allowance for doubtful debts	284,767	108,044	—	—
Allowance for slow moving inventories	36,302	—	—	—
Amortisation of prepaid land lease payments	125,691	116,266	—	—
Bad debts written off	52,815	162,168	—	—
Depreciation of property, plant and equipment	4,578,423	4,882,812	88,243	74,812
Depreciation of investment property	16,855	17,200	—	—
(Gain)/loss on disposal of property, plant and equipment	(84,774)	(316,767)	55	—
Interest expense	627	7,147	—	—
Interest income	(733,707)	(531,959)	(265,173)	(163,608)
Impairment of property, plant and equipment	995,209	—	—	—
Property, plant and equipment written off	57,732	22,688	—	1,015
Revaluation deficits	151,506	—	—	—
Operating profit before working capital changes	41,281,311	25,808,794	15,338,182	10,668,173
(Increase)/decrease in inventories	(3,172,285)	1,155,801	—	—
Decrease/(increase) in trade and other receivables	439,476	(6,805,000)	(70,313)	30,213
Increase/(decrease) in trade and other payables	2,047,664	(1,418,512)	126,191	90,960
Cash generated from operations	40,596,166	18,741,083	15,394,060	10,789,346
Taxes paid	(8,225,598)	(3,633,060)	(4,479,000)	(3,371,160)
Net cash from operating activities	32,370,568	15,108,023	10,915,060	7,418,186
Cash flows from investing activities				
Repayment from subsidiary	—	—	300,000	—
Interest received	733,707	531,959	265,173	163,608
Proceeds from disposal of property, plant and equipment	314,828	1,005,560	980	56,932
Purchase of property, plant and equipment	(1,923,670)	(6,058,297)	(1,625)	(247,092)
Prepayment of land lease	—	(550,000)	—	—
Net cash (used in)/generated from investing activities	(875,135)	(5,070,778)	564,528	(26,552)
Cash flows from financing activities				
Interest paid	(627)	(7,147)	—	—
Dividends paid	(10,500,000)	(4,440,000)	(10,500,000)	(4,440,000)
Net cash used in financing activities	(10,500,627)	(4,447,147)	(10,500,000)	(4,440,000)
Net increase in cash and cash equivalents	20,994,806	5,590,098	979,588	2,951,634
Cash and cash equivalents at beginning of financial year	21,224,792	15,634,694	10,196,584	7,244,950
Cash and cash equivalents at end of financial year (note 18)	42,219,598	21,224,792	11,176,172	10,196,584

The accompanying notes form an integral part of the financial statements.

NOTES TO THE financial statements

31 December, 2009

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400, Johor Bahru, Johor. The principal place of business of the Company is located at 14, Jalan Kilang, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor.

The immediate and ultimate holding company of the Company is HSB Group Sdn. Bhd., which is incorporated and domiciled in Malaysia. Related companies are those companies within the HSB Group Sdn. Bhd. group.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are manufacture and sales of biscuits and coffee mix, and dealers in confectionery and other foodstuff. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 March, 2010.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

The basis of preparation of the financial statements of the Group and of the Company included historical cost basis, revalued amounts and fair values.

The financial statements are presented in Ringgit Malaysia (RM) except when otherwise indicated.

2.2 Summary of significant accounting policies

(a) Subsidiaries and Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has a long term equity interest and where it has power directly or indirectly to exercise control over the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Except for In-Comix Food Industries Sdn. Bhd. which is consolidated using the purchase method, the other subsidiaries are consolidated using the merger method under the then MASB Standard No. 21 - Business Combinations. Under the merger method, the results of the subsidiaries being merged

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(ii) Basis of consolidation (cont'd)

are included as if the merger had been effected throughout the current and previous financial years. The difference between the cost of investment and the nominal value of the shares acquired has been classified as a merger deficit and are adjusted against any suitable reserve.

Under the purchase method of accounting, subsidiaries are consolidated from the date on which control is transferred to the Group. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

(b) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(c) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings are stated at revalued amount, which is the fair value at the date of the revaluation less accumulated depreciation and any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed at least once in every five years to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Property, plant and equipment and depreciation (cont'd)

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are not depreciated as these assets are not available for use. Depreciation on other property, plant and equipment is calculated to write off the cost or valuation of property, plant and equipment on the reducing balance method over the expected useful lives of the property, plant and equipment at the following annual rates:

Buildings	2%
Plant and equipment	10% - 20%
Motor vehicles	20%
Other assets	7.5% - 33.3%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(d) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses.

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 losses on retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(e) Impairment of non-financial assets

The carrying amounts of assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

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

In assessing value in use, the estimated future cash flows 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(f) Financial assets

Financial assets within the scope of FRS139 are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivative financial instruments are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the income statement.

The Group does not designate any financial assets not held for trading as financial assets at fair value through profit and loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the assets to maturity. Financial assets intended to be held for an undefined period are not included in

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(f) Financial assets (cont'd)

(ii) Held-to-maturity investments (cont'd)

this classification. Long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the assets are derecognised or impaired, as well as through the amortisation process.

(iii) 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. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets which are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the asset is derecognised or until the asset is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

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

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

The Group does not have financial assets classified as fair value through profit and loss, held to maturity investments and available-for-sale financial assets during 2009 and 2008.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase and incidentals incurred in bringing the inventories to their present location and condition. The costs of finished goods and work-in-progress comprise costs of raw materials, direct materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, demand deposits, and short-term, highly liquid investments which 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.

Deposits with banks carried in the balance sheets are classified and accounted for as loans and receivables under FRS 139. The accounting policy for this category of financial assets is stated in Note 2.2(f).

(i) Trade and other receivables

Trade and other receivables, including amounts owing by subsidiaries are classified and accounted for as loans and receivables under FRS 139. The accounting policy for this category of financial assets is stated in Note 2.2(f).

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.2(k) below.

(j) Trade and other payables

Liabilities for trade and other payables, which are normally settled on 30 - 90 days terms, are initially recognised at the fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

(k) Impairment of financial assets

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

(i) Assets carried at amortised cost

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

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. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(k) Impairment of financial assets (cont'd)

(ii) Assets carried at cost

If there is objective evidence that an impairment loss on a financial asset 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.

(iii) Available-for-sale financial assets

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

(l) Derecognition of financial assets and liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The contractual rights to receive cash flows from the asset have expired; or
- The Group retains the contractual rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and has either (a) transferred substantially all the risks and rewards of the asset, or (b) neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(l) Derecognition of financial assets and liabilities (cont'd)

(ii) Financial liabilities

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

(m) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases with the exception for land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. 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.

In the case of a lease of land and buildings the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(n) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(n) Income tax (cont'd)

in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

(o) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(p) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF").

(q) Foreign currencies

The individual financial statements of each entity in the Group are measured in Ringgit Malaysia, which is the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency.

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items which are carried at historical cost are translated using the historical rate as of the date of acquisition and non monetary items

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(q) Foreign currencies (cont'd)

which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange differences are taken to income statement.

(r) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Sale of goods

Revenue is recognised upon transfer of significant risks and rewards of ownership to the buyer and measured net of sales taxes.

(ii) Interest income

Interest is recognised on an accrual basis using the effective yield method.

(iii) Dividend income

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

(iv) Rental income

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

2.3 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following FRSs, Amendments to FRS and IC Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs, Amendments to FRS and IC Interpretations	Effective for financial periods beginning on or after
FRS 1 : First-time Adoption of Financial Reporting Standards	1 July, 2010
FRS 3 : Business Combinations (revised)	1 July, 2010
FRS 4 : Insurance Contracts	1 January, 2010
FRS 7 : Financial Instruments: Disclosure	1 January, 2010
FRS 8 : Operating Segments	1 July, 2009
FRS 127 : Consolidated and Separate Financial Statements (amended)	1 July, 2010
FRS 101 : Presentation of Financial Statements (revised)	1 January, 2010

2. Significant accounting policies (cont'd)

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

FRSs, Amendments to FRS and IC Interpretations	Effective for financial periods beginning on or after
FRS 123 : Borrowing Costs	1 January, 2010
Amendments to FRS 1 : First-time Adoption of Financial Reporting Standards and FRS 127 : Consolidated and Separate Financial Statements: Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January, 2010
Amendments to FRS 2 : Share-based Payment : Vesting Conditions and Cancellations	1 January, 2010
Amendments to FRS 2 : Share-based Payment	1 July, 2010
Amendments to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations	1 July, 2010
Amendments to FRS 132 : Financial Instruments : Presentation	1 January, 2010
Amendments to FRS 138 : Intangible Assets	1 July, 2010
Amendments to FRS 139 : Financial Instruments : Recognition and Measurement, FRS 7 : Financial Instruments : Disclosures and IC Interpretation 9 : Reassessment of Embedded Derivatives	1 January, 2010
Amendments to FRSs contained in the document entitled "Improvements to FRS (2009)"	1 January, 2010
IC Interpretation 9 : Reassessment of Embedded Derivatives	1 January, 2010
IC Interpretation 10 : Interim Financial Reporting and Impairment	1 January, 2010
IC Interpretation 11 : FRS 2 : Group and Treasury Share Transactions	1 January, 2010
IC Interpretation 12 : Service Concession Arrangements	1 July, 2010
IC Interpretation 13 : Customer Loyalty Programmes	1 January, 2010
IC Interpretation 14 : FRS 119 : The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January, 2010
IC Interpretation 15: Agreements for the Construction of Real Estate	1 July, 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July, 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July, 2010
TR i - 3 : Presentation of Financial Statements of Islamic Financial Institutions	1 January, 2010

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

(i) FRS 8: Operating Segment

FRS 8 replaces FRS 114²⁰⁰⁴: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

2. Significant accounting policies (cont'd)

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

(ii) FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group and the Company are currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

(iii) FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

(iv) Amendments to FRSs 'Improvements to FRSs (2009)'

FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.

2.4 Changes in estimates

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group reviewed the residual values and remaining useful life of its property, plant and equipment and found that no revisions to the residual values and remaining useful life of the property, plant and equipment were necessary as it can be used or operated with regular maintenance except depreciation ceased for those motor vehicles which were already of the age and in the condition expected at the end of its useful life (more than 5 years) where its net book value are lower than market value .

2. Significant accounting policies (cont'd)

2.5 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

Classification between investment properties and property, plant and equipment.

The Group has developed certain criteria based on FRS 140 in making judgment whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) Key sources of estimation uncertainty

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

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 December, 2009 was RM13,277,508 (2008 : RM13,277,508). Further details are disclosed in Note 15.

(ii) Impairment of property, plant and equipment

The Group carried out the impairment test based on a variety of estimation including the value-in-use of the CGU to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment of the Group as at 31 December, 2009 was RM66,074,493 (2008 : RM70,653,265). Further details of the impairment loss recognised are disclosed in Note 11(b).

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses of the Group was RM103,752 (2008 : RM283,676).

3. Revenue

Revenue of the Group represents the invoiced value of goods sold less returns and trade discounts. Intragroup transactions are excluded from the Group's revenue.

Other operating revenue of the Group principally consists of interest income.

4. Cost of sales

Cost of sales represents cost of inventories sold.

5. Profit from operations

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
This is arrived at after charging :				
Auditors' remuneration				
Statutory audits	82,500	82,500	21,000	21,000
Other services	47,300	27,800	11,400	3,000
Allowance for doubtful debts	284,767	108,044	—	—
Allowance for slow moving inventories	36,302	—	—	—
Amortisation of prepaid land lease payments (Note 13)	125,691	116,266	—	—
Bad debts written off	52,815	162,168	—	—
Employee benefits expenses excluding directors' remuneration (Note 6)	29,245,117	28,879,712	176,253	162,150
Directors' fees	835,000	785,000	550,000	500,000
Directors' other emoluments (Note 7)	7,748,977	7,683,896	1,391,734	1,365,654
Depreciation of property, plant and equipment (Note 11)	4,578,423	4,882,812	88,243	74,812
Depreciation of investment properties (Note 12)	16,855	17,200	—	—
Impairment of property, plant and equipment (Note 11)	995,209	—	—	—
Realised exchange losses/(gain)	473,383	(179,900)	—	—
Plant and equipment written off	57,732	21,673	—	—
Rental expenses	333,130	333,762	27,750	27,350
and crediting :				
Bad debts recovered	38,117	60,735	—	—
Gross dividend income	—	—	17,916,000	12,966,000
Gain/(loss) on disposal of property, plant and equipment	84,774	316,767	(55)	—
Interest income	733,707	531,959	265,173	163,608
Rental income	21,840	70,640	—	—

NOTES TO THE financial statements (cont'd)

31 December, 2009

6. Employee benefits expense

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Wages and salaries	26,149,210	25,796,207	156,411	143,877
Defined contribution plan	2,740,640	2,688,574	18,836	17,314
Social security costs	296,129	300,982	1,006	959
Other staff related expenses	59,138	93,949	—	—
	<u>29,245,117</u>	<u>28,879,712</u>	<u>176,253</u>	<u>162,150</u>

7. Key management personnel compensation

The remuneration of key management during the year was as follows :

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors of the Company				
Executive :				
Salaries and other emoluments	1,227,046	1,204,346	1,226,746	1,204,346
Defined contribution plan	146,488	143,808	146,488	143,808
Fees	140,000	130,000	110,000	100,000
Benefits-in-kind	37,692	38,129	33,877	35,589
	<u>1,551,226</u>	<u>1,516,283</u>	<u>1,517,111</u>	<u>1,483,743</u>
Non-Executive (but holding executive position in subsidiaries):				
Salaries and other emoluments	2,369,004	2,304,912	9,500	9,000
Defined contribution plan	282,258	274,332	—	—
Fees	310,000	290,000	220,000	200,000
Benefits-in-kind	112,796	99,380	—	—
	<u>3,074,058</u>	<u>2,968,624</u>	<u>229,500</u>	<u>209,000</u>
Non-Executive :				
Other emoluments	9,000	8,500	9,000	8,500
Fees	220,000	200,000	220,000	200,000
	<u>229,000</u>	<u>208,500</u>	<u>229,000</u>	<u>208,500</u>

7. Key management personnel compensation (cont'd)

Directors of Subsidiaries

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive :				
Salaries and other emoluments	3,337,602	3,382,094	—	—
Defined contribution plan	377,379	365,904	—	—
Fees	135,000	135,000	—	—
Benefits-in-kind	167,544	165,080	—	—
	<u>4,017,525</u>	<u>4,048,078</u>	<u>—</u>	<u>—</u>
Non-Executive				
Other emoluments	200	—	—	—
Fees	30,000	30,000	—	—
	<u>30,200</u>	<u>30,000</u>	<u>—</u>	<u>—</u>
Total	<u><u>8,902,009</u></u>	<u><u>8,771,485</u></u>	<u><u>1,975,611</u></u>	<u><u>1,901,243</u></u>

Directors' remuneration analysed by:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Salaries and other emoluments	6,942,852	6,899,852	1,245,246	1,221,846
Defined contribution plan	806,125	784,044	146,488	143,808
Fees	835,000	785,000	550,000	500,000
Benefits-in-kind	318,032	302,589	33,877	35,589
	<u>8,902,009</u>	<u>8,771,485</u>	<u>1,975,611</u>	<u>1,901,243</u>

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2009	2008
Executive Directors:		
RM350,001 - RM400,000	—	1
RM400,001 - RM450,000	1	—
RM1,100,001 - RM1,150,000	1	1
Non-Executive Directors:		
RM50,001 - RM100,000	4	4
RM250,001 - RM300,000	—	1
RM350,001 - RM400,000	1	—
RM400,001 - RM450,000	—	1
RM450,001 - RM500,000	1	—
RM1,100,001 - RM1,150,000	2	2

The remuneration of Non-Executive Directors is inclusive of 4 directors holding executive position in subsidiaries.

NOTES TO THE financial statements (cont'd)

31 December, 2009

8. Income tax expense

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Tax expense for the year :				
Current tax	9,253,889	4,836,272	3,941,442	2,840,751
(Over)/underprovision in prior years	(17,908)	45,619	(1,939)	5,959
	9,235,981	4,881,891	3,939,503	2,846,710
Deferred tax (Note 21) :				
Relating to origination and reversal of temporary differences	(212,918)	368,899	(4,373)	(3,251)
Relating to changes in tax rates	—	(3,000)	—	—
(Over)/underprovision in prior years	(103,695)	22,604	—	289
	(316,613)	388,503	(4,373)	(2,962)
Total income tax expense	8,919,368	5,270,394	3,935,130	2,843,748

Current income tax is calculated at the statutory tax rate of 25% (2008 : 26%) of the estimated assessable profit for the year. In the prior year, certain subsidiaries of the Company being a Malaysian resident company with a paid-up capital of RM2.5 million or less qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income : 20%
In excess of RM500,000 of chargeable income : 26%

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, these subsidiaries no longer qualify for the above preferential tax rates.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

Group	2009 RM	2008 RM
Profit before taxation	35,799,865	21,341,195
Taxation at Malaysian statutory tax rate of 25% (2008 : 26%)	8,949,966	5,548,711
Effect of income subject to tax rate of 20%	—	(30,205)
Effect of changes in tax rates	—	(3,000)
Effect of other expenses not deductible for tax purposes	492,173	293,262
Effect of expenses with double deduction	(106,882)	(129,162)
Effect of utilisation of reinvestment allowances	(294,286)	(405,740)
Income not subject to tax	—	(71,695)
(Over)/underprovision of income tax expense in prior years	(17,908)	45,619
(Over)/underprovision of deferred tax in prior years	(103,695)	22,604
Tax expense for the year	8,919,368	5,270,394

8. Income tax expense (cont'd)

Company	2009 RM	2008 RM
Profit before taxation	15,515,057	10,755,954
Taxation at Malaysian statutory tax rate of 25% (2008 : 26%)	3,878,764	2,796,548
Effect of other expenses not deductible for tax purposes	58,305	40,952
(Over)/Underprovision of income tax expense in prior years	(1,939)	5,959
Underprovision of deferred tax in prior years	—	289
Tax expense for the year	<u>3,935,130</u>	<u>2,843,748</u>

9. Earnings per share

Earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2009	2008
Profit attributable to ordinary equity holders of the Company (RM)	26,880,497	16,070,801
Weighted average number of ordinary shares in issue*	120,000,000	120,000,000
Basic earnings per share (sen)	<u>22.4</u>	<u>13.4</u>
Diluted earnings per share (sen)	<u>22.4</u>	<u>13.4</u>

* Based on the effect of the share split from 60,000,000 shares to 120,000,000 shares

10. Dividends

	Amount		Dividends per Share	
	2009 RM	2008 RM	2009 Sen	2008 Sen
Interim dividends :				
- 10% less 25% taxation (2008 : 10% less 26% taxation)	4,500,000	4,440,000	7.50	7.40
- 10% single tier (2008: Nil)	6,000,000	—	10.00	—
	<u>10,500,000</u>	<u>4,440,000</u>	<u>17.50</u>	<u>7.40</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December, 2009, of 4% single tier, on 120,000,000 ordinary shares, amounting to a dividend payable of RM4,800,000 (4 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December, 2010.

NOTES TO THE financial statements (cont'd)

31 December, 2009

11. Property, plant and equipment

Group	Freehold land and buildings	Long term leasehold buildings	Short term leasehold buildings	Plant and equipment	Motor vehicles	Other assets	Total
	RM	RM	RM	RM	RM	RM	RM
At 31 December, 2009							
Cost or Valuation							
At 1 January, 2009	—	—	—	56,198,235	14,260,377	7,182,278	77,640,890
At cost	19,035,964	929,177	22,199,492	—	—	—	42,164,633
At valuation	19,035,964	929,177	22,199,492	56,198,235	14,260,377	7,182,278	119,805,523
Additions	13,800	—	332,107	572,236	683,388	322,139	1,923,670
Revaluation surplus/(deficits)	268,946	82,608	(992,578)	—	—	—	(641,024)
Disposals/written off	—	—	—	(213,368)	(910,597)	(157,489)	(1,281,454)
Reclassification	9,920	—	(9,920)	98,500	—	(98,500)	—
At end of the year	19,328,630	1,011,785	21,529,101	56,655,603	14,033,168	7,248,428	119,806,715
Representing:							
At cost	—	—	—	56,655,603	14,033,168	7,248,428	77,937,199
At valuation	19,328,630	1,011,785	21,529,101	—	—	—	41,869,516
At 31 December, 2009	19,328,630	1,011,785	21,529,101	56,655,603	14,033,168	7,248,428	119,806,715
Accumulated depreciation and impairment							
At 1 January, 2009	2,238,075	95,103	2,296,220	32,849,362	7,950,597	3,722,901	49,152,258
Charge for the year (Note 5)	323,455	16,682	402,881	2,294,279	1,073,092	468,034	4,578,423
Disposals/written off	—	—	—	(185,051)	(700,817)	(107,800)	(993,668)
Impairment loss recognised in profit or loss (Note 5)	—	—	—	995,209	—	—	995,209
At 31 December, 2009	2,561,530	111,785	2,699,101	35,953,799	8,322,872	4,083,135	53,732,222
Net carrying amount							
At cost	—	—	—	20,701,804	5,710,296	3,165,293	29,577,393
At valuation	16,767,100	900,000	18,830,000	—	—	—	36,497,100
At 31 December, 2009	16,767,100	900,000	18,830,000	20,701,804	5,710,296	3,165,293	66,074,493

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

Group	Freehold land and buildings	Long term leasehold buildings	Short term leasehold buildings	Plant and equipment	Motor vehicles	Other assets	Total
	RM	RM	RM	RM	RM	RM	RM
At 31 December, 2008							
Cost or Valuation							
At 1 January, 2008							
At cost	—	—	—	54,594,490	13,736,623	8,381,662	76,712,775
At valuation	19,455,933	911,286	19,425,751	—	—	—	39,792,970
Additions	19,455,933	911,286	19,425,751	54,594,490	13,736,623	8,381,662	116,505,745
Disposals/written off	—	17,891	2,770,608	419,143	2,463,708	386,947	6,058,297
Reclassification	(419,969)	—	—	(47,568)	(1,939,954)	(351,028)	(2,758,519)
	—	—	3,133	1,232,170	—	(1,235,303)	—
At end of the year	19,035,964	929,177	22,199,492	56,198,235	14,260,377	7,182,278	119,805,523
Representing:							
At cost	—	—	—	56,198,235	14,260,377	7,182,278	77,640,890
At valuation	19,035,964	929,177	22,199,492	—	—	—	42,164,633
At 31 December, 2008	19,035,964	929,177	22,199,492	56,198,235	14,260,377	7,182,278	119,805,523
Accumulated depreciation							
At 1 January, 2008	1,937,776	78,385	1,906,734	30,285,413	8,570,283	3,444,003	46,222,594
Charge for the year (Note 5)	339,951	16,718	389,486	2,600,805	941,050	594,802	4,882,812
Disposals/written off	(39,652)	—	—	(36,856)	(1,560,736)	(315,904)	(1,953,148)
At 31 December, 2008	2,238,075	95,103	2,296,220	32,849,362	7,950,597	3,722,901	49,152,258
Net carrying amount							
At cost	—	—	—	23,348,873	6,309,780	3,459,377	33,118,030
At valuation	16,797,889	834,074	19,903,272	—	—	—	37,535,235
At 31 December, 2008	16,797,889	834,074	19,903,272	23,348,873	6,309,780	3,459,377	70,653,265

NOTES TO THE financial statements (cont'd)

31 December, 2009

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

Company	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Total RM
2009				
Cost				
At 1 January, 2009	36,769	12,691	809,148	858,608
Additions	1,625	—	—	1,625
Disposals	(1,200)	—	—	(1,200)
At 31 December, 2009	37,194	12,691	809,148	859,033
Accumulated depreciation				
At 1 January, 2009	24,056	8,617	382,700	415,373
Charge for the year (Note 5)	2,550	403	85,290	88,243
Disposal	(165)	—	—	(165)
At 31 December, 2009	26,441	9,020	467,990	503,451
Net carrying amount	10,753	3,671	341,158	355,582
2008				
Cost				
At 1 January, 2008	31,649	12,691	666,851	711,191
Additions	6,605	—	240,487	247,092
Disposals	(1,485)	—	(98,190)	(99,675)
At 31 December, 2008	36,769	12,691	809,148	858,608
Accumulated depreciation				
At 1 January, 2008	22,829	8,169	351,291	382,289
Charge for the year (Note 5)	1,497	448	72,867	74,812
Disposal	(270)	—	(41,458)	(41,728)
At 31 December, 2008	24,056	8,617	382,700	415,373
Net carrying amount	12,713	4,074	426,448	443,235

- (a) Freehold land and buildings and leasehold buildings were revalued on 21 December, 2009 by professional valuers. Valuations were made on the basis of open market values.

At 31 December, 2009, had the revalued land and buildings of the Group been carried under the cost model, the carrying amount would have been RM29,114,806 (2008 : RM29,763,942).

- (b) The management of Hup Seng Perusahaan Makanan (M) Sdn. Bhd., a subsidiary of the Group, carried out a review of the recoverable amount of its property, plant and equipment during the financial year. The recoverable amount was based on value-in-use and was determined at the cash-generating unit ("CGU"). In determining value-in-use for the CGU, the cash flows were discounted at a rate of 10% on a pre-tax basis. The review led to the recognition of an impairment loss of RM995,209 (included in "Cost of Sales") during the year.
- (c) Other assets include computer, office equipment, electrical installation, renovation, furniture and fittings and capital work-in-progress which comprises machinery under installation amounting to RM125,241 (2008 : RM98,500).

12. Investment properties

	Group	
	2009 RM	2008 RM
Cost Model		
At 1 January	1,882,526	1,899,726
Less: Charge for the year (Note 5)	(16,855)	(17,200)
At 31 December	<u>1,865,671</u>	<u>1,882,526</u>
Fair value of investment properties	<u>2,217,280</u>	<u>2,208,341</u>

13. Prepaid land lease payments

	Group	
	2009 RM	2008 RM
At 1 January	5,085,565	4,651,831
Additions	—	550,000
Amortisation for the year (Note 5)	(125,691)	(116,266)
At 31 December	<u>4,959,874</u>	<u>5,085,565</u>
Analysed as:		
Long term leasehold land	856,945	869,556
Short term leasehold land	<u>4,102,929</u>	<u>4,216,009</u>
	<u>4,959,874</u>	<u>5,085,565</u>

Leasehold land were revalued on 20 December, 2004 by professional valuers. The Group retained the unamortised revalued amount as the surrogate carrying amounts of prepaid lease payments. Such prepaid lease payments are amortised over the lease term.

14. Investment in subsidiaries

	Company	
	2009 RM	2008 RM
Unquoted shares at cost	<u>65,327,211</u>	<u>65,327,211</u>

NOTES TO THE financial statements (cont'd)

31 December, 2009

14. Investment in subsidiaries (cont'd)

The subsidiary companies are :

Name of subsidiaries	Country of incorporation	Effective equity interest		Principal activities
		2009	2008	
Hup Seng Perusahaan Makanan (M) Sdn. Bhd.	Malaysia	100%	100%	Manufacture and sales of biscuits
Hup Seng Hoon Yong Brothers Sdn. Bhd.	Malaysia	100%	100%	Sales and distribution of biscuits, confectionery and other foodstuff
In-Comix Food Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacture and wholesale of coffee mix and all kinds of foodstuff

The amounts owing by the subsidiary companies, which arose mainly from advances, are unsecured, non-interest bearing and repayable on demand.

15. Goodwill on consolidation

	Group	
	2009 RM	2008 RM
At 1 January/At 31 December	13,227,508	13,227,508

Impairment test for goodwill

Goodwill arose from acquisition of a subsidiary, In-Comix Food Industries Sdn. Bhd. on 12 July, 2005. This subsidiary is considered as a CGU to which the goodwill was attached for the impairment test.

Key assumptions used in value-in-use calculations

The recoverable amount of the CGU is determined based on value-in-use calculations using cash flows projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are conservatively assumed to have a zero growth.

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

(ii) Growth rate

The weighted average growth rates used are based on the Group's projection of future growth rate.

(iii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the industry.

(iv) Raw materials price inflation

The basis used to determine the value assigned to the raw materials is based on the forward price contracted.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of goodwill to materially exceed the recoverable amount.

16. Inventories

	Group	
	2009 RM	2008 RM
At cost :		
Raw materials	14,498,542	11,518,824
Finished goods	1,462,550	2,125,043
Spares and fuel	3,407,405	3,143,374
Trading inventories	2,835,597	2,372,466
Work-in-progress	329,014	106,760
	22,533,108	19,266,467
At net realisable value:		
Containers	885,366	1,016,024
	23,418,474	20,282,491

Inventories of containers are stated at estimated net realisable value based on the estimated quantity of tin containers in circulation at balance sheet date.

17. Trade and other receivables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current				
Trade receivables				
Third parties	31,680,068	31,929,154	—	—
Less : Allowance for doubtful debts	(375,053)	(187,698)	—	—
	31,305,015	31,741,456	—	—
Other receivables				
Deposits	253,462	210,365	11,500	13,000
Interest receivable from fixed and short term deposits	155,040	45,022	81,461	12,265
Prepayments	354,257	377,646	12,214	9,597
Sundry receivables	660,140	1,130,483	—	—
	1,422,899	1,763,516	105,175	34,862
	32,727,914	33,504,972	105,175	34,862

Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit term is generally for a period of 30 to 60 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. There is no significant concentration of credit risk. Trade receivables are non-interest bearing.

NOTES TO THE financial statements (cont'd)

31 December, 2009

18. Cash and bank balances

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Deposits with licensed banks	39,846,000	14,300,000	11,050,000	6,500,000
Cash and bank balances	2,373,598	6,924,792	126,172	3,696,584
Cash and cash equivalents	42,219,598	21,224,792	11,176,172	10,196,584

The weighted average interest rates during the financial year and the average maturities as at balance sheet dates were as follows:

	Weighted average interest rates		Average maturities	
	2009 %	2008 %	2009 Days	2008 Days
Deposits with licensed banks	1.5 - 3.5	3 - 3.5	105	105

19. Trade and other payables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current Trade payables				
Third parties	17,293,886	15,615,843	—	—
Other payables				
Payroll liabilities	7,198,041	7,033,017	459,573	449,051
Duties and other taxes payable	780,666	788,750	—	—
Sundry suppliers	1,416,471	1,957,056	4,264	167
Accrued expenses	4,867,820	4,138,611	638,201	526,629
Containers refundable deposits	1,867,050	1,842,993	—	—
	16,130,048	15,760,427	1,102,038	975,847
	33,423,934	31,376,270	1,102,038	975,847

Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days.

20. Bank borrowings

The bank facilities granted to subsidiaries are secured by way of corporate guarantee by the Company, which amounted to RM2,290,000 (2008 : RM2,290,000), are repayable upon demand and bear interests ranging from 1% - 1.5% (2008 : 1% - 1.5%) above the bank's base lending rate per annum. The facilities were not utilised as at balance sheet date.

21. Deferred tax liabilities/(assets)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At 1 January	8,549,309	8,184,279	3,038	6,000
Recognised in income statement (Note 8)	(316,613)	388,503	(4,373)	(2,962)
Recognised in equity	(3,991)	(23,473)	—	—
At 31 December	8,228,705	8,549,309	(1,335)	3,038

21. Deferred tax liabilities/(assets) (cont'd)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Presented after appropriate offsetting as follows:				
Deferred tax assets	(483,543)	(610,170)	(9,749)	(9,516)
Deferred tax liabilities	8,712,248	9,159,479	8,414	12,554
	8,228,705	8,549,309	(1,335)	3,038

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Property, Plant and Equipment RM	Revaluation of Property, Plant and Equipment RM	Total RM
At 1 January, 2009	7,160,131	1,999,348	9,159,479
Recognised in income statement	(430,740)	(12,500)	(443,240)
Recognised in equity	—	(3,991)	(3,991)
At 31 December, 2009	6,729,391	1,982,857	8,712,248
At 1 January, 2008	7,206,678	2,028,567	9,235,245
Recognised in income statement	(46,547)	(5,746)	(52,293)
Recognised in equity	—	(23,473)	(23,473)
At 31 December, 2008	7,160,131	1,999,348	9,159,479

Deferred Tax Assets of the Group:

	Unutilised Losses RM	Unabsorbed Capital Allowances RM	Others RM	Total RM
At 1 January, 2009	(283,676)	—	(326,494)	(610,170)
Recognised in income statement	179,924	—	(53,297)	126,627
At 31 December, 2009	(103,752)	—	(379,791)	(483,543)
At 1 January, 2008	(515,385)	(89,369)	(446,212)	(1,050,966)
Recognised in income statement	231,709	89,369	119,718	440,796
At 31 December, 2008	(283,676)	—	(326,494)	(610,170)

NOTES TO THE financial statements (cont'd)

31 December, 2009

21. Deferred tax liabilities/(assets) (cont'd)

Deferred tax liability of the Company:

	Property, plant and equipment	
	2009 RM	2008 RM
At 1 January	12,554	15,000
Recognised in income statement	(4,140)	(2,446)
At 31 December	8,414	12,554

Deferred tax asset of the Company:

	Others	
	2009 RM	2008 RM
At 1 January	(9,516)	(9,000)
Recognised in income statement	(233)	(516)
At 31 December	(9,749)	(9,516)

22. Share capital

	Number of Ordinary Shares of RM1 Each		Amount	
	2009	2008	2009 RM	2008 RM
Authorised	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid	60,000,000	60,000,000	60,000,000	60,000,000

The shareholders of the Company at the Extraordinary General Meeting held on 12 January, 2010 had approved that its 60,000,000 unit of ordinary shares of RM1.00 each be subdivided into 120,000,000 unit of new ordinary shares of RM0.50 each ("Share Split"). This Share Split was effective from 3 February, 2010.

23. Revaluation reserve

The revaluation reserve represents the unrealised surplus arising from the revaluation of leasehold land and building, net of deferred taxation.

24. Retained profits

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December, 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December, 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December, 2007 in accordance with Section 39 of the Finance Act 2007.

The Company has elected for the irrevocable option to disregard the 108 balance as at 31 December, 2009. Hence, the Company will be able to distribute dividends out of its entire retained earnings as at 31 December, 2009 under the single tier system.

25. Related party transactions

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Note	2009 RM	2008 RM
Group			
Rental of premises payable to :			
- Hup Seng Brothers Holdings Sdn. Bhd.	(i)	145,200	145,200
- Tiong Bee Industries Sdn. Bhd.	(ii)	60,000	60,000
Purchase of packing materials :			
- Tomypak Holdings Berhad	(iii)	<u>3,114,379</u>	<u>3,126,167</u>
Company			
From subsidiary companies :			
Dividend received		<u>17,916,000</u>	<u>12,966,000</u>

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established under mutually agreed terms.

Note :

- (i) Certain directors of the Company and subsidiaries are also directors and shareholders of Hup Seng Brothers Holdings Sdn. Bhd.
- (ii) Certain directors of the Company are also directors of Tiong Bee Industries Sdn. Bhd.
- (iii) An ex-director of a subsidiary is also a substantial shareholder of Tomypak Holdings Berhad and a shareholder of Hup Seng Industries Berhad.

(b) Compensation of key management during the year was as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short-term employee benefits	8,095,884	7,202,441	1,829,123	1,257,435
Defined contribution plan	806,125	784,044	146,488	143,808
	<u>8,902,009</u>	<u>7,986,485</u>	<u>1,975,611</u>	<u>1,401,243</u>

26. Capital commitments

	Group	
	2009 RM	2008 RM
Capital expenditure :		
Contracted but not provided for property, plant and equipment	<u>498,387</u>	<u>87,670</u>

27. Contingent liabilities (unsecured)

The Company has given corporate guarantee to banks for bank guarantee and banking facilities extended to subsidiaries. None of the banking facilities were utilised as at the balance sheet date and the outstanding bank guarantee as at balance sheet date is RM634,350 (2008 : RM692,600).

NOTES TO THE financial statements (cont'd)

31 December, 2009

28. Segmental reporting

(i) Business segments

No segment is presented in respect of the Group's business segment, as the principal activities of the subsidiaries are manufacture and sales of biscuits and coffee mix, and dealers in confectionery and other foodstuff.

(ii) Geographical segments

The Group operates principally in Malaysia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	Malaysia		Overseas		Consolidated	
	2009 RM	2008 RM	2009 RM	2008 RM	2009 RM	2008 RM
Revenue						
Revenue from external customers by location of customers	153,221,359	154,173,888	60,183,773	66,155,376	213,405,132	220,329,264
Results						
Segment results (external)	32,661,524	17,898,483	5,539,911	5,659,905	38,201,435	23,558,388
Other income					265,173	163,608
Unallocated expenses					(2,666,116)	(2,373,654)
Finance costs					(627)	(7,147)
Profit before tax					35,799,865	21,341,195
Income tax expense					(8,919,368)	(5,270,394)
Net profit for the year					26,880,497	16,070,801

28. Segmental reporting (cont'd)

	Malaysia		Overseas		Consolidated	
	2009 RM	2008 RM	2009 RM	2008 RM	2009 RM	2008 RM
Assets						
Segment assets	119,405,795	103,125,912	40,725,061	39,535,435	160,130,856	142,661,347
Unallocated assets					27,000,138	25,498,160
Total assets					187,130,994	168,159,507
Liabilities						
Segment liabilities	33,030,798	26,822,673	11,328,184	14,581,843	44,358,982	41,404,516
Unallocated liabilities					1,110,452	988,401
Total liabilities					45,469,434	42,392,917
Other segment information						
Depreciation	3,227,293	3,500,117	1,279,742	1,325,083	4,507,035	4,825,200
Unallocated expense					88,243	74,812
					4,595,278	4,900,012
Amortisation	82,812	77,002	42,879	39,264	125,691	116,266
Impairment losses recognised in profit or loss	675,520	—	319,689	—	995,209	—
Capital expenditure	1,353,661	4,239,192	568,384	1,572,013	1,922,045	5,811,205
Unallocated expense					1,625	247,092
					1,923,670	6,058,297
Prepaid land lease payments	—	377,611	—	172,389	—	550,000
Non cash expense other than depreciation	385,363	285,892	197,759	5,993	583,122	291,885
Unallocated expense					—	1,015
					583,122	292,900

28. Segmental reporting (cont'd)

Overseas principal markets consist of Asia (excluding Malaysia), United States of America, Africa and Russia.

Segment results, assets and liabilities include directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest earning assets and revenue and corporate assets, liabilities and expenses.

29. Financial instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in deposits with licensed banks.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. The Group manages its interest rate exposure by maintaining a floating rate borrowings. The information on maturity dates and effective interest rates of financial assets is disclosed in their respective notes.

(c) Foreign exchange risk

The Group is exposed to transactional currency risk primarily through purchases that are denominated in a currency other than the functional currency of the operations to which they relate. Foreign exchange exposures in transactional currencies other than functional currency of the Group are kept to an acceptable level. The Group does not engage in any formal hedging activities.

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit risk

The Group's credit risk is primarily attributable to trade receivables. 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, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional

29. Financial instruments (cont'd)**(e) Credit risk (cont'd)**

currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and marketable securities arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

(f) Fair values

The carrying amounts of cash and cash equivalents, trade and other receivables/payables approximate fair values due to the relatively short term maturity of these financial instruments.

LIST OF GROUP properties

As at 31 December, 2009

Location of Property	Description	Tenure of Land	Existing Use	Land Area/ Build-up Area	Approximate Age of Building	Net Book Value as at 31.12.09 RM
Hup Seng Perusahaan Makanan (M) Sdn. Bhd.						
Lot No. 7009 (Formerly PTD 2650) No. 15, Jalan Kolek Taman Kapal Layar Tongkang Pecah 83010 Batu Pahat Johor Darul Takzim	Single-storey terrace house	Freehold	Rented out (expiring 30.04.2010)	143.0 sq. m/ 94.1 sq. m	16 years	52,253
Lot 1336 No. 14-A, Jalan Kilang Kawasan Perindustrian Tongkang Pecah 83010 Batu Pahat Johor Darul Takzim	Single-storey Detached Factory an annex with 3-storey office building incorporating a basement area	Freehold	Warehouse/ office	9,940 sq. m/ 13,285.27 sq. m	10 years	12,700,000
PTD 1858 No. 14, Jalan Kilang Kawasan Perindustrian Tongkang Pecah 83010 Batu Pahat Johor Darul Takzim	Single-storey Detached Factory an annex with 2-storey office building and other ancillary buildings	60 years Leasehold (Expiring 24.05.2040)	Factory/ office	20,234.11 sq. m/ 14,829.52 sq. m	27 years	14,368,571
PTD 3727 No. 14, Jalan Kilang Kawasan Perindustrian Tongkang Pecah 83010 Batu Pahat Johor Darul Takzim	Fully covered with concrete driveway and underground drainage & piping system	60 years Leasehold (Expiring 12.07.2055)	Driveway	1,416.3 sq. m	—	162,000
Lot 6770 11 Jalan Kesturi 3 Taman Bunga Raya Tongkang Pecah 83010 Batu Pahat Johor Darul Takzim	Double-storey semi-detached house	Freehold	Foreign workers' hostel	275 sq. m/ 169.1 sq. m	19 years	130,000

LIST OF GROUP properties (cont'd)

31 December, 2009

Location of Property	Description	Tenure of Land	Existing Use	Land Area/ Build-up Area	Approximate Age of Building	Net Book Value as at 31.12.09 RM
Lot 6726 (Formerly GM766) 6 Jalan Kesturi 6 Taman Bunga Raya Tongkang Pecah 83010 Batu Pahat Johor Darul Takzim	Double-storey semi-detached house	Freehold	Foreign workers' hostel	282 sq. m/ 309.1 sq. m	19 years	150,000
Lot 6457 No. 22 & 22A Jalan Timun Taman Anggerik Tongkang Pecah 83010 Batu Pahat Johor Darul Takzim	Double-storey shophouse	Freehold	Foreign workers' hostel	163.5 sq. m/ 281.3 sq. m	30 years	200,000
Lot 6456 No. 21 & 21A Jalan Timun Taman Anggerik Tongkang Pecah 83010 Batu Pahat Johor Darul Takzim	Double-storey shophouse	Freehold	Foreign workers' hostel	163.5 sq. m/ 281.3 sq. m	30 years	200,000
PTD1127 HS(D) 38435 (formerly known as HS(D) 7577) No.4, Jalan Sampan, Kawasan Perindustrian Tongkang Pecah 83010 Batu Pahat, Johor	Single Storey detached Factory	60 years Leasehold (expiring on 07.11.2037)	Vacant	4,047.00 sq.m/ 2,091.40 sq.m	—	1,348,367
PTD1853 HS(D) 10338 No.9, Jalan Perahu, Kawasan Perindustrian Tongkang Pecah 83010 Batu Pahat, Johor	Single Storey detached Factory cum 2 storey office building	60 years Leasehold (expiring on 23.03.2040)	Vacant	6,647.03 sq. m/ 5,160.60 sq. m	21 years	1,800,000

LIST OF GROUP properties (cont'd)

31 December, 2009

Location of Property	Description	Tenure of Land	Existing Use	Land Area/ Build-up Area	Approximate Age of Building	Net Book Value as at 31.12.09 RM
Hup Seng Hoon Yong Brothers Sdn. Bhd.						
Lot 63763, 63775&63776 No.4&4A,28&28A, and 30&30A, Jln Harilela, Taman Harilela, 31350 Ipoh, Perak	Double storey shophouses	Freehold	4-Rented out (expiring 30.09.2011) 4A-Rented out (expiring 30.09.2011) 28-Rented out (expiring 30.09.2010) 28A-Staff hostel 30-Vacant 30A -Staff hostel	5,226 sq. ft./ 10,078 sq. ft.	20 years	422,522
Lot 1426 and 1423 Nos. A497 and A495 Taman Seri Pelindung Satu Jalan Berserah 25300 Kuantan Pahang Darul Makmur	2 continuous units of Double-storey shophouses	Freehold	Vacant	413 sq. m/ 483.7 sq. m	14 years	394,643
P.T. No. 50277 No. 1, Jalan Jaya Gading 2, Kawasan MIEL Jaya Gading, 25050 Kuantan Pahang Darul Makmur	1 1/2 storey semi-detached factory building	66 years leasehold (expiring 18.05.2063)	Branch office/ warehouse	1,613.09sq. m/ 1,001.9 sq. m	12 years	715,517

LIST OF GROUP properties (cont'd)

31 December, 2009

Location of Property	Description	Tenure of Land	Existing Use	Land Area/ Build-up Area	Approximate Age of Building	Net Book Value as at 31.12.09 RM
Lot Nos. 4107 & 4109 No. 1323 & 1325, Jalan Bukit Tengah Taman Indah 14000 Bukit Mertajam Pulau Pinang	Double-storey shophouses	Freehold	1323 - Branch office/store 1325 - Vacant	371.7 sq. m/ 743.4 sq. m	20 years	575,000
Plot Nos. 132 & 133, No. 132 & 133 Jalan Sagaria 2, Taman Saga Alor Mengkudu 05400 Alor Setar Kedah Darul Aman	Double-storey shophouses	Freehold	132 - Branch office/store 133 - Store 133A - Staff hostel	241.55 sq. m/ 483.6 sq. m	11 years	330,000
Lot No. 6444 (Formerly PTD 693) No. 9 & 9A, Jalan Timun Taman Anggerik Tongkang Pecah 83010 Batu Pahat Johor Darul Takzim	Double-storey shophouse	Freehold	9-Foreign worker's hostel 9A-Staff hostel	163.5 sq. m/ 281.3 sq. m	30 years	182,100
Lot No.305884, PN149251 (Formerly PT 149442) 12 Hala Rapat Baru 18 Taman Perusahaan Ringan Kinta Jaya 31350 Ipoh, Perak Darul Ridzuan	1½ Storey-detached factory	99 years leasehold (expiring 25.06.2096)	Branch office/warehouse	1,586 sq. m/ 12,050 sq. ft.	11 years	1,041,428
Lot 11067 15 Jalan Pala 10 Kawasan Industries Ringan PMTG Tinggi 14000 Bukit Mertajam Pulau Pinang	1½ Storey-detached Light Industrial Building	Freehold	Vacant	1,770 sq. m/ 577.5 sq. m	11 years	665,291

LIST OF GROUP properties (cont'd)

31 December, 2009

Location of Property	Description	Tenure of Land	Existing Use	Land Area/ Build-up Area	Approximate Age of Building	Net Book Value as at 31.12.09 RM
Lot 11068 11-A Jalan Pala 10 Kawasan Industries Ringan PMTG Tinggi 14000 Bukit Mertajam Pulau Pinang	1½ Storey- detached Light Industrial Building	Freehold	Vacant	1,208 sq. m/ 577.5 sq. m	11 years	530,962
Lot 6574 Mukim of Linau District of Batu Pahat Johor Darul Takzim	Industrial land	Freehold	Car park	9,704.38 sq. m	—	2,100,000
In-Comix Food Industries Sdn. Bhd.						
Plo No.94, Kawasan Perindustrian Senai 3, Jalan Cyber 6, 81400 Senai, Johor Darul Takzim	Double-storey detached factory	60 years leasehold (expiring 08.06.2056)	Warehouse/ office/ factory	6,328.94 sq. m/ 5,059sq.m	12 years	5,253,991

STATEMENT of shareholdings

As at 22 March, 2010

Authorised capital : RM100,000,000.00 representing 200,000,000 ordinary shares of RM0.50 each
 Issued and fully paid-up capital : RM60,000,000.00 representing 120,000,000 ordinary shares of RM0.50 each
 Class of shares : Ordinary share of RM0.50 each
 Voting rights : One vote per RM0.50 share

ANALYSIS OF SHAREHOLDINGS

No. of Holders	Holdings	Total Holdings	Percentage of Shares
5	Less than 100	36	0.00
51	100 to 1,000	26,500	0.02
1,513	1,001 to 10,000	5,729,064	4.77
356	10,001 to 100,000	11,091,700	9.24
62	100,001 to less than 5% of issued shares	41,952,700	34.96
1	5% and above of issued shares	61,200,000	51.00
1,988		120,000,000	100.00

TOP THIRTY LARGEST SHAREHOLDERS

Name of shareholder	No. of shares held	Percentage of Shares
1. HSB Group Sdn Bhd	61,200,000	51.00
2. Chang Kwee Lan	5,640,000	4.70
3. Goh Siew Kiew	3,911,000	3.26
4. Cekap Kapital Sdn Bhd	3,092,000	2.58
5. Kerk Chian Hui	2,600,000	2.17
6. Kerk Chian Tung	1,900,000	1.58
7. Chang Yang @ Chen Yong	1,712,000	1.43
8. Chong Swee Ching	1,446,000	1.21
9. Ker (Kerk) Kim Tim @ Kerk Choo Ting	1,290,000	1.08
10. Keh (Kerk) Chu Koh	1,096,000	0.91
11. Kuo Chee Ching	1,068,400	0.89
12. Kerk Han Meng	784,000	0.65
13. Teo Lee Tong	776,000	0.65
14. Teo Lee Teck	774,000	0.65
15. Kerk Kar Han	708,000	0.59
16. Mary Kerk Beng Ley	700,000	0.58
17. Kuo Liong Yok	620,000	0.52
18. Kuo Chee Kian	554,000	0.46
19. Sim Guat Keow @ Sim Han Che	544,000	0.45
20. Teo Lay Gak	540,000	0.45
21. Ke (Kek) Kim Soon @ Kerk Choo Soon	520,000	0.43
22. Ng Ee Kim	518,000	0.43
23. Kuo Lee Yong	516,000	0.43
24. Kuo Chee Joo	510,000	0.43
25. Kuo Lee Ai	496,000	0.40
26. Kerk Chew Siong	460,000	0.38
27. Wan Lay Hoon	460,000	0.38
28. Kuo Chee Hau	444,000	0.37
29. Kuo Choo Song	436,000	0.36
30. Lem Leh Lee @ Lim Mok Lee	426,000	0.36

STATEMENT of shareholdings (cont'd)

As at 22 March, 2010

SUBSTANTIAL SHAREHOLDERS

According to the Register required to be kept under Section 69L of the Company Act, 1965, the following are the substantial shareholders of the Company: -

No.	Name of shareholder	---Direct Interest---		---Deemed Interest---	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	HSB Group Sdn Bhd	61,200,000	51.00	—	—
2.	Kuo Choo Song	436,000	0.36	66,426,400*	55.36
3.	Tan Siew Kee	—	—	61,200,000#	51.00
4.	Kuo Chee Ching	1,068,400	0.89	61,200,000#	51.00
5.	Kuo Chee Hau	444,000	0.37	61,200,000#	51.00
6.	Kuo Chee Joo	510,000	0.43	61,200,000#	51.00
7.	Kuo Chee Kian	554,000	0.46	61,200,000#	51.00
8.	Kuo Chee Koon	302,000	0.25	61,200,000#	51.00
9.	Kuo Chee Yoong	400,000	0.33	61,200,000#	51.00
10.	Kuo Liong Yok	620,000	0.52	61,200,000#	51.00
11.	Ke (Kek) Kim Soon @ Kerk Choo Soon	520,000	0.43	61,200,000#	51.00
12.	Sim Guat Keow @ Sim Han Che	544,000	0.45	61,200,000#	51.00
13.	Kerk Han Meng	784,000	0.65	61,200,000#	51.00
14.	Kerk Kar Han	708,000	0.59	61,236,000*	51.03
15.	Estate of Lau Ah Chik @ Yap Swee Keow	—	—	61,200,000#	51.00
16.	Teo Lay Gak	540,000	0.45	61,200,000#	51.00
17.	Teo Lee Teck	774,000	0.65	61,280,000*	51.07
18.	Teo Lee Tong	776,000	0.65	61,200,000#	51.00
19.	Keh (Kerk) Chu Koh	1,096,000	0.91	61,912,000*	51.59
20.	Lem Leh Lee @ Lim Mok Lee	426,000	0.36	61,200,000#	51.00
21.	Dato' Seri Ker (Kerk) Kim Tim @ Kerk Choo Ting	1,290,000	1.08	61,200,000#	51.00
22.	Datin Seri Chang Yang @ Chen Yong	1,712,000	1.43	61,200,000#	51.00
23.	Kerk Gau Yang	94,000	0.08	61,200,000#	51.00
24.	Kerk Chong Yong	94,000	0.08	61,200,000#	51.00
25.	Kerk Shiang Yih	98,000	0.08	61,200,000#	51.00

Note:

Deemed interested by virtue of his/her and/or his/her associates' interests in HSB Group Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

* Deemed interested by virtue of his interests in HSB Group Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and Section 134 of the Companies (Amendment) Act 2007.

STATEMENT of shareholdings (cont'd)

As at 22 March, 2010

DIRECTORS' INTERESTS

Name of Director	----Direct Interest----		----Deemed Interest----	
	No. of shares held	%	No. of shares held	%
Keh (Kerk) Chu Koh	1,096,000	0.91	61,912,000*	51.59
Kerk Chiew Siong	460,000	0.38	1,446,000#	1.21
Kuo Choo Song	436,000	0.36	66,426,400*	55.36
Kerk Chian Tung	1,900,000	1.58	—	—
Teo Lee Teck	774,000	0.65	61,280,000*	51.07
Kerk Kar Han	708,000	0.59	61,236,000*	51.03
Woon Chin Chan	—	—	—	—
Mazrina binti Arifin	—	—	—	—
Norita binti Ja'afar	—	—	—	—
Raja Khairul Anuar bin Raja Mokhtar	—	—	—	—
Wee Hoe Soon @ Gooi Hoe Soon	—	—	—	—

Note:

Deemed interested by virtue of his interests in HSB Group Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and Section 134 of the Companies (Amendment) Act 2007.

* Deemed interested by virtue of his interest Section 134 of the Companies (Amendment) Act 2007.

NOTICE OF annual general meeting

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of Hup Seng Industries Berhad will be held at Mezzanine Floor, The Katerina Hotel, 8, Jalan Zabedah, 83000 Batu Pahat, Johor Darul Ta'zim on Tuesday, 18 May, 2010 at 9.00 a.m. for the following purposes: -

AGENDA

ORDINARY BUSINESS

- 1 To receive the Audited Financial Statements for the financial year ended 31 December, 2009 together with the Directors' and Auditors' Report thereon. **Resolution 1**
- 2 To approve the payment of final dividend of 4% single tier dividend in respect of financial year ended 31 December, 2009. **Resolution 2**
- 3 To approve the payment of Directors' Fees for the financial year ended 31 December, 2009. **Resolution 3**
- 4 To re-elect the following Directors who retire during the year in accordance with Article 76 of the Company's Articles of Association and being eligible, offer themselves for re-election: -
 - Puan Norita Binti Ja'afar **Resolution 4**
 - Raja Khairul Anuar Bin Raja Mokhtar **Resolution 5**
 - Mr Kerk Kar Han **Resolution 6**
- 5 To consider, and if thought fit, to pass the following resolution: -
"THAT pursuant to Section 129(6) of the Companies Act, 1965, Mr Kuo Choo Song be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting."
Resolution 7
- 6 To re-appoint Messrs Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and authorise the Directors to fix their remuneration. **Resolution 8**
- 7 To consider and, if thought fit, to pass the following resolutions: -
SPECIAL RESOLUTION
AMENDMENTS TO ARTICLES OF ASSOCIATION
"THAT the proposed alterations, modifications, amendments or deletions to the Articles of Association of the Company as contained in Appendix A be hereby approved."
Resolution 9
- 8 To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

Company Secretary
LEONG SIEW FOONG (f)
MAICSA NO. 7007572

Johor Bahru
27 April, 2010

Note:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.
2. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
6. The instrument appointing a proxy must be deposited at the Registered Office of the Company, Symphony Corporatehouse Sdn Bhd at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor Darul Ta'zim not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL RESOLUTION: -

Special Resolution

This Resolution is to amend the Company's Articles of Association in line with the amendments in the Listing Requirements of Bursa Malaysia Securities Berhad.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATE

NOTICE IS ALSO HEREBY GIVEN THAT the final dividend of 4% single tier dividend in respect of the financial year ended 31 December, 2009, if approved, will be paid on 22 June, 2010.

The entitlement date shall be fixed on 8 June, 2010 and a Depositor shall qualify for entitlement only in respect of: -

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 8 June, 2010 in respect of ordinary transfer; and
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Company Secretary
LEONG SIEW FOONG (f)
MAICSA NO. 7007572

Johor Bahru
27 April, 2010

APPENDIX A

Article No.	Existing Provision	New Provision
<p>Article 28A Destruction of Records</p>	<p>New provision</p>	<p>Subject as hereinbefore provided, the Company shall be entitled to destroy: -</p> <p>(a) at any time after the expiration of six (6) years from the date or registration thereof or on which an entry in respect thereof shall have been made (as the case may be), all instruments of transfer of shares or other forms of security of the Company which shall have been registered and all letters of request, renounced allotment letters, renounceable share certificates, forms of acceptance and transfer and applications for allotment in respect of which an entry in the Register of Transfer shall have been made and all records on microfilm or on any other systems of data recording and storage.</p> <p>(b) at any time after the expiration one year from the date of cancellation thereof, all registered certificates for shares or certificates any other form of security of the Company (being certificates for shares or any other form of security in the name of a transferor and in respect whereof the Company has registered a transfer) and mandates and other written directions as to the payment of dividends or interest (being mandates or directions which have been cancelled); and</p> <p>(c) at any time after the expiration of one year from the date of the recording thereof, all notifications of change of name or address;</p> <p>and it shall conclusively be presumed in favour of the Company that:-</p> <p>(i) every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;</p> <p>(ii) every certificate for shares or representing any other form of security so destroyed was a valid certificate duly and properly cancelled; and</p> <p>(iii) every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company.</p> <p>Provided that:-</p> <p>(1) the provisions aforesaid shall apply only to the destruction of documents in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;</p> <p>(2) nothing herein contained shall be construed as imposing on the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (1) above are not fulfilled;</p> <p>(3) references herein to the destruction of any documents include references to the disposal thereof in any manner; and</p> <p>(4) any document referred to in Article 31(b) and (c) may be destroyed at a date earlier than that authorised by this Article provided that a permanent copy of such document shall have been made which shall not be destroyed before the expiration of the period applicable to the destruction of the original of such document and in respect of which the Directors shall take adequate precautions for guarding against falsification and for facilitating its re-production.</p>
<p>Article 33 Transmission of Shares</p>	<p>(1) Where:-</p> <p>(a) the securities of the company are listed on a stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) Exemption Order, 1998 ("Approved Market Place"); and</p> <p>(b) the company is exempted from compliance with section 14 of the Central Depositories Act or section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of Depository in respect of such securities,</p>	<p>(1) Where:-</p> <p>(a) the securities of the Company are listed on another stock exchange; and</p> <p>(b) the Company is exempted from compliance with section 14 of the Central Depositories Act or section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of Depository in respect of such securities,</p> <p>the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.</p>

Article No.	Existing Provision	New Provision
	<p>the company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") subject to the following conditions:-</p> <p>(i) there shall be no change in the ownership of such securities; and</p> <p>(ii) the transmission shall be executed by causing such securities to be credited directly into the Securities Account of such securities holder.</p> <p>(2) For the avoidance of doubt, no company which fulfills the requirements of paragraphs (a) and (b) of subsection (1) above shall allow any transmission of securities from the Malaysian Register into the Foreign Register.</p>	
<p>Article 54(a) Notice of meeting</p>	<p>Subject to the provision of the Act relating to convening meetings to pass Special Resolution, every notices convening meetings shall specify the place, day and hour of the meeting, and shall specify the general nature of such business and shall also be given to all members at least 14 days before meeting or at least 21 days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business and shall be given in the manner hereinafter mentioned to such persons as are under the provisions of these Articles entitled to receive notice of general meetings from the Company. At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to the Exchange and other stock exchange, if any upon which the Company is listed such that notices of all meetings shall be given to the Exchange and other stock exchange, if any on which the shares of the Company is listed, and advertised in the press at the same time as shareholders are notified.</p>	<p>Subject to the provision of the Act relating to convening meetings to pass Special Resolution, every notices convening meetings shall specify the place, day and hour of the meeting, and shall specify the general nature of such business and shall also be given to all members at least 14 days before meeting or at least 21 days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business and shall be given in the manner hereinafter mentioned to such persons as are under the provisions of these Articles entitled to receive notice of general meetings from the Company. At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to the Exchange and other stock exchange, if any upon which the Company is listed such that notices of all meetings must be given to the Exchange and other stock exchange, if any on which the shares of the Company is listed, and advertised in the press at the same time as shareholders are notified.</p>

APPENDIX A

(cont'd)

Article No.	Existing Provision	New Provision
Article 54(c) Notice of meeting	The Company shall also request the Depository in accordance with the Rules of Depository, to issue a Record of Depositors as at a date not less than three (3) market days or such other period may be prescribed under the Listing Requirements or by the Exchange from time to time before the general meeting (hereinafter referred to as the "General Meeting Record of Depositors").	The Company shall also request the Depository in accordance with the Rules of Depository, to issue a Record of Depositors as at a date not less than three (3) market days or such other period may be prescribed under the Listing Requirements or by the Exchange from time to time before the general meeting ("General Meeting Record of Depositors").
Article 75 Number of Directors	All the Directors of the Company shall be natural persons and until otherwise determined by general meeting the number of Directors shall not be less than two (2) nor more than eleven (11) but in the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum the continuing Director or Directors may except in an emergency, act only for the purpose of increasing the number of Directors to such minimum number or to summon a general meeting of the Company.	Unless otherwise determined by general meeting the number of Directors shall not be less than two (2) nor more than eleven (11) but in the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum the continuing Director or Directors may except in an emergency, act only for the purpose of increasing the number of Directors to such minimum number or to summon a general meeting of the Company.
Article 78 Notice of candidate as a Director	No person not being a retiring Director shall be eligible for election to the office of Director at any general meeting unless some member intending to propose him has, at least eleven (11) clear days before the meeting, left at the office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such member to propose him, provided that in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven (7) days prior to the meeting at which the election is to take place.	No person not being a retiring Director shall be eligible for election to the office of Director at any general meeting unless some member intending to propose him has, at least eleven (11) clear days before the meeting, left at the office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such member to propose him, provided that in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven (7) days before the meeting at which the election is to take place.
Article 89(a) Powers of Directors	carry into effect any proposal or execute any transaction for the acquisition of an undertaking or property of a substantial value, or the disposal of a substantial portion of or a controlling interest in the Company's main undertaking or property;	carry into effect any proposal or execute any transaction for the acquisition of an undertaking or property of a substantial value, or the disposal of a substantial portion of or a controlling interest in the Company's undertaking or property;
Article 89(c) Powers of Directors	subject to Section 132E of the Act, enter into any arrangement or transaction with a Director of the Company or its holding Company or with a person connected with such a Director to acquire from or dispose to such a director or person any non-cash assets of the requisite value;	subject to Section 132E of the Act, carry into effect or enter into any arrangement or transaction with the Company or its holding Company to acquire from or dispose to such a director or person connected with such a Director any shares or non-cash assets of the requisite value;

Article No.	Existing Provision	New Provision
Article 97(a) Director may hold other office to be counted in the quorum	New provision	A Director notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the Directors resolve to enter into or make any arrangements with him or on his behalf pursuant to Article 97 of these Articles, or whereat the terms of any such appointment or arrangements as hereinbefore mentioned are considered, and he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof.
Article 97(b) General notice of interest in corporation by Company	New provision	A general notice that a Director, Alternate Director or Managing Director is a member of or interest in any specified firm or corporation with whom any contract is proposed to be entered into in relation to the affairs of the Company and is to be regarded as interested in all transactions with such firm or corporation shall be a sufficient disclosure under this clause as regards such Director and the said transaction and after such general notice it shall not be necessary for such Director to give any special notice relating to any particular transaction with such firm or corporation.
Article 127(a) Power to authenticate documents	New provision	Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any affecting the documents constitution of the Company and any resolutions passed by the Company or the Directors, and any books, records, documents and accounts relating to the business of the Company and to certify copies or extracts therefrom as true copies or extracts, and where any books, records, documents or accounts are elsewhere than at the office, the local manager and other officer of the Company having the custody shall be deemed to be a person appointed by the Directors as aforesaid.
Article 127(b) Certified copy of resolutions of Directors	New provision	A document purporting to be a copy of a resolution of the Directors or an extract from the minutes of a meeting of Directors which is certified as such in accordance with the provisions of the last preceding Article shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Directors.
Article 148 Voluntary Liquidation	On the voluntary liquidation of the Company, no commission or fee shall be paid to the liquidator unless it shall have been approved by members. The amount of such payment shall be notified to all members at least seven (7) days prior to the meeting at which it is to be considered.	On the voluntary liquidation of the Company, no commission or fee shall be paid to the liquidator unless it shall have been approved by members. The amount of such payment shall be notified to all members at least seven (7) days before the meeting at which it is to be considered.

APPENDIX A

(cont'd)

Article No.	Existing Provision	New Provision
Article 154(g) Effect of the Listing Requirements	For the purpose of this article, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of Bursa Malaysia Securities Berhad including any amendments to the Listing Requirements that may be made from time to time.	For the purpose of this article, unless the context otherwise requires, "Listing Requirements" means Bursa Malaysia Securities Berhad Main Market Listing Requirements including any amendments to the Listing Requirements that may be made from time to time.



合成工業有限公司
HUP SENG INDUSTRIES BERHAD

(Company No. 226098-P)

FORM OF
proxy

CDS ACCOUNT NO.	NO. OF SHARES HELD

I/We _____
of _____

being a member/members of Hup Seng Industries Berhad, hereby appoint (1) Mr/Ms _____

(NRIC No. of _____) of _____

or failing whom, _____

(NRIC No. of _____) of _____

(the next name and address should be completed where it is desired to appoint two proxies)

*(2) Mr/Ms _____

(NRIC No. of _____) of _____

or failing whom, _____

(NRIC No.) of _____

as my/our proxy to vote for *me/us and on *my/our behalf at the **Eighteenth Annual General Meeting of the Company to be held at Mezzanine Floor, The Katerina Hotel, 8, Jalan Zabedah, 83000 Batu Pahat, Johor Darul Ta'zim on Tuesday, 18 May, 2010 at 9.00 a.m.** and, at every adjournment thereof *for/against the resolutions to be proposed thereat.

The proportion of *my/our proxies are as follows:

(This paragraph should be completed only when two proxies are appointed)

First Proxy (1) _____ % Second Proxy (2) _____ %

*My/Our proxy is to vote as indicated below: -

NO.	RESOLUTIONS	FOR	AGAINST
1.	Receive the Audited Financial Statements for the year ended 31 December, 2009 together with the Reports of the Directors and Auditors.		
2.	Approve the payment of final dividend.		
3.	Approve the payment of Directors' fees for the financial year ended 31 December, 2009. Re-election of Directors retiring according to the Article 76 of the Company's Articles of Association: -		
4.	- Puan Norita Binti Ja'afar		
5.	- Raja Khairul Anuar Bin Raja Mokhtar		
6.	- Mr Kerk Kar Han		
7.	Re-appointment of Mr Kuo Choo Song as Director pursuant to Section 129 (6) of the Companies Act, 1965.		
8.	Re-appointment of Messrs Ernst & Young as Auditors.		
9.	Approve the amendments to the Articles of Association.		

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

As witness my hand this _____ day of _____ 2010

Note:

Signature of Member(s)

- A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.
- A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
- Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company, Symphony Corporatehouse Sdn Bhd at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

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STAMP

The Secretary

HUP SENG INDUSTRIES BERHAD

(Company No. 226098-P)

Suite 6.1A, Level 6
Menara Pelangi, Jalan Kuning
Taman Pelangi
80400 Johor Bahru
Johor Darul Ta'zim
Malaysia

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