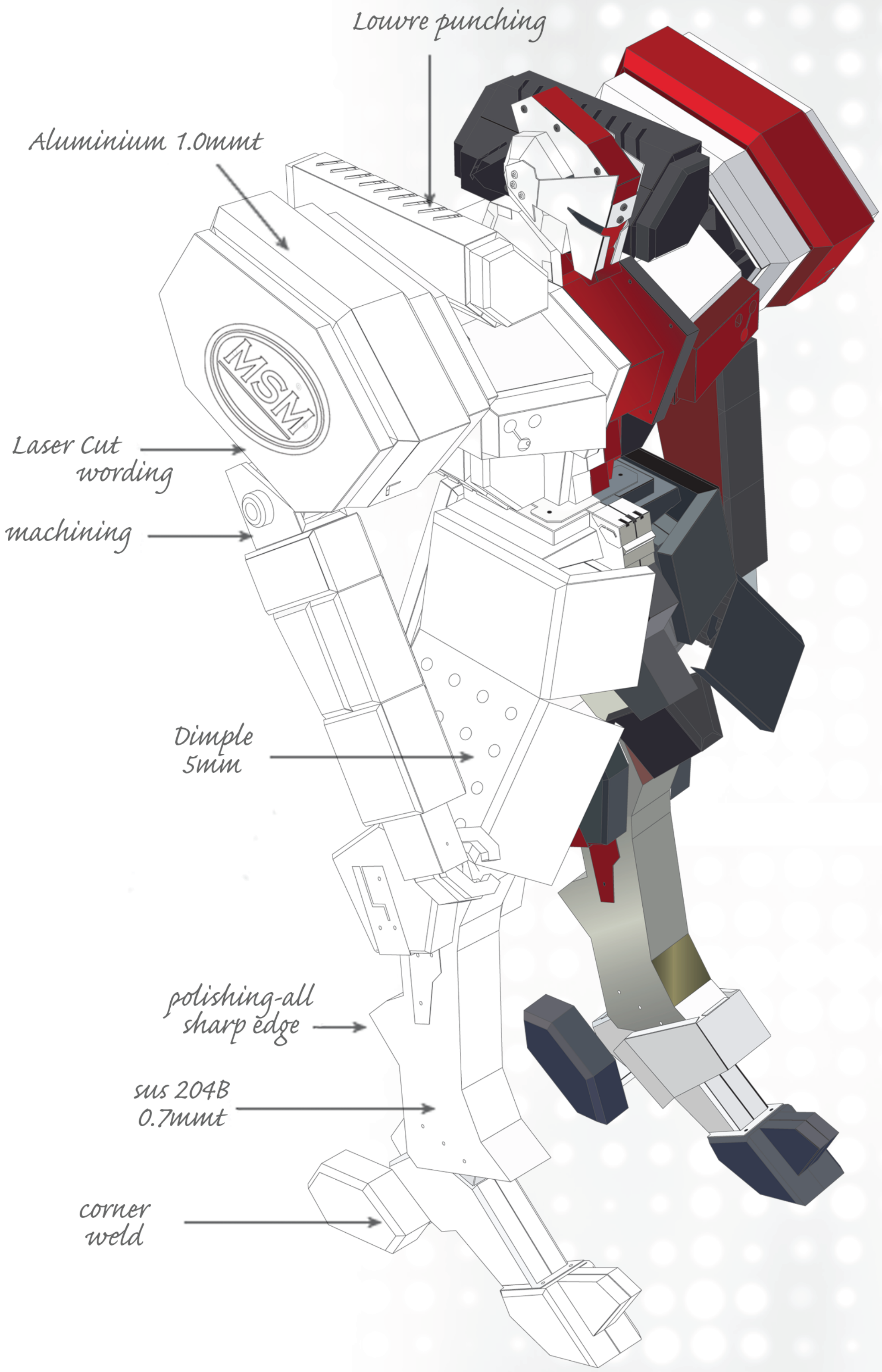
MANN SENG METAL INTERNATIONAL LIMITED ANNUAL REPORT 2009



MANN SENG METAL INTERNATIONAL LIMITED

FROM CONCEPT TO REALITY

ANNUAL REPORT **2009**

COVER RATIONALE

The MSM robot – from sketch to finish – is a showcase of MSM's full range of technological capabilities. The robot traverses the entire production process – from conceptualisation, design process, prototyping and improvement, to forming and fabrication of parts, down to its assembly and appearance finishing.

The robot represents the vision and goals of the MSM Group – which is to be attuned to the needs of the present, yet forward-thinking and always ready for the future. These same values form the lynchpin of the Group's interaction with its stakeholders. From staff to shareholders, from partners to customers, each will experience MSM's unparalleled commitment to its service, products and processes.

Bearing testimony to the MSM Group's superior quality and design flair, the MSM robot is truly the Group's crowning glory.

CONTENTS

CORPORATE PROFILE

Mann Seng Metal International Limited (MSM) Group of Companies are engaged in the provision of Original Equipment Manufacturing (OEM), and standard and customised kitchen appliances, equipment and related services. Our Group's global base of customers spans the oil & gas, semiconductor, healthcare, F&B, and hospitality industries. By harnessing our wide range of metal engineering capabilities, our Group is able to offer one-stop solutions from design, product development, prototyping, tool and die fabrication, to production and assembly services for stainless steel and metal products according to each customer's needs and specifications.

Over the years, our Group has established a firm track record for service and product quality. Coupled with a reputation for reliability and commitment, with relevant expertise as well as production and assembly capabilities, MSM today oversees a strong portfolio of in-house brands for its kitchen solutions business, and has built a solid customer base.

MSM operates three specialised manufacturing facilities in Malaysia for the fabrication of metal products, for OEM contract manufacturers, robotic welding processes, and the fabrication of standard and customised kitchen equipment products, to provide customers with comprehensive one-stop solutions and quality service.

MESSAGE FROM THE CHAIRMAN

For MSM, the listing presents a critical platform for further growth. We are now in a good position to tap the opportunities for our geographic expansion in Singapore and the rest of Asia.

Chan Kee Sieng
Executive Chairman

Dear Shareholders,

On behalf of the Board of Directors of Mann Seng Metal International Limited (MSM), I am pleased to present to you our annual report for the financial year ended 31 December 2009. This is our inaugural annual report since our listing on the Singapore Exchange (Catalist) on 7 May 2010.

While the year in review was challenging for most businesses, MSM has proven that opportunities can be found even in adverse or unfavourable situations. We have weathered the global economic crisis that began in late 2008 and are proud to successfully mark a significant milestone in our going public.

Our initial public offering garnered strong support from investors, with all 20 million new placement shares successfully placed at S$0.25 each. We raised net proceeds of approximately S$3.76 million through the offering.

Since our inception in the 1980s, we have established ourselves as a one-stop integrated metal engineering services provider for a wide range of customised and standard products in the original equipment manufacturing and kitchen appliances, equipment and related services industry. For MSM, the listing presents a critical platform for further growth. We are now in a good position to tap the opportunities for our geographic expansion in Singapore and the rest of Asia. Accordingly, we plan to use the proceeds from the listing to expand our customer base, product lines, and production capacity, as well as improve our productivity and value-added services, and enhance our research & development capabilities. We will continue to focus on operation excellence and we also plan to explore opportunities in strategic investments or other alliances and acquisitions.

We are confident that our strong track record, relevant expertise and manufacturing capabilities, and experienced management team will allow us to bring in good value for our shareholders.

FINANCIAL PERFORMANCE

For the year ended 31 December 2009, the Group recorded approximately RM57.2 million in revenue, which represented an increase of 11.2% from the RM51.5 million registered in the preceding year. In all, our revenue is derived from the Original Equipment Manufacturing (OEM) segment, which contributed approximately $34.7 million or 60.6%, and the kitchen appliances, equipment and related services segment, which contributed approximately $22.5 million or 39.4%.

Driven by lower raw material cost and improved efficiencies resulting from our innovative production processes, gross profit margin improved to 37.8% in FY2009 from 27.7% in FY2008.

After taking into consideration the higher revenue and gross profit margin, our net profit surged 158.3% to RM8.3 million, compared to RM3.2 million in the previous year. Earnings per share also increased from 4.6 Malaysian sen in FY2008 to 11.8 Malaysian sen in FY2009.

MESSAGE FROM THE CHAIRMAN

REVIEW OF OPERATIONS

Uncertainties triggered by the economic downturn saw many of our customers adopting a prudent approach towards expansion in 2009, with various projects being shelved or postponed.

However, a bright note came in the form of an early upturn in demand from the oil & gas industry for our OEM services, and from the food and beverage (F&B) industry for our kitchen appliances, equipment and related services. We also had the privilege of participating in the supply of kitchen appliances, equipment and related services to some significant resorts and hotels projects overseas.

On this note, we are confident that our range of kitchen appliance and equipment products is able to support the development of the hospitality and food services industries in the region, and will be taking steps to expand our presence further.

OUTLOOK

We remain cautiously optimistic about our prospects for the year ahead. While market competition may prevail, the recovery and growth of the industries in which our customers operate should translate into a corresponding increase in demand for our comprehensive range of products and services. Specifically, we hope to tap potential growth opportunities in the oil & gas, F&B, semiconductor and healthcare industries.

To cater to the anticipated increase in demand and widen our product range, we plan to expand one of our facilities by some 40%, and acquire additional equipment and machinery as described in the Offer Document dated 27 April 2010. Along with this, we will progressively expand our customer base both domestically and abroad.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank all our customers, suppliers and business associates for their support throughout the past years. I would also like to express my gratitude to the staff of MSM for their dedication and effort, which have been instrumental in growing the Group to where it is today. I would also like to extend our welcome and thanks to the new shareholders of MSM for putting your faith in us.

Chan Kee Sieng
Executive Chairman

BOARD OF DIRECTORS

CHAN KEE SIENG
Executive Chairman
Age 58

Mr Chan is one of the co-founders of the MSM Group and has over four decades of experience in the OEM contract manufacturing and kitchen equipment industries.

Throughout the years of his career, Mr Chan had garnered extensive industry knowledge and wide business contacts from working as an engineering technician to setting up family companies such as Ban Seng Trading Co. dealing in trading and supply of cooking oil and gas, and eventually Chan Brother Trading Co., a steel trading company, before setting up the flagship subsidiary of MSM Group.

He was appointed as Director of the Company on 30 October 2009 and is presently responsible for charting the Group's business direction as well as corporate and strategic developments of the Group.

Mr Chan also holds directorships in Triumphant Hope Sdn Bhd, Eminent Food Industries Sdn Bhd, Mann Seng Sdn Bhd, MSM Palm Oil Engineering Sdn Bhd and Widewin Strategy Sdn Bhd.

Mr Chan is the father of the Executive Director and Chief Executive Officer, Chan Wen Chau, elder brother to the Executive Director, Chan Kit Moi, and uncle to Executive Director and Chief Operating Officer, Chan Wen Yaw.

CHAN KIT MOI
Executive Director
Age 57

Mr Chan is one of the co-founders of the MSM Group and possesses 40 years' experience in the OEM contract manufacturing and kitchen equipment industries. Prior to co-founding the Company, Mr Chan joined Ban Seng Trading Co. and Chan Brother Trading Co. as Director, where he was in charge of operations, inventory and administration. He was appointed as Director of the Company on 30 October 2009.

Mr Chan is presently involved in the corporate planning and business development of the Group. He holds directorships in Triumphant Hope Sdn Bhd, Eminent Food Industries Sdn Bhd and Mann Seng Sdn Bhd.

CHAN WEN CHAU
Executive Director & CEO
Age 35

Mr Chan has been spearheading the expansion and growth of the Group and is responsible for the overall business and strategic development, corporate planning, operations and management of the Group. He possesses 10 years of extensive experience in the OEM contract manufacturing and kitchen equipment industries and has been closely involved in all levels of operation of the Group. Mr Chan was appointed as the Director of the Company on 8 October 2009.

Mr Chan holds directorships in Triumphant Hope Sdn Bhd, Widewin Strategy Sdn Bhd, Ino-G Solutions Sdn Bhd, Wican Berhad and FIC Refrigeration Pte Ltd.

Mr Chan holds a Bachelor of Engineering (Mechanical Engineering) from the University of Portsmouth in the United Kingdom.

CHAN WEN YAW
Executive Director & COO
Age 35

Mr Chan was appointed as Director of the Company on 30 October 2009, and possesses 10 years of technical and management experience in the OEM contract manufacturing and kitchen equipment industries. He is presently responsible for the Group's overall strategic planning, operations and administration, and has previously been involved in the product design, sales and administration, and business development of the Group.

Mr Chan holds directorships in Triumphant Hope Sdn Bhd, Ino-G Solutions Sdn Bhd, Wican Berhad and FIC Refrigeration Pte Ltd.

He holds a Bachelor of Engineering (Mechanical Engineering) from the University of Portsmouth in the United Kingdom.

YONG WAI KIN
Executive Director & CFO
Age 41

Mr Yong, who is not related to any family member of the directors and staff, joined the Group in August 2009 and was appointed as a Director of the Company on 30 October 2009. He is responsible for the management of the Group's accounts, cash flow, corporate finance, financial reporting, risk management evaluation, audit, tax compliance and administration.

Possessing 20 years of experience in accounting, finance and administration, Mr Yong has held various finance and accounting positions in the past. Prior to joining the Group, Mr Yong had accumulated experience in senior management positions in a Bursa Malaysia-listed company, and last held the position of General Manager in Finance of Topaz Evergreen Sdn Bhd. He is also presently a Director of Bueno Fine Spirits (Malaysia) Sdn Bhd.

Mr Yong is a member of the Malaysian Institute of Accountants and is an associate member of the Association of Chartered Certified Accountants. He holds a Diploma in Accounting from the London Chamber of Commerce.

BRIAN WONG WYE PONG
Independent Director
Age 36

Mr Wong, who is not related to any family member of the directors or staff, was appointed as Independent Director of the Group on 26 November 2009. He has more than 15 years of experience in tax, finance, internal and external audits, risk management and corporate finance.

Mr Wong is currently a partner in PKF Malaysia, an accounting firm in Malaysia. He is a member of the Malaysian Institute of Accountants, the Australian Society of Certified Practicing Accountants, and the Kampuchea Institute of Certified Public Accountants and Auditors.

Presently a Director on the boards of a number of companies including Covenant Equity Consulting Sdn Bhd and Privasia Technology Bhd, Mr Wong has previously served as Audit Committee Chairman and Director of two Bursa Malaysia-listed companies.

Mr Wong is also a director of other Malaysian companies, including ABKT Consultants Sdn Bhd, CLF Capital Management Sdn Bhd, Gemini Capital Sdn Bhd, PKF Sdn Bhd and Polaris Knowledge Firmware Sdn Bhd.

Mr Wong holds a Bachelor of Commerce from the University of Western Australia.

LEOW WEE KIA CLEMENT
Independent Director
Age 35

Mr Leow, who is not related to any family member of the directors and staff, was appointed as Independent Director of the Group on 30 October 2009, and possesses over 10 years of corporate finance experience primarily in initial public offerings, mergers & acquisitions as well as advisory transactions.

Mr Leow is presently a partner and Head of Corporate Finance at Partners Capital (Singapore) Pte Ltd, and serves as an advisor to Kenmoore Mezzanine Investments Limited, a Singapore-based private equity fund. Prior to this, Mr Leow has held senior positions in corporate finance and banking in Singapore.

Mr Leow holds a Bachelor of Science in Applied Economics from Cornell University, and a Postgraduate Diploma in Financial Strategy from Oxford University. He is a member of Hertford College, and is currently reading for his Master of Business Administration degree at the Said Business School in Oxford University. Mr Leow is also a member of the Singapore Institute of Directors and has completed the Governance Leadership Program at Harvard University.

WONG KOK SEONG
Independent Director
Age 40

Mr Wong, who is not related to any family member of the directors and staff, was appointed as Independent Director of the Group on 24 November 2009 and has more than 15 years of experience in external and internal auditing, financial accounting, management consultancy, taxation, due diligence and project implementation.

Mr Wong is a member of the Malaysian Institute of Accountants and a Fellow of the Association of Chartered Certified Accountants. He is a partner in THL Wong & Co., an accounting firm in Malaysia, and is currently serving on the board of Bursa Malaysia-listed Bio Osmo Berhad, as Independent Director and Audit Committee Chairman, and is also a Director in T H Law Consultants Sdn Bhd.

He holds a Masters in Business Administration from the Open University, United Kingdom.

KEY MANAGEMENT

CHAN YUN TYNG
Age 34

Ms Chan is the General Manager of Toyomi (M) Sdn Bhd (MSM Toyomi), and is responsible for sales, marketing and business development for the Group, as well as the overall management of MSM Toyomi. She joined MSM Toyomi in 1996 and has over 10 years of sales experience in the OEM contract manufacturing industry.

Ms Chan is the daughter of Executive Chairman, Chan Kee Sieng, sister to Executive Director and Chief Executive Officer, Chan Wen Chau, niece to Executive Director, Chan Kit Moi and cousin to Executive Director and Chief Operating Officer, Chan Wen Yaw.

Ms Chan holds an Advanced Diploma in Business Administration from the Association of Business Executives and a Master of Arts in International Business from the University of Wolverhampton, United Kingdom.

CHAN CHOI HAR
Age 44

Ms Chan, who is not related to any director and staff, is the General Manager of MSM Marketing Sdn Bhd (MSM Marketing) and is responsible for the sales, marketing and securing of new customers for the Group, and also the management of MSM Marketing. She joined the Group in 1987 and has achieved more than 10 years of sales experience in the OEM contract manufacturing and kitchen equipment industries.

Ms Chan holds a Certificate in Human Resource Management from the Centre of Advanced Management Studies and Entrepreneurial Training (Amset), and a Certificate in Business Studies from Advance Tutorial Centre, Malaysia.

ONG SENG JOO
Age 36

Mr Ong, who is not related to any director and staff, joined the Group as General Manager of OMS Technology Sdn Bhd (MSM OMS) in November 2008. He is responsible for the management of day-to-day operations, sales and marketing of MSM OMS.

He possesses extensive experience in the designing and building of cleanrooms, biotech facilities, animal research facilities, as well as strong expertise in project and site management, and sales and marketing.

Mr Ong holds a Certificate in Technology (Mechanical Engineering) from Tunku Abdul Rahman College, Malaysia.

KATTY LAI WUI LOON
Age 35

Ms Lai, who is not related to any director and staff, is the General Manager of MSM Equipment Manufacturer Sdn Bhd (MSM Equipment) and oversees the daily purchasing, operations, quality control and assurance, as well as overall management, of MSM Equipment. She joined the Group in 2006 and brought with her extensive experience in product and business development, and sales and marketing.

Ms Lai is presently a Director in Two KD Sdn Bhd. She holds a Diploma in Hotel and Catering Management from Kolej Damansara Utama, Malaysia.

TANG CHENG HOOI
Age 37

Mr Tang, who is not related to any director and staff, joined the Group in 1994 and has been the General Manager of MSM Metal Industries Sdn Bhd (MSM Metal) since 2007. He possesses 15 years of experience in sheet metal engineering and the OEM contract manufacturing industry and is presently responsible for managing and overseeing the operational aspects of the Group's production facilities and the management of MSM Metal.

Mr Tang holds an Engineering Diploma in Electronic Engineering from the Federal Institute of Technology, Malaysia, and a Certificate of Electrical Engineering from the City & Guilds of London Institute.

MAH SIEW PENG
Age 37

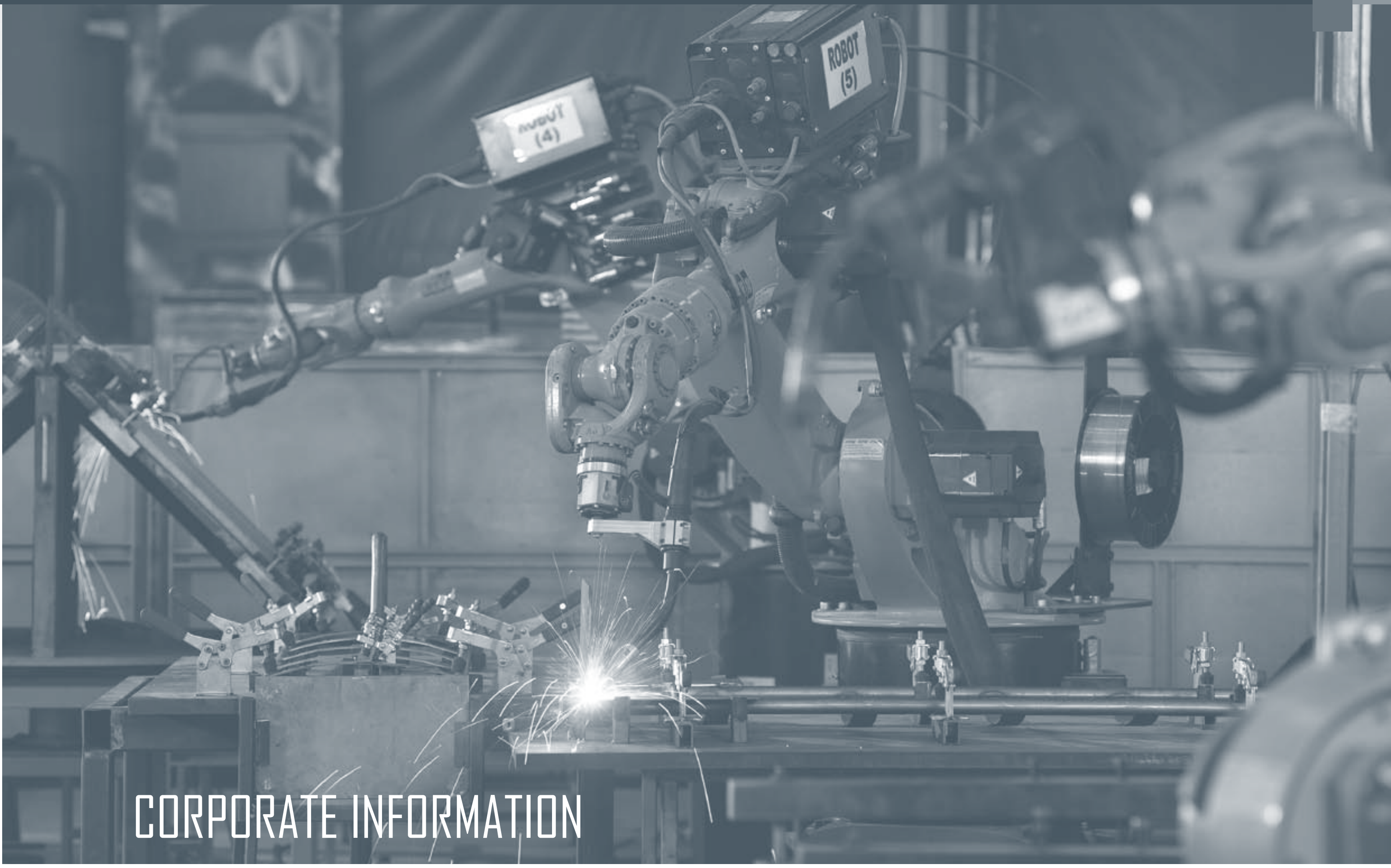
Ms Mah, who is not related to any director and staff, is the Group's Finance & Administration Manager since 2007, and is presently managing the Group's financial, administration and human resource matters. She joined the Group in 1997 and has more than 10 years of experience in company administration.

Ms Mah holds a Certificate in Practical Book-Keeping and Certificate in English for Commerce from Systematic Business Training Centre, Malaysia.

TUNG WAI LOON
Age 32

Mr Tung, who is not related to any director and staff, joined the Group in 1998 and is presently the Factory Manager since 2007. He is responsible for the factory operations of MSM Equipment. Mr Tung possesses more than 10 years of factory and general management experience in the OEM contract manufacturing industry.

Mr Tung holds a Diploma in Electrical and Electronic Engineering from Institute Teknologi Pertama, Malaysia, a Certificate in Programmable Logic Controller and a Certificate in Laser and Holography, both from Master Academy, Malaysia.



CORPORATE INFORMATION

BOARD OF DIRECTORS
Chan Kee Sieng *(Executive Chairman)*
Chan Kit Moi *(Executive Director)*
Chan Wen Chau *(Chief Executive Officer)*
Chan Wen Yaw *(Chief Operating Officer)*
Yong Wai Kin *(Chief Financial Officer)*
Brian Wong Wye Pong *(Independent Director)*
Leow Wee Kia Clement *(Independent Director)*
Wong Kok Seong *(Independent Director)*

AUDIT COMMITTEE
Brian Wong Wye Pong *(Chairman)*
Leow Wee Kia Clement
Wong Kok Seong

NOMINATING COMMITTEE
Leow Wee Kia Clement *(Chairman)*
Brian Wong Wye Pong
Wong Kok Seong

REMUNERATION COMMITTEE
Leow Wee Kia Clement *(Chairman)*
Brian Wong Wye Pong
Wong Kok Seong

COMPANY'S SPONSOR
CIMB Bank Berhad, Singapore Branch
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623
Tel: +65 6337 5115
Contact Person: Tony Toh

COMPANY SECRETARY
Elaine Beh Pur-Lin

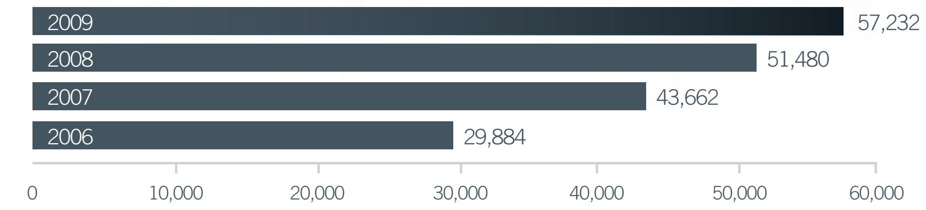
REGISTERED OFFICE
36 Carpenter Street
Singapore 059915
Tel No: +65 6323 8383
Fax No: +65 6323 8282
Email: contact@cnplaw.com

INDEPENDENT AUDITOR
Nexia TS Public Accounting Corporation
5 Shenton Way
#16-00 UIC Building
Singapore 068808
Director-in-charge: Henry SK Tan
FCPA Singapore, ACA

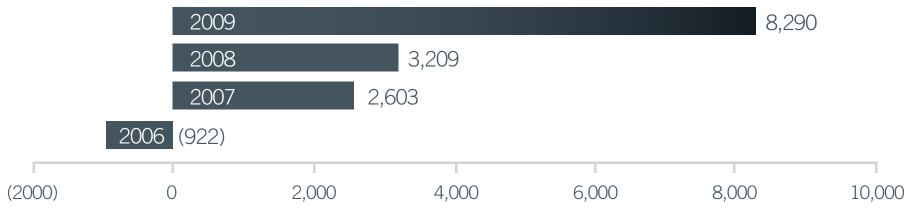
SHARE REGISTRAR
Tricor Barbinder Share Registration Services
8 Cross Street
#11-00 PWC Building
Singapore 048424

FINANCIAL SUMMARY

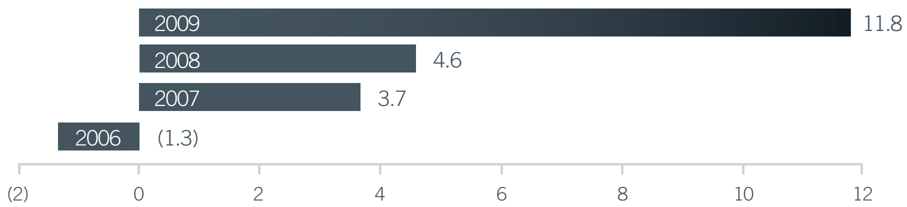
REVENUE (RM'000)



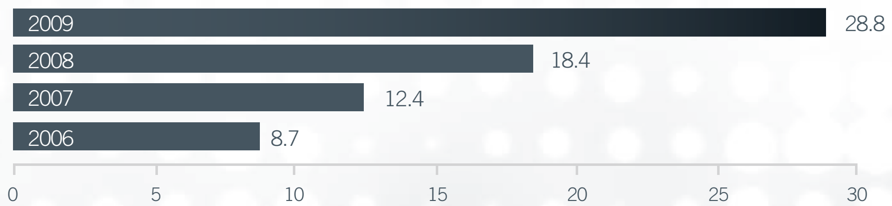
NET PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS (RM'000)



EARNINGS/(LOSS) PER SHARE (MALAYSIAN SEN)



NET TANGIBLE ASSETS PER SHARE (MALAYSIAN SEN)



REPORT ON CORPORATE GOVERNANCE

Mann Seng Metal International Limited (the "***Company***") was admitted to the Official List of the SGX-Catalist on 7 May 2010.

The board of directors of the Company (the "***Board***") believes in having high standards of corporate governance and is committed to ensuring that effective self-regulatory corporate practices exist to protect the interests of its shareholders and maximise long-term shareholder value.

As required by the Rules of Catalist of the Singapore Exchange Securities Trading Limited ("***SGX-ST***"), the following report describes the Company's corporate governance practices with specific reference to the principles and guidelines set out in the Code of Corporate Governance 2005 (the "***Code***").

Principle 1: The Board's Conduct of Affairs

The Company is headed by an effective Board to lead and control the Company. The Board has the overall responsibility for corporate governance, strategic direction and investments of the Company. Each individual Director is obliged to act in good faith and exercise independent judgment in the best interests of shareholders of the Company at all times.

The Board's principal functions include:

- Determining, reviewing and approving the corporate strategies and directions of the Group, annual budgets, major investments, divestments and funding proposals;
- Overseeing the business and affairs of the Group, establishing with the management, the strategies and financial objectives to be implemented by the management, and monitoring the performance of the management; and
- Reviewing the Group's financial performance, risk management processes and systems, human resource requirements and corporate governance practices.

To assist the Board in the discharge of its function, the Audit Committee, the Nominating Committee and the Remuneration Committee have been constituted with clear written terms of reference. Matters which are delegated to Board Committees for more detailed appraisals are reported to and monitored by the Board.

The Board plans to meet at least 2 times a year. Directors are free to discuss and voice their concerns on any matter raised at the Board meetings. Telephonic and videoconferencing meetings of the Board are allowed under the Company's Articles of Association. All Directors are provided with the agenda and a set of the Board papers prior to the Board meeting. These are issued in advance to give the Directors sufficient time to better understand the matters to be discussed and to obtain further clarifications or explanations at the Board meeting where necessary. The Company and the Board acknowledges that an unimpeded flow of relevant information in a timely manner is crucial for the Board to be effective in discharging its duties and responsibilities.

REPORT ON CORPORATE GOVERNANCE

The Board has identified, without limitation, the following matters that require its approval:

- Declaration of dividends and other returns to shareholders of the Company;
- Major corporate policies on key areas of operation;
- Major funding proposals or bank borrowings;
- Corporate or financial restructuring and share issuances;
- Mergers and acquisitions;
- Material acquisitions and disposals;
- Approval of transactions involving interested person transactions; and
- Appointments of new Directors.

Upon appointment of each Director, he will be given appropriate briefings by the management on the business activities of the Group, its strategic directions and the Company's corporate governance policies and practices.

Directors will be updated regularly on accounting and regulatory changes, and are encouraged to attend workshops and seminars to enhance their skills and knowledge.

The attendance of the Directors at meetings of the Board and Board Committees held since the listing and initial public offering of shares of the Company on 7 May 2010 are set out as follows:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Directors	**No. of meetings held while being a member**	**No. of meetings attended**	**No. of meetings held while being a member**	**No. of meetings attended**	**No. of meetings held while being a member**	**No. of meetings attended**	**No. of meetings held while being a member**	**No. of meetings attended**
Chan Kee Sieng	1	1	1	1	1	1	1	1
Chan Kit Moi	1	1	1	1	1	1	1	1
Chan Wen Chau	1	1	1	1	1	1	1	1
Chan Wen Yaw	1	1	1	1	1	1	1	1
Yong Wai Kin	1	1	1	1	1	1	1	1
Brian Wong Wye Pong	1	1	1	1	1	1	1	1
Leow Wee Kia Clement	1	1	1	1	1	1	1	1
Wong Kok Seong	1	1	1	1	1	1	1	1

REPORT ON CORPORATE GOVERNANCE

Principle 2: Board Composition and Balance

The Board currently comprises 5 Executive Directors and 3 Independent Directors.

The Board members as of the date of this report are:

Chan Kee Sieng	Executive Chairman
Chan Kit Moi	Executive Director
Chan Wen Chau	Executive Director and Chief Executive Officer
Chan Wen Yaw	Executive Director and Chief Operating Officer
Yong Wai Kin	Executive Director and Chief Financial Officer
Brian Wong Wye Pong	Independent Director
Leow Wee Kia Clement	Independent Director
Wong Kok Seong	Independent Director.

The Board is of the view that its current size and composition are appropriate and provide sufficient diversity of expertise to lead and govern the Company effectively, considering the scope and nature of its operations.

The Company has in place a Nominating Committee which determines the independence of each Director annually based on the definition of independence as set out in the Code.

The Independent Directors will assist to develop strategy and goals for the Group and regularly assess the performance of the management.

A brief profile of each Director is set out no pages 4 and 5 in the Annual Report. The Directors, as a group, provide core competencies, such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer based experience or knowledge, required for the Board to be effective.

Principle 3: Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

Chan Kee Sieng is the Executive Chairman of the Company and one of its co-founders. He leads the Board and is responsible for the management of the Group. The Executive Chairman is in charge of charting the business direction as well as corporate planning and strategic developments of the Group. The Executive Chairman encourages Board’s interaction with the management, facilitates effective contribution of non-Executive Directors, encourages constructive relationships among the Directors and promotes high standards of corporate governance. In addition, the Executive Chairman ensures that the Directors receive accurate, timely and clear information and there is effective communication with shareholders of the Company.

REPORT ON CORPORATE GOVERNANCE

Chan Wen Chau, the Chief Executive Officer and Executive Director of the Company, is the son of Chan Kee Sieng. He is responsible for the overall business and strategic development, corporate planning, operations and management of the Group.

Principles 4: Board Membership

The Nominating Committee's primary roles are to create a formal and transparent process for the appointments and re-nominations of members of the Board and to assess the effectiveness of the Board as a whole and the contribution of individual Directors to the effectiveness of the Board as well as to affirm annually the independence of the Directors.

The Nominating Committee is scheduled to meet at least once a year. The Nominating Committee comprises the following members, all of whom, including the Chairman, are independent:

Leow Wee Kia Clement	Chairman of the Nominating Committee
Brian Wong Wye Pong	Member of Nominating Committee
Wong Kok Seong	Member of Nominating Committee

For new appointments to the Board, the Nominating Committee will consider the Company's current Board size and its composition and decide if the candidate's background, expertise and knowledge will complement the skills and competencies of the existing Directors on the Board. The candidate must be a person of integrity and must be able to commit sufficient time and attention to the affairs of the Company, especially if he is serving on multiple Boards.

If a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director, the Nominating Committee, in consultation with the Board, will determine the selection criteria and select the appropriate candidates for the position.

All Directors submit themselves for re-nomination and re-election at regular intervals at least once every 3 years. One-third of the Directors will retire at the Company's annual general meeting each year.

Annually, the Nominating Committee is required to determine the "independence" status of the Directors. Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

Principle 5: Board Performance

The Board and the Nominating Committee strive to ensure that Directors on the Board possess the experience, knowledge and skills critical to the Group's business so as to enable the Board to make sound and well-considered decisions.

The Nominating Committee will, subject to the approval of the Board, implement a process for evaluating the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board and set objective performance criteria for such evaluation. Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

REPORT ON CORPORATE GOVERNANCE

Principle 6: Access to Information

The Board is provided with complete, accurate, and adequate information in a timely manner to enable it to fulfill its responsibilities. Such information include background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results will be disclosed and explained. Such information is provided to the Directors enable them to keep abreast of the Group's operational and financial performance and position and to facilitate more-informed decision-making. Board members also have separate and independent access to the senior management and the company secretary at all times. Board members may, at the Company's expense, also obtain independent professional advice as and when necessary in furtherance of their duties.

A company secretary will attend all Board Meetings to ensure that Board procedures are followed and that applicable rules and regulations, including the requirements of the Companies Act (Chapter 50) of Singapore and the Rules of Catalist are complied with. Under the direction of the Chairman, the company secretary's other responsibilities include ensuring good information flows within the Board and its committees and between senior management and non-Executive Directors, as well as facilitating orientation and assisting with professional development as required. The appointment and the removal of the company secretary should be a matter for the Board as a whole.

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee comprises the following members, all of whom, including the Chairman, are independent:

Leow Wee Kia Clement	Chairman of the Remuneration Committee
Brian Wong Wye Pong	Member of the Remuneration Committee
Wong Kok Seong	Member of the Remuneration Committee

The Remuneration Committee shall perform the following functions:

- recommend to the Board a framework of remuneration for the Directors and Executive Officers, and determine specific remuneration packages for each Executive Director, with the recommendations of the Remuneration Committee submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by the Remuneration Committee; and

- perform an annual review of the remuneration of employees related to the Directors and Substantial Shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. They will also review and approve any bonuses, pay increases and/or promotions for these employees.

Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to him.

REPORT ON CORPORATE GOVERNANCE

Principle 8: Level and Mix of Remuneration

As part of its review, the Remuneration Committee ensures that remuneration packages are comparable within the industry and with similar companies. The Remuneration Committee considers the Group's relative performance and the contributions and responsibilities of the individual Directors.

Policy in respect of Executive Director and other Executive Officers

Executive Directors do not receive directors' fees. Executive Directors are paid a basic salary pursuant to their respective service agreements, each of which are for a fixed appointment period of 3 years. The notice period of each Executive Director is fixed at a period of 6 months. Each Executive Director may, in lieu of the 6 months' notice or part thereof, pay an amount equivalent to 6 months' of his last drawn salary.

The Group advocates a performance-based remuneration system that is highly flexible and responsive to the market, the Group's and the individual employee's performance. The total remuneration mix comprises annual fixed cash and annual performance incentive. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances. The annual performance incentive is tied to the Group's and the individual's employee's performance.

Policy in respect of Non-Executive Directors' remuneration

Non-Executive Directors do not have service agreements with the Company. They are compensated based on fixed directors' fees, which are determined by the Board based on their contribution, taking into consideration factors such as effort, time spent and responsibilities of the Non-Executive Directors. The members of the Audit Committee are paid a higher fee than the members of the other Board committees because of the heavier responsibilities and more frequent meetings required of them. The Chairman of each Board committee is also paid a higher fee compared with members of the Board committee in view of the higher responsibility carried by that office. The directors' fees are subject to approval by the shareholders at each AGM. Non-Executive Directors do not receive any other remuneration from the Company.

REPORT ON CORPORATE GOVERNANCE

Principle 9: Disclosure of Remuneration

The level and mix of remuneration of the Company's Directors and Executive Officers for the financial year ended 31 December 2009 are as follows:

Remuneration band and Name of Director/ Executive Officers	Base/Fixed salary	Bonus	Directors' fees	Benefits-in-kind	Total
Below S$250,000					
Directors					
Chan Kee Sieng	74%	3%	–	23%	100%
Chan Kit Moi	78%	3%	–	19%	100%
Chan Wen Chau	57%	15%	–	28%	100%
Chan Wen Yaw	61%	11%	–	28%	100%
Yong Wai Kin	52%	16%	-	32%	100%
Brian Wong Wye Pong	–	–	–	–	–
Leow Wee Kia Clement	–	–	–	–	–
Wong Kok Seong	–	–	–	–	–
Executive Officers					
Chan Yun Tyng(1)	69%	6%	–	25%	100%
Chan Choi Har	73%	14%	–	13%	100%
Ong Seng Joo	76%	14%	–	10%	100%
Katty Lai Wui Loon	66%	6%	–	28%	100%
Tang Cheng Hooi	58%	11%	–	31%	100%
Mah Siew Peng	64%	13%	–	23%	100%
Tung Wai Loon	69%	12%	–	19%	100%

Note:

(1) Chan Yun Tyng is the daughter of Chan Kee Sieng and the sibling of Chan Wen Chau.

No employee of the Group was an immediate family member of any Director and whose remuneration exceeded S$150,000 during the financial year ended 31 December 2009. "Immediate family member" means the spouse, child, adopted child, stepchild, brother, sister and parent.

The Company does not currently have an employee share schemes in place.

REPORT ON CORPORATE GOVERNANCE

Principle 10: Accountability

The Board is responsible for providing a balanced and understandable assessment of the Company's performance, position and prospects. Financial reports and other price sensitive information are disseminated to shareholders through announcements via SGXNET to SGX-ST and press releases. The Group makes announcement of its financial results on a half-yearly basis. Management provides the Board with management accounts on a monthly basis. Such reports keep the Board informed of, on a balanced and understandable basis, the Group's performance, position and prospects and enable the Board to discharge of its duties efficiently.

Principle 11: Audit Committee

The Audit Committee currently comprises the following members, all of whom are Independent Non-Executive Directors:

Brian Wong Wye Pong	Chairman of the Audit Committee
Leow Wee Kia Clement	Member of the Audit Committee
Wong Kok Seong	Member of the Audit Committee

All members of the Audit Committee have accounting and related financial management expertise and experience.

The Audit Committee has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the management, full discretion to invite any persons including a Director or an employee of the Group to attend its meeting, and reasonable resources to enable it to discharge its functions properly.

The Audit Committee will assist the Board in discharging its responsibility to safeguard the assets of the Company, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Group. The Audit Committee will provide a channel of communication between the Board, the management and the independent auditor on matters relating to audit.

The Audit Committee shall meet periodically to perform, inter alia, the following functions:

- Review the scope and results of the audit and its cost effectiveness;

- Review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;

- Make recommendations to the Board on the appointment, re-appointment and removal of independent auditor, and approving the remuneration and terms of engagement of independent auditor;

- Review with the independent auditor the audit plan, audit report and their evaluation of the system of internal accounting controls, their letter to management and the management's response;

REPORT ON CORPORATE GOVERNANCE

- Review the half yearly and annual, and quarterly, if applicable, financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Rules of Catalist and any other relevant statutory or regulatory requirements;

- Review the internal control procedures and ensure co-ordination between the independent auditor and the management, and review the assistance given by the management to the independent auditor, and discuss problems and concerns, if any, arising from audits, and any matters which the independent auditor may wish to discuss (in the absence of the management, where necessary);

- Review and discuss with the independent auditor any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

- Consider and recommend the appointment or re-appointment of the independent auditor and matters relating to the resignation or dismissal of the independent auditor;

- Review interested person transactions (if any) falling within the scope of Chapter 9 of the Rules of Catalist;

- Review potential conflicts of interest (if any);

- Review with the internal auditors the internal audit plans and their evaluation of the adequacy of the internal control and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report;

- Review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding, *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;

- Review key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET;

- On a half-yearly basis, review the Group's compliance with relevant government regulations and licensing requirements;

- Undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and

- Generally undertake such other functions and duties as may be required by statute or by the Rules of Catalist, or by such amendments as may be made thereto from time to time.

REPORT ON CORPORATE GOVERNANCE

The Audit Committee will meet with independent auditor and with internal auditors, at least annually, and more frequently, when required, with at least one of the meetings conducted without the presence of management. The Audit Committee will review the independence and objectivity of independent auditor annually. Where the independent auditor also supply a substantial volume of non-audit services to the Company, the Audit Committee should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money review the independence. The Audit Committee shall also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the operating results and/or financial position of the Group. In the event that a member of the Audit Committee is interested in any matter being considered by the Audit Committee, he will abstain from reviewing that particular transaction or voting on that particular resolution.

Apart from the duties listed above, the Audit Committee shall also commission an annual internal controls audit until such time that it is satisfied that the internal controls of the Group are sufficiently robust and effective in mitigating any internal control weaknesses the Group may have. Prior to decommissioning such annual internal controls audit, the Board shall report to the Sponsor and the SGX-ST on the basis for deciding to decommission the annual internal controls audit, as well as the measures taken to rectify key weaknesses in and/or strengthen the internal controls of the Group. Thereafter, the Audit Committee shall commission such audits as and when it deems fit for the purposes of satisfying itself that the internal controls of the Group have remained robust and effective. Upon the completion of an internal control audit, the Board shall make the appropriate disclosures via the SGXNET of any weaknesses in the Group's internal controls which may be material or of a price-sensitive nature, as well as any follow-up actions to be taken by the Board.

The Audit Committee will review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective of the Audit Committee will be to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up actions.

Principle 12: Internal Controls

The Audit Committee will review, at least annually, the reports submitted by the independent and internal auditors relating to the effectiveness of the Group's significant internal controls, including financial, operational and compliance controls, risk management, and risks of fraud and irregularities. The Audit Committee will also review the effectiveness of the actions taken by the management on the recommendations made by the independent and internal auditors in this respect.

The Board will review the effectiveness of the internal controls, including financial, operational and compliance controls and risk management and is to satisfy itself that they were adequate to meet the needs of the Company in its current business environment.

REPORT ON CORPORATE GOVERNANCE

Principle 13: Internal Audit

The role of internal auditor is to assist the Audit Committee to ensure that the Company maintains a sound system of internal controls. The Company will appoint an external professional consulting firm as the internal auditor to review the adequacy and integrity of the Group's internal control system so as to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company. The internal auditors to be appointed are required to meet the standard required for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal auditor reports directly to the Audit Committee and also reports administratively to the Chief Executive Officer. The Audit Committee will approve the internal audit plan and ensure sufficiency of internal audit resources to perform its tasks. The Audit Committee will, at least annually, ensure the adequacy of the internal audit function.

Principle 14 and 15: Communication with Shareholders

The Board believes in regular, timely and effective communication with shareholders. Shareholders are kept informed of all important developments concerning the Group through timely dissemination of information via SGXNET announcements, press releases, annual reports and various other announcements made whenever necessary. The Company also maintains a website at http://www.msmmgroup.com at which shareholders can access information about the Group.

Dealings in Securities

The Company observes closely the best practices on dealings in securities ("***Securities Dealings Best Practices***") in compliance with Rule 1204(18) of the Rules of Catalist. The Securities Dealings Best Practices provide guidance to the Directors and employees of the Group with regard to dealing in the Company's shares.

The Company issues circulars or electronics mails to its Directors, Executive Officers and employees that they must not trade in the share of the Company 1 month before the release of the half year and year-end results. Directors, Executive Officers and employees are discouraged from dealing in the Company's shares on short term considerations.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested person transactions are reported on in a timely manner to the Audit Committee and that the transactions are carried out on normal commercial terms and shall not be prejudicial to the interests of the Company and its minority shareholders. When a potential conflict of interest arises, the Director concerned takes no part in discussions nor exercises any influence over other members of the Board.

REPORT ON CORPORATE GOVERNANCE

In compliance with Rule 907 of the SGX-ST's Listing Manual (Section B: Rules of Catalist), the aggregate value of recurrent interested persons transactions of revenue or trading nature conducted during the financial year ended 31 December 2009 were as follows:–

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (including transactions less than SGD100,000 and excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than SGD100,000)
	01-01-2009 to 31-12-2009 RM'000	01-01-2009 to 31-12-2009 RM'000
Company associated to Executive Chairman Chan Kee Sieng, Controlling Shareholder Chan Kat Yin and Executive Director Chan Kit Moi:–		
– Eminent Food Industries Sdn Bhd	14	–
Company associated to Executive Chairman Chan Kee Sieng, Controlling Shareholder Chan Kat Yin, Executive Director Chan Kit Moi and Executive Director and Chief Executive Officer Chan Wen Chau:–		
– Globalink Metal Sdn Bhd	610	–
Companies associated to Executive Chairman Chan Kee Sieng, Controlling Shareholder Chan Kat Yin, Executive Director Chan Kit Moi, Executive Director and Chief Executive Officer Chan Wen Chau and Executive Director and Chief Operating Officer Chan Wen Yaw:–		
– GE Medical Equipment Sdn Bhd	108	–
– Wican Berhad	*	–

REPORT ON CORPORATE GOVERNANCE

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (including transactions less than SGD100,000 and excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than SGD100,000)
	01-01-2009 to 31-12-2009 RM'000	01-01-2009 to 31-12-2009 RM'000
Company associated to Executive Chairman Chan Kee Sieng and Executive Director and Chief Executive Officer Chan Wen Chau:–		
– Welch (M) Sdn Bhd	1,304	–
Rental paid to Executive Chairman Chan Kee Sieng, Controlling Shareholder Chan Kat Yin and Executive Director Chan Kit Moi	60	–
Total	2,096	–

* Figure below RM1,000

Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries companies involving the interest of any Director or controlling shareholder of the Company.

Non-Audit Fees

Save for acting as the reporting accountants pursuant to the initial public offering ("***IPO***") of the Company's shares on SGX-Catalist in May 2010, Nexia TS Public Accounting Corporation has not rendered any non-audit services to the Group.

Non-Sponsorship Fees

No fees relating to non-sponsorship activities or services were paid to the Company's sponsor for the financial year ended 31 December 2009, except for the Sponsor has acted as the introducing Sponsor and was also appointed the receiving bank on the Company's initial public offering in May 2010, for an aggregate fee of approximately S$378,000.

REPORT ON CORPORATE GOVERNANCE

Use of Proceeds

The net proceeds raised from the IPO is approximately S$3.76 million.

As at the date of this Annual Report, approximately S$0.5 million has been utilised for general working capital purposes.

DIRECTORS' REPORT

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

The directors present their report to the members together with the audited financial statements of the Company and of the Group for the financial period ended 31 December 2009.

The Company was incorporated on 8 October 2009.

Directors

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

Chan Wen Chau	(Appointed on 8 October 2009)
Chan Kee Sieng	(Appointed on 30 October 2009)
Chan Kit Moi	(Appointed on 30 October 2009)
Chan Wen Yaw	(Appointed on 30 October 2009)
Yong Wai Kin	(Appointed on 30 October 2009)
Leow Wee Kia Clement	(Appointed on 30 October 2009)
Wong Kok Seong	(Appointed on 24 November 2009)
Brian Wong Wye Pong	(Appointed on 26 November 2009)

Arrangements To Enable Directors To Acquire Shares And Debentures

Neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests In Shares Or Debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee	
	At 31.12.2009	**At date of appointment**
The Company		
(No. of ordinary shares)		
Chan Wen Chau	1	1
MSM Metal Industries Sdn Bhd – Subsidiary		
(No. of ordinary shares of RM1 each)		
Chan Kee Sieng	1,333,334	1,333,334
Chan Kit Moi	1,333,333	1,333,333
MSM Equipment Manufacturer Sdn Bhd – Subsidiary		
(No. of ordinary shares of RM1 each)		
Chan Kee Sieng	100,000	100,000
Chan Kit Moi	100,000	100,000

DIRECTORS' REPORT

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

	Holdings registered in name of director or nominee	
	At 31.12.2009	**At date of appointment**
MSM Marketing Sdn Bhd – Subsidiary		
(No. of ordinary shares of RM1 each)		
Chan Kee Sieng	333,334	333,334
Chan Kit Moi	333,333	333,333
Toyomi (M) Sdn Bhd – Subsidiary		
(No. of ordinary shares of RM1 each)		
Chan Kee Sieng	35,000	35,000
Chan Kit Moi	35,000	35,000
FIC Refrigeration (M) Sdn Bhd – Subsidiary		
(No. of ordinary shares of RM1 each)		
Chan Kee Sieng	33,334	33,334
Chan Kit Moi	33,333	33,333
OMS Technology Sdn Bhd – Subsidiary		
(No. of ordinary shares of RM1 each)		
Chan Wen Chau	25,000	25,000
Chan Wen Yaw	25,000	25,000

There were no changes in the abovementioned interest between the end of the financial year and 21 January 2010.

Directors' Contractual Benefits

Since 8 October 2009 (date of incorporation), no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except that certain directors received remuneration as a result of their employment with subsidiaries.

Share Options

During the financial period, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial period, there were no unissued shares of the Company under option.

DIRECTORS' REPORT

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

Independent Auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Chan Kee Sieng
Director

Chan Kit Moi
Director

21 June 2010

STATEMENT BY DIRECTORS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

In the opinion of the directors,

(i) the financial statements of the Company and of the Group as set out on pages 29 to 75 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the results of the business, changes in equity and cash flows of the Company and of the Group for the financial period then ended; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The directors have, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors,

Chan Kee Sieng
Director

Chan Kit Moi
Director

21 June 2010

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MANN SENG METAL INTERNATIONAL LIMITED

We have audited the accompanying financial statements of Mann Seng Metal International Limited (the "*Company*") and its subsidiaries (the "*Group*") set out on pages 29 to 75, comprise the balance sheets of the Company and of the Group as at 31 December 2009, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows of the Company and of the Group for the financial period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap. 50) (the "*Act*") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MANN SENG METAL INTERNATIONAL LIMITED

Opinion

In our opinion

(a) the financial statements of the Company and of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009, and the results, changes in equity and cash flows of the Company and of the Group for the financial period ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants
Director-in-charge: Henry SK Tan

Singapore
21 June 2010

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

		Group		Company
	Note	For the financial year ended 31 December 2009 RM'000	For the financial year ended 31 December 2008 RM'000	For the financial period from 8 October 2009 (date of incorporation) to 31 December 2009 RM'000
Revenue	4	57,232	51,480	–
Cost of sales		(35,591)	(37,195)	–
Gross profit		21,641	14,285	–
Other income (net)	5	1,488	1,468	–
Expenses				
– Selling and distribution		(6,095)	(4,961)	–
– Administrative		(5,436)	(4,697)	(4)
– Finance	8	(1,459)	(1,647)	–
Profit/(loss) before income tax		10,139	4,448	(4)
Income tax expense	9	(1,849)	(1,239)	–
Total comprehensive income/(loss), representing net profit/(loss)		8,290	3,209	(4)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		8,290	3,209	(4)
Earnings per share attributable to equity holders of the Company (Malaysia cents)	10			
– Basic		11.8	4.6	NM
– Diluted		11.8	4.6	NM

NM: Not Meaningful.

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

BALANCE SHEETS

AS AT 31 DECEMBER 2009

		Group		Company
		2009	2008	2009
	Note	RM'000	RM'000	RM'000
ASSETS				
Current Assets				
Cash and cash equivalents	11	2,184	2,111	*
Trade and other receivables	12	17,359	15,675	–
Inventories	13	14,243	10,014	–
Other current assets	14	1,302	830	–
		35,088	28,630	*
Non-Current Assets				
Property, plant and equipment	15	19,869	19,099	–
Investment properties	16	3,557	5,421	–
		23,426	24,520	–
Total Assets		58,514	53,150	*
LIABILITIES				
Current Liabilities				
Trade and other payables	17	11,810	11,082	4
Borrowings	18	11,123	13,601	–
Current income tax liabilities		2,556	1,008	–
		25,489	25,691	4
Non-Current Liabilities				
Borrowings	18	12,744	14,136	–
Deferred income tax liabilities	20	138	440	–
		12,882	14,576	–
Total Liabilities		38,371	40,267	4
Net Assets/(Liabilities)		20,143	12,883	(4)
Capital and reserves attributable to equity holders of the Company				
Share capital	21	5,605	5,405	*
Share premium		10	10	–
Retained earnings		14,528	7,468	(4)
Total equity		20,143	12,883	(4)

* Denotes below RM1,000.

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

	Note	Attributable to equity holders of the Company					
		Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Group							
2009							
Beginning of financial year		5,405	10	7,468	12,883	–	12,883
Issue of shares		200	–	–	200	–	200
Dividends paid	22	–	–	(1,230)	(1,230)	–	(1,230)
Total comprehensive income for the financial year		–	–	8,290	8,290	–	8,290
End of financial year		5,605	10	14,528	20,143	–	20,143
2008							
Beginning of financial year		4,405	10	4,241	8,656	18	8,674
Issue of shares		1,000	–	–	1,000	–	1,000
Acquisition of minority interests		–	–	18	18	(18)	–
Total comprehensive income for the financial year		–	–	3,209	3,209	–	3,209
End of financial year		5,405	10	7,468	12,883	–	12,883
Company							
2009							
At date of incorporation		*	–	–	*	–	*
Total comprehensive loss for the financial period		–	–	(4)	(4)	–	(4)
End of financial period		*	–	(4)	(4)	–	(4)

* Denotes below RM1,000.

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

STATEMENTS OF CASH FLOW

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

	Note	Group For the financial year ended 31 December 2009 RM'000	Group For the financial year ended 31 December 2008 RM'000	Company For the financial period from 8 October 2009 (date of incorporation) to 31 December 2009 RM'000
Cash flows from operating activities				
Net profit/(loss)		8,290	3,209	(4)
Adjustments for:				
– Income tax expense		1,849	1,239	–
– Depreciation of property, plant and equipment	15	2,949	3,108	–
– Depreciation and amortisation of investment properties	16	58	88	–
– Gain on disposal of investment property		(1,246)	–	–
– Loss/(gain) on disposal of property, plant and equipment		4	(113)	–
– Interest income		(8)	(8)	–
– Interest expense		1,459	1,647	–
		13,355	9,170	(4)
Change in working capital				
– Trade and other receivables		(1,684)	235	–
– Inventories		(4,229)	(7,832)	–
– Other current assets		(472)	(213)	–
– Trade and other payables		728	3,040	4
Cash generated from operations		7,698	4,400	–
Interest paid		(187)	(238)	–
Interest received		8	8	–
Income tax paid		(604)	(614)	–
Net cash from operating activities		6,915	3,556	–
Cash flows from investing activities				
Additions to property, plant and equipment		(2,033)	(1,460)	–
Proceeds from disposals of property, plant and equipment		2	–	
Proceeds from disposal of investment property		3,052	296	–
Net cash from/(used in) investing activities		1,021	(1,164)	–

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

STATEMENTS OF CASH FLOW

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

	Note	Group		Company
		For the financial year ended 31 December 2009 RM'000	For the financial year ended 31 December 2008 RM'000	For the financial period from 8 October 2009 (date of incorporation) to 31 December 2009 RM'000
Cash flows from financing activities				
Increase in short-term bank deposits pledged		(628)	(8)	–
Proceeds from issuance of share capital		200	1,000	*
(Repayment of)/proceeds from bank borrowings		(3,347)	1,626	–
Repayments of finance lease liabilities		(2,056)	(2,481)	–
Interest paid		(1,272)	(1,409)	–
Dividends paid		(1,230)	–	–
Net cash used in financing activities		(8,333)	(1,272)	*
(Decrease)/increase in cash and cash equivalents		(397)	1,120	*
Cash and cash equivalents at beginning of financial period		(2,234)	(3,354)	–
Cash and cash equivalents at end of financial period	11	(2,631)	(2,234)	*

* Denotes less than RM1,000.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

The financial statements of the Company and of the Group for the financial period ended 31 December 2009 were authorised for issue in accordance with resolution of the directors on 21 June 2010.

1 Corporate Information

1.1 The Company

The Company was incorporated in the Republic of Singapore on 8 October 2009 under the Singapore Companies Act as a private limited company under the name of Mann Seng Metal International Pte Ltd. Its registered office is at 36 Carpenter Street, Singapore 059915. The principal place of business of the subsidiaries is located at Lot 1909, Jalan KPB 5, Kawasan Perindustrian Kampung Baru Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 1.2.

On 7 May 2010, the Company was admitted to the official list of Singapore Exchange Securities Trading Limited.

1.2 Restructuring Exercise

The Restructuring Exercise involved the following steps:

(a) Incorporation of the Company

The Company was incorporated on 8 October 2009 in Singapore in accordance with the Act as a private limited company with an issued and paid-up share capital of $1, comprising one ordinary share, which was allotted and issued to Chan Wen Chau.

On 6 April 2010, the Company was converted into a public limited company and changed its name to “Mann Seng Metal International Limited”.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

1 **Corporate Information** (Continued)

1.2 Restructuring Exercise *(Continued)*

(b) Acquisition of the following subsidiaries:

MSM Metal Industries Sdn Bhd ("MSM Metal")
MSM Equipment Manufacturer Sdn Bhd ("MSM Equipment")
MSM Marketing Sdn Bhd ("MSM Marketing")
Toyomi (M) Sdn Bhd ("MSM Toyomi")
FIC Refrigeration (M) Sdn Bhd ("MSM FIC")
OMS Technology Sdn Bhd ("MSM OMS")

Pursuant to an equity transfer agreement dated 17 March 2010 (the "Equity Transfer Agreement") between Mann Seng Metal International Pte. Ltd. and the Executive Chairman Chan Kee Sieng, Executive Director Chan Kit Moi and Controlling Shareholder Chan Kat Yin. Chan Wen Chau, Chan Wen Yaw, Chan Wen Yee, Ong Seng Joo, Yong Wai Kin, Hoh Chui Loon. Mann Seng Metal International Pte. Ltd. acquired the entire equity interest of the subsidiaries above from the Executive Chairman, Chan Kee Sieng, Executive Director Chan Kit Moi, Controlling Shareholder Chan Kat Yin, Chan Wen Chau, Chan Wen Yaw, Chan Wen Yee, Ong Seng Joo, Yong Wai Kin, Hoh Chui Loon, for an aggregate consideration of approximately S$7.6 million. The purchase consideration was arrived at after taking into account the audited combined shareholders' equity of the subsidiaries above as at 30 September 2009 as agreed upon on a willing-seller willing-buyer basis.

The purchase consideration was satisfied by the allotment and issue of an aggregate 69,999,999 shares, credited as fully paid up, by the Company to the following persons:

Name	Number of Consideration Shares	Shareholding Proportion in Company after issue of Consideration Shares
Triumphant Hope Sdn Bhd	61,564,747	87.95%
Chan Wen Chau	2,785,185	3.98%
Chan Wen Yaw	1,082,435	1.55%
Chan Wen Yee	883,810	1.26%
Ong Seng Joo	883,810	1.26%
Yong Wai Kin	1,400,006	2.00%
Hoh Chui Loon	1,400,006	2.00%
Total Consideration Shares	**69,999,999**	**100.00%**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

1 Corporate Information (Continued)

1.2 Restructuring Exercise (Continued)

Upon the completion of the Restructuring Exercise, the Company has the following subsidiaries:

Name of Company	Principal activities	Place and date of incorporation	Issued and paid-up capital/registered capital	% Ownership
Held by the Company				
MSM Metal Industries Sdn Bhd	Contract manufacturing of all metal products	Malaysia 13 May 1985	RM 4,000,000	100
MSM Equipment Manufacturer Sdn Bhd	Contract manufacturing of F&B kitchen equipment and manufacturing and sale of standard kitchen equipment	Malaysia 20 January 1994	RM 300,000	100
MSM Marketing Sdn Bhd	Sale and servicing of standard kitchen equipment products	Malaysia 6 September 1991	RM 1,000,000	100
Toyomi (M) Sdn Bhd	Sale and servicing of metal parts and kitchen equipment, and design consultancy and installation works	Malaysia 18 September 1992	RM 105,000	100
FIC Refrigeration (M) Sdn Bhd	Manufacturing, sale and servicing of refrigeration appliances	Malaysia 30 August 2006	RM 100,000	100
OMS Technology Sdn Bhd	Design, consultancy and installation works for cleanrooms and laboratories/ research facilities	Malaysia 1 December 2008	RM 100,000	100

2 Summary of Significant Accounting Policies

2.1 Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2009

On 1 January 2009, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or revised FRS and INT FRS that are relevant to the Group:

- FRS 1 (revised) *Presentation of financial statements* (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has chosen to adopt the former alternative. Where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1 January 2008 in the current financial year.

- FRS 108 Operating segments (effective from 1 January 2009) replaces FRS 14 *Segment reporting*, and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. Segment revenue, segment profits and segment assets are also measured on a basis that is consistent with internal reporting.

- Amendment to FRS 107 *Improving disclosures about financial statements* (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

2 Summary of Significant Accounting Policies (Continued)

2.2 Group Accounting

(i) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

(ii) Basis of consolidation

The 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 parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

The financial statement and of the Group for the financial years ended 31 December 2009 and 2008 have been prepared under the "pooling-of-interest" method as the Restructuring Exercise completed as described in Note 1.2 is a legal reorganisation of entities under common control. Under this method, the Company has been treated as the holding company of all its subsidiaries under common control for the financial years presented rather than from the date of completion of the Restructuring Exercise. Accordingly, the combined results of the Group for the years ended 31 December 2009 and 2008 include the results of the Company and subsidiaries under common control for the entire periods.

Pursuant to this:

- Assets and liabilities are combined at their existing carrying amounts;
- No amount is recognised for goodwill; and
- The Group's share capital represents the subsidiaries' paid-up share capital for the financial years ended 31 December 2009 and 2008.

Consolidation of the subsidiaries in Malaysia is based on the subsidiaries' financial statements prepared in accordance with FRS. Profits reflected in the financial statements prepared in accordance with FRS may differ from those reflected in Malaysia statutory financial statements of the subsidiaries, prepared for Malaysia reporting purposes. In accordance with those laws and regulations, profit available for distribution by Malaysia subsidiaries are based on the amounts stated in their respective statutory financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

2 Summary of Significant Accounting Policies (Continued)

2.3 Revenue Recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when the Group has delivered the products to its customers and the customers have accepted the products.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.4 Property, Plant and Equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

2 Summary of Significant Accounting Policies (Continued)

2.4 Property, Plant and Equipment (Continued)

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land	99 years
Buildings and improvement	10 to 50 years
Plant and machinery	5 years
Renovation and signboard	10 years
Motor vehicles	5 years
Computer	5 years
Office equipment	10 years
Fixtures, furniture and fittings	10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset 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. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

2 Summary of Significant Accounting Policies (Continued)

2.5 Investment Properties

Investment properties, comprising freehold and leasehold land and office buildings, are held for long term rental yield.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and amortisation are calculated using a straight-line method to allocate the cost of the property over the estimated useful lives as follows:

	Useful lives
Leasehold land	over the lease period
Buildings	50 years

The cost of maintenance, repairs and minor improvements is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.6 Impairment of Non-Financial Assets

Property, plant and equipment

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) 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, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

2 Summary of Significant Accounting Policies (Continued)

2.6 Impairment of Non-Financial Assets (Continued)

An impairment loss for an asset 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 this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

2.7 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash at bank and on hand, deposits with financial institutions and bank overdrafts. Bank overdrafts are presented as current borrowings in the balance sheets.

2.8 Loans and Receivables

Loans and receivables are non-derivative assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" in the balance sheets.

These financial assets are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

The Group assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Allowance for impairment is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written-off against the allowance account.

2.9 Inventories

Inventories are carried at the lower of cost and net realisable value, determined on the first-in, first-out basis. The cost of finished goods and work-in-progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

2 Summary of Significant Accounting Policies (Continued)

2.10 Trade and Other Payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.12 Borrowing Costs

Borrowings costs are recognised in profit or loss using the effective interest method.

2.13 Income Taxes

Current income tax for current and prior period is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income tax taxes are recognised as income and expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

2 Summary of Significant Accounting Policies (Continued)

2.14 Employee Compensation

Defined contribution plans

Defined contributions plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Employees Provident Fund, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

2.15 Leases

When the Group is the lessee:

The Group leases motor vehicles and certain plant and machinery under finance leases from non-related parties and office buildings under operating lease from directors.

(i) Lessee — Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised in the balance sheets as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present values of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the remaining balance of the finance lease liability.

(ii) Lessee — Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

2 Summary of Significant Accounting Policies (Continued)

2.15 Leases *(Continued)*

When the Group is the lessor:

The Group leases investment properties under operating lease to related and non-related parties.

(i) Lessor — Operating leases

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.16 Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Ringgit Malaysia ("RM").

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

2.17 Provisions for Other Liabilities and Charges

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

2 Summary of Significant Accounting Policies (Continued)

2.18 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity instruments, other than for the acquisition of businesses, are taken to equity as a deduction, net of tax, from the proceeds.

2.19 Segment Reporting

A business segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

2.20 Dividends

Dividends are recognised when the dividends are approved for payment.

2.21 Fair Value Estimation

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

3 Critical Accounting Estimates, Assumptions and Judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) <u>Impairment of loans and receivables</u>

Management reviews its loans and receivables for objective evidence of impairment at least annually. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgements as to whether there is observable date indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the market, economic or legal environment in which the debtor operates in. Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

3 Critical Accounting Estimates, Assumptions and Judgements (Continued)

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles.

4 Revenue

	Group	
	For the financial year ended 31 December 2009 RM'000	For the financial year ended 31 December 2008 RM'000
Sale of OEM contract manufacturing products	34,654	29,759
Sale of kitchen appliances, equipment and related services	22,578	21,721
	57,232	51,480

5 Other Income (net)

	Group	
	For the financial year ended 31 December 2009 RM'000	For the financial year ended 31 December 2008 RM'000
Gain on disposal of investment property	1,246	–
Rental income	193	197
Sales of scrap	32	93
Interest income	8	8
(Loss)/gain on disposal of property, plant and equipment	(4)	113
Net foreign exchange (loss)/gain	(116)	267
Insurance claim	–	391
Forfeited deposit on sale of investment property	–	305
Other	129	94
	1,488	1,468

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

6 Expenses by Nature

	Group		Company
	For the financial year ended 31 December 2009 RM'000	For the financial year ended 31 December 2008 RM'000	For the financial period from 8 October 2009 (date of incorporation) to 31 December 2009 RM'000
Purchases of inventories	27,929	33,743	–
Depreciation and amortisation of investment properties (Note 16)	58	88	–
Depreciation of property, plant and equipment (Note 15)	2,949	3,108	–
Total depreciation and amortisation	3,007	3,196	–
Advertisement	159	198	–
Allowance for impairment of trade receivables	1,257	49	–
Commission	864	569	–
Exhibition	172	118	–
Employee compensation (Note 7)	10,122	10,229	–
Freight and forwarding	178	146	–
Fuel and gas	562	546	–
Professional fees	269	266	–
Rental expenses on operating leases	302	294	–
Subcontractors' cost	1,488	605	–
Telephone	157	152	–
Travelling and transportation	1,592	1,663	–
Utilities, water & electricity	1,180	1,134	–
Upkeep, repair and maintenance	1,062	967	–
Changes in inventories	(4,229)	(7,832)	–
Other	1,051	810	4
Total cost of sales, selling and distribution and administrative expenses	47,122	46,853	4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

7 Employee Compensation

	Group	
	For the financial year ended 31 December 2009 RM'000	For the financial year ended 31 December 2008 RM'000
Salaries, wages and bonuses	9,173	9,328
Employer's contribution to defined contribution plans	583	495
Other benefits	366	406
	10,122	10,229

8 Finance Expenses

	Group	
	For the financial year ended 31 December 2009 RM'000	For the financial year ended 31 December 2008 RM'000
Interest expense		
– Bank borrowings	765	823
– Bank overdraft	187	238
– Bills payable	136	206
– Finance lease liabilities	371	380
	1,459	1,647

9 Income Taxes

	Group		Company
	For the financial year ended 31 December 2009 RM'000	For the financial year ended 31 December 2008 RM'000	For the financial period from 8 October 2009 (date of incorporation) to 31 December 2009 RM'000
Income tax expense attributable to profit is made up of:			
– Current income tax – Foreign	2,225	1,449	–
– Deferred income tax (Note 20)	(302)	(210)	–
	1,923	1,239	–
– Over provision of current income tax in prior financial years	(74)	–	–
	1,849	1,239	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

9 Income Taxes (Continued)

The tax expense on profit/(loss) differs from the amount that would arise using the Malaysia standard rate of income tax are explained below:

	Group		Company
	For the financial year ended 31 December 2009 RM'000	For the financial year ended 31 December 2008 RM'000	For the financial period from 8 October 2009 (date of incorporation) to 31 December 2009 RM'000
Profit/(loss) before income tax	10,139	4,448	(4)
Tax calculated at a tax rate of 2009: 25% (2008: 26%)	2,553	1,248	(1)
Effects of:			
– Change in Malaysia tax rate (Note 20)	(17)	(25)	–
– Expenses not deductible for tax purposes	109	314	1
– Income not subject to tax	(399)	(177)	–
– Tax incentives	(323)	(121)	–
Tax charge	1,923	1,239	–

10 Earnings per Share

For illustrative purpose, the calculation of the basic earnings per share is based on the net profit attributable to equity holders of the Company for the financial years ended 31 December 2009 and 2008 on 70,000,000 ordinary shares in issue as at the date of this report, representing the pre-invitational share capital.

There were no diluted earnings per share for the financial years ended 31 December 2009 and 2008 as there were no potential ordinary shares outstanding.

11 Cash and Cash Equivalents

	Group		Company
	2009 RM'000	2008 RM'000	2009 RM'000
Cash at bank and on hand	1,330	1,885	*
Short-term bank deposits	854	226	–
	2,184	2,111	*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

11 Cash and Cash Equivalents (Continued)

For the purpose of presenting the statements of cash flows, the cash and cash equivalents comprise the following:

	Group		Company
	2009	2008	2009
	RM'000	RM'000	RM'000
Cash and bank balances (as above)	2,184	2,111	*
Less: Short-term bank deposits pledged to banks	(854)	(226)	–
Less: Bank overdrafts (Note 18)	(3,961)	(4,119)	–
Cash and cash equivalents per statements of cash flows	(2,631)	(2,234)	*

* Denotes less than RM1,000.

The short-term bank deposits relate to bank balances that the Group has to maintain as security for bank overdrafts (Note 18).

12 Trade and Other Receivables

	Group	
	2009	2008
	RM'000	RM'000
Trade receivables		
– Non-related parties	16,344	11,218
– Entities related by common shareholders	1,993	2,833
	18,337	14,051
Less: Allowance for impairment of receivables – Non-related parties	(1,494)	(237)
Trade receivables, net	16,843	13,814
Non-trade receivables		
– Non-related parties	101	106
– Entities related by common shareholders	407	383
– Directors	8	1,372
	516	1,861
	17,359	15,675

The non-trade amounts due from entities related by common shareholders are unsecured, interest-free and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

13 Inventories

	Group	
	2009	**2008**
	RM'000	**RM'000**
Raw materials	5,123	2,254
Work-in-progress	5,994	1,395
Finished goods	3,126	6,365
	14,243	10,014

The cost of inventories recognised as an expense and included in "cost of sales" for the financial year ended 31 December 2009 amounts to RM23,700,000 (2008: RM25,911,000).

14 Other Current Assets

	Group	
	2009	**2008**
	RM'000	**RM'000**
Deposits	286	235
Prepayments	605	595
Deferred IPO expenses	411	–
	1,302	830

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

15 Property, Plant and Equipment

	Freehold, Leasehold Land and Buildings RM'000	Plant and Machinery RM'000	Renovation and Signboard RM'000	Motor Vehicles RM'000	Computer, Office Equipment, Fixtures, Furniture and Fittings RM'000	Construction -in-progress RM'000	Total RM'000
2009							
Cost							
Beginning of financial year	11,783	15,922	1,012	2,197	1,410	664	32,988
Additions	–	1,808	193	702	106	915	3,724
Disposals	–	–	–	–	(6)	–	(6)
Reclassification	1,500	–	–	–	–	(1,500)	–
End of financial year	13,283	17,730	1,205	2,899	1,510	79	36,706
Accumulated depreciation							
Beginning of financial year	521	10,929	465	1,115	859	–	13,889
Depreciation charge (Note 6)	73	2,016	167	515	178	–	2,949
Disposals	–	–	–	–	(1)	–	(1)
End of financial year	594	12,945	632	1,630	1,036	–	16,837
Net Book Value							
End of financial year	12,689	4,785	573	1,269	474	79	19,869

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

15 Property, Plant and Equipment (Continued)

	Freehold, Leasehold Land and Buildings RM'000	Plant and Machinery RM'000	Renovation and Signboard RM'000	Motor Vehicles RM'000	Computer, Office Equipment, Fixtures, Furniture and Fittings RM'000	Construction -in-progress RM'000	Total RM'000
2008							
Cost							
Beginning of financial year	11,600	13,565	773	1,093	1,233	–	28,264
Additions	183	2,657	239	1,104	181	664	5,028
Disposals	–	(300)	–	–	(4)	–	(304)
End of financial year	11,783	15,922	1,012	2,197	1,410	664	32,988
Accumulated depreciation							
Beginning of financial year	402	8,731	367	721	681	–	10,902
Depreciation charge (Note 6)	119	2,318	98	394	179	–	3,108
Disposals	–	(120)	–	–	(1)	–	(121)
End of financial year	521	10,929	465	1,115	859	–	13,889
Net Book Value							
End of financial year	11,262	4,993	547	1,082	551	664	19,099

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

15 Property, Plant and Equipment (Continued)

(a) Included in additions in the financial statements are the following property, plant and equipment acquired under finance leases as below:

	Group 2009 RM'000	Group 2008 RM'000
Plant and machinery	1,020	2,568
Motor vehicles	671	999
	1,691	3,567

(b) The carrying amount of plant and machinery, motor vehicles and computer equipment held under finance leases are as follows:

	Group 2009 RM'000	Group 2008 RM'000
Plant and machinery	3,770	4,538
Motor vehicles	1,246	1,055
Computer equipment	69	147
	5,085	5,740

(c) Bank loans and bills payable are secured on the property, plant and equipment of the Group with carrying amounts of RM12,690,000 (2008: RM11,262,000).

16 Investment Properties

	Leasehold Land RM'000	Leasehold Land and Buildings RM'000	Total RM'000
2009			
Cost			
Beginning of financial year	4,956	903	5,859
Disposals	(1,951)	–	(1,951)
End of financial year	3,005	903	3,908
Accumulated depreciation and amortisation			
Beginning of financial year	283	155	438
Depreciation and amortisation charge (Note 6)	45	13	58
Disposals	(145)	–	(145)
End of financial year	183	168	351
Net book value			
End of financial year	2,822	735	3,557

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

16 Investment Properties (Continued)

	Leasehold Land RM'000	Leasehold Land and Buildings RM'000	Total RM'000
2008			
Cost			
Beginning and end of financial year	4,956	903	5,859
Accumulated depreciation and amortisation			
Beginning of financial year	208	142	350
Depreciation and amortisation charge (Note 6)	75	13	88
End of financial year	283	155	438
Net book value			
End of financial year	4,673	748	5,421

(a) Investment properties are leased to related and non-related parties under operating leases [Note 23(b)].

(b) All investment properties are mortgaged to secure bank loans [Note 18(a)].

The following amounts are recognised in profit and loss:

	Group	
	For the financial year ended 31 December 2009 RM'000	For the financial year ended 31 December 2008 RM'000
Rental income (Note 5)	193	197
Direct operating expenses arising from investment properties that generated rental income	4	4
Property tax and other direct operating expenses arising from an investment property that did not generate rental income	4	9

The market value of investment properties held by the Group are as follows:

Location	Description	Existing Use	Tenure	Unexpired term of lease	Fair values 2009 RM	Fair values 2008 RM
Lot 1861 Mukim Cheras Daerah Hulu Langat Selangor Darul Ehsan	Vacant land	Industrial	Leasehold land	62 years	3,700	3,350
No. 14 Jalan Kencana 30 Taman Kencana 56100 Kuala Lumpur	Factory with 3-storey office	Commercial	Leasehold land and building	74 years	1,150	1,150
Lot 1786 Mukim Cheras Daerah Hulu Langat Selangor Darul Ehsan	Vacant land	Industrial	Leasehold land	–	–	3,052

Valuations are determined by an independent professional valuer and using the Direct Market Comparison Method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

17 Trade and Other Payables

	Group		Company
	2009 RM'000	2008 RM'000	2009 RM'000
Trade payables to			
– Non-related parties	9,972	9,653	–
– Entities related by common shareholders	146	–	–
	10,118	9,653	
Accrued operating expenses	1,129	1,057	4
Other	563	372	–
	11,810	11,082	4

18 Borrowings

	Group	
	2009 RM'000	2008 RM'000
Current		
Bank overdrafts (Note 11)	3,961	4,119
Bank loans	1,674	1,455
Bills payable	3,493	6,091
Finance lease liabilities (Note 19)	1,995	1,936
	11,123	13,601
Non-current		
Bank loans	8,660	9,629
Finance lease liabilities (Note 19)	4,084	4,507
	12,744	14,136
Total borrowings	23,867	27,737

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	Group	
	2009 RM'000	2008 RM'000
6 months or less	9,289	11,905
6 – 12 months	1,834	1,696
1 – 5 years	8,940	9,839
Over 5 years	3,804	4,297
	23,867	27,737

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

18 Borrowings (Continued)

(a) Security granted

At the balance sheet date, bank loans, bills payable and bank overdrafts are secured by a legal mortgage over the Group's freehold land, leasehold land and buildings (Note 15) and short-term bank deposits of the Group (Note 11) and personal guarantee of the directors. Finance lease liabilities of the Group are secured by the rights to the leased plant and machinery, motor vehicles and computer equipment Note 15(a), which will revert to the lessors in the event of default by the Group.

(b) Fair value of non-current borrowings

At balance sheet date, the fair values of non-current borrowings approximate their carrying amounts.

(c) Undrawn borrowing facilities

	Group	
	2009	**2008**
	RM'000	**RM'000**
Not later than one year	2,000	3,275
Between one and five years	3,600	3,600
Later than five years	3,600	3,600
	9,200	10,475

The undrawn facilities as mentioned above are in respect of facilities granted to the Group to finance the construction cost of the buildings for its expansion.

19 Finance Lease Liabilities

The Group leases certain plant and equipment, motor vehicles and computer equipment from non-related parties under finance lease agreements. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of lease term.

	Group	
	2009	**2008**
	RM'000	**RM'000**
Minimum lease payments due		
– Not later than one year	2,285	2,248
– Between one and five years	3,835	4,464
– Later than five years	662	486
	6,782	7,198
Less: Future finance charges	(703)	(755)
Present value of finance lease liabilities	6,079	6,443

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

19 Finance Lease Liabilities (Continued)

The present values of finance lease liabilities are analysed as follows:

	Group	
	2009	**2008**
	RM'000	**RM'000**
Not later than one year (Note 18)	1,995	1,936
Later than one year (Note 18)		
– Between one and five years	3,468	4,060
– Later than five years	616	447
	4,084	4,507
Total	6,079	6,443

20 Deferred Income Taxes

	Group	
	2009	**2008**
	RM'000	**RM'000**
Deferred income tax assets		
– to be recovered within one year	(350)	–
Deferred income tax liabilities		
– to be settled within one year	419	383
– to be settled after one year	69	57
	488	440
	138	440

Movement in deferred income tax account is as follows:

	Group	
	2009	**2008**
	RM'000	**RM'000**
Beginning of financial year	440	650
Effect of change in Malaysia tax rate credited to profit or loss (Note 9)	(17)	(25)
Tax credited to – Profit or loss (Note 9)	(285)	(185)
End of financial year	138	440

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

20 Deferred Income Taxes (Continued)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities/(assets)

	Accelerated tax depreciation RM'000	Provision RM'000	Total
2009			
Beginning of financial year	440	–	440
Charged/(credited) to profit or loss	48	(350)	(302)
End of financial year	488	(350)	138
2008			
Beginning of financial year	650	–	650
Credited to profit or loss	(210)	–	(210)
End of financial year	440	–	440

21 Share Capital

The Company was incorporated on 8 October 2009 in Singapore as an investment holding company with an initial issued and paid-up share capital of $1 comprising one ordinary share with no par value, which was issued and allotted to the Executive Director and Chief Executive Officer Chan Wen Chau.

As the Company officially took over the Group subsequent to 31 December 2009, the share capital in the balance sheets as at 31 December 2009 and 2008 represented the aggregate amounts of the paid-up capital of the following companies:

	Group 2009 RM'000	Group 2008 RM'000
Issued share capital		
MSM Metal Industries Sdn. Bhd.	4,000	4,000
MSM Equipment Manufacturer Sdn. Bhd.	300	300
MSM Marketing Sdn. Bhd.	1,000	1,000
Toyomi Sdn. Bhd.	105	105
FIC Refrigeration (M) Sdn Bhd	100	*
OMS Technology Sdn Bhd	100	*
	5,605	5,405

* Denotes less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

22 Dividends

	Group	
	2009	**2008**
	RM'000	**RM'000**
Ordinary dividends paid		
Interim exempt (one-tier) dividend paid in respect of the current financial period as follows:		
MSM Metal Industries Sdn Bhd		
4,000,000 shares @ RM0.045 per share	180	–
MSM Marketing Sdn Bhd		
1,000,000 shares @ RM0.45 per share	450	–
Toyomi (M) Sdn Bhd		
105,000 shares @ RM5.71 per share	600	–
	1,230	–

On 8 February 2010, a final exempt dividend is declared by the following companies:

	RM'000
MSM Metal Industries Sdn Bhd	
4,000,000 shares @ RM0.10 per share	400
MSM Equipment Manufacturer Sdn Bhd	
300,000 shares @ RM1.04 per share	314
MSM Marketing Sdn Bhd	
1,000,000 shares @ RM0.76 per share	760
	1,474

The dividend was paid to shareholders of the subsidiaries on 12 February 2010.

23 Commitments

(a) Operating lease commitments – where the Group is a lessee

The future aggregate minimum lease payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	For the financial year ended 31 December 2009 RM'000	**For the financial year ended 31 December 2008 RM'000**
Not later than one year	321	302
Between one and five years	1,025	1,071
Later than five years	710	710
	2,056	2,083

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

23 **Commitments** (Continued)

(b) Operating lease commitments – where the Group is a lessor

The Group leases out office space to related and non-related parties under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	For the financial year ended 31 December 2009 RM'000	**For the financial year ended 31 December 2008 RM'000**
Not later than one year	203	196
Between one and five years	811	811
Later than five years	608	608
	1,622	1,615

24 **Related Party Transactions**

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales, purchases and other expenses

	Group	
	For the financial year ended 31 December 2009 RM'000	**For the financial year ended 31 December 2008 RM'000**
Sales of goods to entity related by common shareholders	291	758
Purchases from entity related by common shareholders	333	527
Rental income charged to entity related by common shareholders	60	132
Service charges charged to entity related by common shareholders	8	14
Subcontractor's cost charged to entity related by common shareholders	100	107

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

24 Related Party Transactions (Continued)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	For the financial year ended 31 December 2009 RM'000	**For the financial year ended 31 December 2008 RM'000**
Salaries and bonuses	1,211	1,387
Employer's contribution to defined contribution plans	87	66
Other benefits	274	236
	1,572	1,689

Included in the above is total compensation to directors of the Group amounting to RM686,000 (2008: RM666,000).

25 Segment Information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors comprises three independent directors and five non-independent directors. The Board of Directors considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas: Malaysia, Singapore and United States of America. All geographic locations are engaged in the OEM Contract Manufacturing and Kitchen Appliances, Equipment and related services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

25 Segment Information (Continued)

The segment information provided to the Board of Directors for the reportable segments is as follows:

For the financial year ended 31 December 2009

	OEM contract manufacturing RM'000	Kitchen appliances, equipment and related services RM'000	Total RM'000
Revenue			
– Sales to external parties	34,654	22,578	57,232
Adjusted EBITDA	10,533	4,064	14,597
Depreciation of property, plant and equipment	2,550	399	2,949
Depreciation and amortisation of investment properties	13	45	58
Total assets	43,570	9,231	52,801
Total assets includes:			
Additions to:			
– Property, plant and equipment	2,701	1,022	3,723
Total liabilities	8,760	3,050	11,810

For the financial year ended 31 December 2008

	OEM contract manufacturing RM'000	Kitchen appliances, equipment and related services RM'000	Total RM'000
Revenue			
– Sales to external parties	29,759	21,721	51,480
Adjusted EBITDA	6,445	2,838	9,283
Depreciation of property, plant and equipment	2,832	276	3,108
Depreciation and amortisation of investment properties	42	46	88
Total assets	36,517	10,156	46,673
Total assets includes:			
Additions to:			
– Property, plant and equipment	4,353	675	5,028
Total liabilities	7,200	3,882	11,082

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

25 Segment Information (Continued)

There are no inter-business segment sales. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statements of comprehensive income.

The Board of Directors assesses the performance of the operating segments based on measure of Earnings before interest, tax, depreciation and amortisation ("adjusted EBITDA"). Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Chief Financial Officer, which manages the cash position of the Group.

A reconciliation of adjusted EBITDA to profit before tax is provided as follows:

	For the financial year ended 31 December 2009 RM'000	For the financial year ended 31 December 2008 RM'000
Adjusted EBITDA for reportable segments	14,597	9,283
Depreciation of property, plant and equipment	(2,949)	(3,108)
Depreciation and amortisation of investment properties	(58)	(88)
Finance expense	(1,459)	(1,647)
Interest income	8	8
Profit before income tax	10,139	4,448

Reportable segments' assets are reconciled to total assets as follows:

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. For the purpose of monitoring segment performance and allocating resources between segments, the Board of Directors monitors the property, plant and equipment, inventories, receivables and, operating cash attributable to each segment. All assets are allocated to reportable segments other than investment properties, other current assets and short term bank deposits.

	Group	
	2009 RM'000	2008 RM'000
Segment assets	52,801	46,673
Unallocated:		
Other current assets	1,302	830
Investment properties	3,557	5,421
Short-term bank deposits	854	226
	58,514	53,150

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

25 Segment Information (Continued)

Reportable segments' liabilities are reconciled to total liabilities as follows:

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than income tax liabilities, borrowings and deferred income tax liabilities.

	Group	
	2009	**2008**
	RM'000	**RM'000**
Segment liabilities	11,810	11,082
Unallocated:		
Borrowings	23,867	27,737
Current income tax liabilities	2,556	1,008
Deferred income tax liabilities	138	440
	38,371	40,267

Revenue from major products and services

Revenue from external customers are derived mainly from the sale of OEM contract manufacturing and kitchen appliances, equipment and related services. Breakdown of revenue is as follows:

	For the financial year ended 31 December 2009 RM'000	For the financial year ended 31 December 2008 RM'000
OEM contract manufacture	34,654	29,759
Kitchen appliances, equipment and related services	22,578	21,721
	57,232	51,480

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

25 Segment Information (Continued)

Geographical information

The Group's two business segments operate in three primary geographical areas:

- Malaysia — the Group is headquartered and has operations in Malaysia. The operations in this area are principally in the manufacturing and sales of OEM contract manufacturing products and kitchen appliances, equipment and related services;
- Singapore — the operations include the sale of OEM contract manufacturing products and kitchen appliances, equipment and related services;
- United States of America — the operations include the sale of OEM contract manufacturing products;
- Other countries — the operations include the sale of OEM contract manufacturing products in United Kingdom, New Zealand and Thailand and the sale of kitchen appliances and equipment in Indonesia, Vietnam and Cambodia.

	For the financial year ended 31 December 2009 RM'000	For the financial year ended 31 December 2008 RM'000
Revenue		
Malaysia	49,529	43,762
Singapore	725	148
United States of America	6,339	7,217
Other	639	353
	57,232	51,480

Revenues of approximately RM19.3 million (2008: RM15.6 million) are derived from a single external customer. These revenues are attributable to the OEM contract manufacturing products.

26 Financial Risk Management

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board of Directors establishes the detail policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

26 **Financial Risk Management** (Continued)

Financial risk factors (Continued)

The overall business strategies of the Group, its tolerance for risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. In determining its risk management policies, the management ensures that an acceptable balance is made between the cost of risks occurring and the cost of managing the risks.

The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Market risk

(i) *Currency risk*

The Group mainly operates in Malaysia. Currency risk arises when transactions are denominated in foreign currencies such as Singapore Dollar ("SGD") and United States Dollar ("USD"). As the transactions in foreign currencies are minimal, the Group manages the foreign exchange exposure arising from future commercial transactions and recognised assets and liabilities by a policy of matching, as far as possible, receipts and payments in each individual currency. Going forward, we may selectively hedge our foreign exchange exposure by entering into foreign exchange forward or option contracts based on the following guidelines:

(a) Any foreign exchange contracts or interest rate contracts used will be solely to manage our Group's exposure to foreign exchange and interest rate risks by minimising the impact of foreign exchange fluctuations and not for speculative purposes;

(b) For foreign exchange contract or interest rate hedging contract of a value up to RM200,000 must be approved jointly by the Finance & Administration Manager and the Chief Financial Officer; and

(c) For foreign exchange contract or interest rate hedging contract of a value above RM200,000 it must be recommended by the Chief Financial Officer and joint approval must be obtained from any two Executive Directors.

The audit committee will also monitor and review the implementation of the policies, processes and practices in accordance with the policies approved by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

26 Financial Risk Management (Continued)

(a) Market risk (Continued)

(i) *Currency risk (Continued)*

The Group's currency exposure based on the information provided to key management is as follows:

	MYR RM'000	USD RM'000	Total RM'000
31 December 2009			
Financial Assets			
Cash and cash equivalents	2,130	54	2,184
Trade and other receivables	15,987	1,372	17,359
Other financial assets	286	–	286
	18,403	1,426	19,829
Financial Liabilities			
Trade and other payables	(11,810)	–	(11,810)
Borrowings	(23,867)	–	(23,867)
	(35,677)	–	(35,677)
Net financial (liabilities)/assets	(17,274)	1,426	(15,848)
Less: Net financial liabilities denominated in the functional currency	17,274	–	17,274
Currency exposure	–	1,426	1,426

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

26 Financial Risk Management (Continued)

(a) Market risk (Continued)

(i) *Currency risk (Continued)*

	MYR RM'000	USD RM'000	Total RM'000
31 December 2008			
Financial Assets			
Cash and cash equivalents	2,092	19	2,111
Trade and other receivables	14,560	1,115	15,675
Other financial assets	235	–	235
	16,887	1,134	18,021
Financial Liabilities			
Trade and other payables	(11,082)	–	(11,082)
Borrowings	(27,737)	–	(27,737)
	(38,819)	–	(38,819)
Net financial (liabilities)/assets	(21,932)	1,134	(20,798)
Less: Net financial liabilities denominated in the functional currency	21,932	–	21,932
Currency exposure	–	1,134	1,134

If the USD and SGD currency exchange strengthen or weaken against the RM by 5% and 5% respectively for each financial year with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position to profit or loss will not be significant.

(ii) *Cash flow and fair value interest rate risks*

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 fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest bearing assets and liabilities, the Group's income is substantially independent of changes in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

26 Financial Risk Management (Continued)

(a) Market risk (Continued)

(ii) *Cash flow and fair value interest rate risks (Continued)*

The Group's exposure to cash flow interest rate risk arises mainly from non-current variable-rate borrowings.

The Group's borrowings at variable rates are denominated in RM. If the RM interest rate increase/decrease by 1% for each financial year with all other variables including tax rates being held constant, the profit after tax will be lower/higher by RM238,700 (2008: RM277,300).

(b) Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank deposits and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with recognised and creditworthy third parties. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	2009	**2008**
	RM'000	**RM'000**
By geographical areas		
Malaysia	14,638	12,291
Singapore	646	227
United States of America	858	1,115
Other	701	181
	16,843	13,814
By types of customers		
Related parties	1,993	2,833
Non-related parties		
– Multi-national companies	4,484	5,132
– Other companies	10,366	5,849
	16,843	13,814

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

26 Financial Risk Management (Continued)

(b) Credit risk (Continued)

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2009 RM'000	2008 RM'000
Past due 0 to 3 months	4,683	2,810
Past due 3 to 6 months	1,321	231
Past due over 6 months	736	2,911
	6,740	5,952

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group	
	2009 RM'000	2008 RM'000
Gross amount	2,584	266
Less: Allowance for impairment	(1,494)	(237)
	1,090	29
Beginning of financial year	237	194
Allowance made	1,257	49
Allowance utilised	–	(6)
End of financial year	1,494	237

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

26 Financial Risk Management (Continued)

(b) Credit risk (Continued)

(ii) *Financial assets that are past due and/or impaired (Continued)*

The impaired trade receivables arise from sales to companies which were closed down or had liquidity problem.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and having an adequate amount of committed credit facilities (Note 18) to enable it to meet its normal operating commitments. The Group's objective is to maintain a balance between continuing of funding and flexibility through the use of bank borrowings, bank overdrafts and finance lease liabilities. As at balance sheet date, assets held by the Group for managing liquidity risks included cash and short-term deposits as disclosed in Note 11.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RM'000	**Between 1 and 2 years RM'000**	**Between 2 and 5 years RM'000**	**Over 5 years RM'000**
Group				
31 December 2009				
Trade and other payables	11,810	–	–	–
Borrowings	11,413	3,318	5,990	3,849
	23,223	3,318	5,990	3,849
31 December 2008				
Trade and other payables	11,082	–	–	–
Borrowings	13,913	3,474	6,770	4,335
	24,995	3,474	6,770	4,335
Company				
31 December 2009				
Trade and other payables	4	–	–	–
Borrowings	–	–	–	–
	4	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

26 Financial Risk Management (Continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on gearing ratio. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The Group is required by the banks to maintain gearing ratio of not exceeding 2.80 times during the loan period. The Group's policy for the financial year ended 2008 is to maintain gearing ratio of not exceeding 4 times. The Group's new strategy for the financial year ended 31 December 2009 and going forward is to maintain gearing ratio of not exceeding 2.0 times.

Gearing ratio is calculated as total borrowings divided by total net worth. Net worth is defined as total assets minus total liabilities.

	Group	
	2009	**2008**
	RM'000	**RM'000**
Total borrowings	23,867	27,737
Net worth	20,143	12,883
Gearing ratio	1.18	2.15

27 New or Revised Accounting Standards and Interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting period beginning on or after 1 January 2010 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

27 New or Revised Accounting Standards and Interpretations (Continued)

(a) INT FRS 117 *Distributions of Non-Cash Assets to Owners* (effective for annual periods beginning on or after 1 July 2009)

INT FRS 117 clarifies how the Group should measure distributions of assets, other than cash, to its owners. INT FRS 117 specifies that such a distribution should only be recognised when appropriately authorised, and that dividend should be measured at the fair value of the assets to be distributed. The difference between the fair value and the carrying amount of the assets to be distributed should be recognised in profit or loss. INT FRS 117 applies to pro rata distributions of non-cash assets except for distributions to a party or parties under common control.

The Group will apply INT FRS 117 from 1 January 2010, but it is not expected to have a material impact on the financial statements.

(b) FRS 27 (revised) *Consolidated and Separate Financial Statements* (effective for annual periods beginning on or after 1 July 2009)

FRS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply FRS 27 (revised) prospectively to transactions with minority interests from 1 January 2010.

(c) FRS 103 (revised) *Business Combinations* (effective for annual periods beginning on or after 1 July 2009)

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply FRS 103 (revised) prospectively to all business combinations from 1 January 2010.

STATISTICS OF SHAREHOLDINGS

AS AT 15 JUNE 2010

Issued and fully paid-up shares excluding treasury shares	:	90,000,000
Treasury shares	:	Nil
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholder as at 15 June 2010)

	Direct Interest		Deemed Interest	
	No. of shares	**%**	**No. of shares**	**%**
Triumphant Hope Sdn Bhd	61,564,747	68.41	–	–
Chan Kat Yin	–	–	61,564,747	68.41
Chan Kee Sieng	–	–	61,564,747	68.41
Chan Kit Moi	–	–	61,564,747	68.41

Notes:

Messrs Chan Kat Yin, Chan Kee Sieng and Chan Kit Moi are shareholders of Triumphant Hope Sdn Bhd (each holding 33.33% of shares in the capital of Triumphant Hope Sdn Bhd) and they are deemed to have an interest in the shares held by Triumphant Hope Sdn Bhd.

Shareholdings Held in the Hands of Public

Based on information available to the Company as at 15 June 2010, approximately 23.78% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the SGX-ST Listing Manual (Section B: Rules of Catalist) is complied with.

STATISTICS OF SHAREHOLDINGS

AS AT 15 JUNE 2010

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	0	0.00	0	0.00
1,000 – 10,000	33	22.00	290,000	0.32
10,001 – 1,000,000	110	73.33	13,140,620	14.60
1,000,001 and above	7	4.67	76,569,380	85.08
Total	150	100.00	90,000,000	100.00

LIST OF 25 LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of Shares	%
1	TRIUMPHANT HOPE SDN. BHD.	61,564,747	68.41
2	CIMB SECURITIES (SINGAPORE) PTE. LTD.	5,837,000	6.49
3	CHAN WEN CHAU	2,785,186	3.09
4	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	2,500,000	2.78
5	YONG WAI KIN	1,400,006	1.56
6	HOH CHUI LOON	1,400,006	1.56
7	CHAN WEN YAW	1,082,435	1.20
8	CHOO KOK CHENG	950,000	1.06
9	ONG SENG JOO	883,810	0.98
10	CHAN WEN YEE	883,810	0.98
11	CHIN JIT SIN	750,000	0.83
12	KAM FOONG KENG	750,000	0.83
13	LEE KAY HUAN HOLDINGS PTE LTD	740,000	0.82
14	MIDAS INVESTMENT MANAGEMENT LIMITED	500,000	0.56
15	PHILLIP SECURITIES PTE LTD	445,000	0.49
16	GERALD CHEW KIN MUN	400,000	0.44
17	UOB KAY HIAN PTE LTD	330,000	0.37
18	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	280,000	0.31
19	CHUA KENG LOY	250,000	0.28
20	CHEW LEOK CHUAN	200,000	0.22
21	LIM LIAN HIN	200,000	0.22
22	LIM TIONG KHENG STEVEN	200,000	0.22
23	RAFFLES NOMINEES (PTE) LTD	200,000	0.22
24	VIJEYACONE ARIYACONE @ VIJEYARETNAM	200,000	0.22
25	WONG KIN TANG	200,000	0.22
	Total:	**84,932,000**	**94.36**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 1st Annual General Meeting of the Company will be held at the Suntec Singapore International Convention & Exhibition Centre, Meeting Room 207, located at 1 Raffles Boulevard, Suntec City Singapore 039593 on 15 July 2010 at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2009 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To re-elect the following directors of the Company ("***Directors***"), each of whom will retire pursuant to Article 107 of the Company's Articles of Association ("***Articles***") and who, being eligible, offer themselves for re-election pursuant to Article 109:

   (i) Mr. Chan Wen Chau; **Resolution 2**

   (ii) Mr. Chan Kee Sieng; and **Resolution 3**

   (iii) Mr. Chan Kit Moi. **Resolution 4**

   Mr. Chan Wen Chau will upon re-election continue to serve as Executive Director and Chief Executive Officer of the Company.

   Mr. Chan Kee Sieng will upon re-election continue to serve as Executive Chairman.

   Mr. Chan Kit Moi will upon re-election continue to serve as Executive Director.

3. To approve payment of Directors' fees by the Company of S$56,348 for the financial year ending 31 December 2010. **Resolution 5**

4. To re-appoint Nexia TS Public Accounting Corporation as the auditors of the Company and authorise the Directors to fix their remuneration. **Resolution 6**

SPECIAL BUSINESS

To consider and, if thought fit, approve the following Ordinary Resolutions, with or without modifications:

5. That pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore ("***Companies Act***") and Article 6(1), authority be and is hereby given to the Directors to: **Resolution 7**

   (i) (a) issue shares in the capital of the Company ("***Shares***") whether by way of rights, bonus or otherwise; and/or

   (b) make or grant offers, agreements or options (collectively, "***Instruments***") that might or would require Shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit,

   (ii) (notwithstanding that the authority conferred by this Resolution 8 may have ceased to be in force) issue Shares pursuant to any Instrument made or granted by the Directors while this Resolution 8 was in force,

   provided that:

   (1) the aggregate number of Shares issued pursuant to this Resolution 8 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 8) shall not exceed 100% of the total number of issued Shares (excluding treasury shares) in the share capital of the Company (as calculated in accordance with sub-paragraph

NOTICE OF ANNUAL GENERAL MEETING

(2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 8) shall not exceed 50% of the total number of issued Shares (excluding treasury shares) in the share capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("***SGX-ST***")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares) at the time this Resolution 8 is passed, after adjusting for:

(aa) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting as at the time this Resolution 8 is passed; and

(bb) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution 8, the Company shall comply with the provisions of the Companies Act, the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution 8 shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

6. To transact such other business which can be transacted at the First Annual General Meeting of the Company.

By Order of the Board

Chan Kee Sieng
Executive Chairman
Singapore
28 June 2010

Notes:

1. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than 2 proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

2. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 36 Carpenter Street Singapore 059915 not less than 48 hours before the time set for the Annual General Meeting.

This page has been intentionally left blank

MANN SENG METAL INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200918800R)

ANNUAL GENERAL MEETING
PROXY FORM

I/We ______________________________ (Name) ____________________ (NRIC/Passport No.)
of ____ (Address),
being a member/members of Mann Seng Metal International Limited (the "***Company***"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of shareholdings	
			No. of shares	%

and/or (Please delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of shareholdings	
			No. of shares	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting, as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf and, if necessary, to demand a poll at the First Annual General Meeting of the Company to be held at the Suntec Singapore International Convention & Exhibition Centre, Meeting Room 207, located at 1 Raffles Boulevard, Suntec City Singapore 039593 on 15 July 2010 at 9.30 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided below whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as the proxy/proxies will on any other matter arising at the Annual General Meeting)

No.	Ordinary Resolutions	For	Against
	ORDINARY BUSINESS		
Resolution 1	To receive and adopt the Financial Statements for the financial year ended 31 December 2009, the Directors' Report and the Auditors' Report thereon.		
Resolution 2	To re-elect Mr. Chan Wen Chau as Director		
Resolution 3	To re-elect Mr. Chan Kee Sieng as Director		
Resolution 4	To re-elect Mr. Chan Kit Moi as Director		
Resolution 5	To approve payment of Directors' fees by the Company of S$56,348 for the financial year ending 31 December 2010.		
Resolution 6	To re-appoint Nexia TS Public Accounting Corporation as the auditors of the Company and authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
Resolution 7	To authorise Directors to issue shares pursuant to section 161 of the Companies Act (Chapter 50) of Singapore and Article 6(1) of the Company's Articles of Association		

Dated this ________ day of ______________ 2010

Total number of shares held in:	
CDP Register	
Register of Members	

____
Signature(s) of member(s) or Common Seal

IMPORTANT: PLEASE READ THE FOLLOWING NOTES.

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act (Chapter 50) of Singapore, you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than 2 proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. Where a member appoints more than 1 proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting of the Company, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.

6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 36 Carpenter Street Singapore 059915 not less than 48 hours before the time set for the Annual General Meeting.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose Shares are entered against their name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

This page has been intentionally left blank

This page has been intentionally left blank

Printed by
TOPPAN
TOPPAN VITE PTE. LTD.
(65) 6578 6522

MANN SENG METAL INTERNATIONAL LIMITED

Company Registration No.: 200918800R

Principal Place of Business:

Lot 1909, Jalan KPB 5, Kawasan Perindustrian Kampung Baru Balakong,

43300 Seri Kembangan,

Selangor Darul Ehsan, Malaysia

Tel : + 603 8962 6618 Fax : + 603 8962 3353