Transforming for a Better Future

RH PETROGAS LIMITED

(formerly known as Tri-M Technologies (S) Limited)

Annual Report 2009

CONTENTS

Corporate Overview

In 2009, the Group successfully diversified into the energy industry and took on a new business in crude oil development and production. Along with the change in our core business, we also renamed ourselves to "**RH PETROGAS LIMITED**", adopting a new corporate identity.

New identity

RH PetroGas
常青石油及天然气

Previous identity

TRI-M TECHNOLOGIES (S) LIMITED
太 安 科 技（新 加 坡）有 限 公 司

This new corporate identity not only reflects our focus in oil and gas, but also echoes our links to the Rimbunan Hijau Group – a multi-national diversified conglomerate founded by our Executive Chairman, Tan Sri Datuk Sir Tiong Hiew King.

The Group's vision is to be an independent oil and gas operator in the region. We believe that our new oil and gas business will transform the Group and lead us to a higher level of growth.

New
Business Segments

RH Petrogas' first oil and gas project was a petroleum production sharing contract with China National Petroleum Corporation, to jointly develop and produce hydrocarbon resources in Block 1 of Fuyu in the Songliao Basin, Jilin Province, the PRC ("Fuyu 1 Block").

Covering a total area of approximately 254.9 sq km, the Fuyu 1 Block is located south-east of the Fuyu oilfield. This area is part of the Songliao basin, one of the largest petroleum producing regions in the PRC, and in which major oilfield such as XinMin is situated.

More recently, the Group announced the proposed acquisition of Singapore-based Orchard Energy Pte Ltd, an oil and gas exploration and production company which holds a production sharing contract in relation to the exploration and production of petroleum in West Belida Block, Jambi, South Sumatra, Indonesia, covering an area of approximately 1,406.94 sq km.

These two projects provide an excellent platform for the Group to expand into the Asian oil and gas market. The Group is continuing to explore more opportunities to strengthen our position in the energy sector.

Corporate **Information**

BOARD OF DIRECTORS
Tan Sri Datuk Sir Tiong Hiew King
(Executive Chairman)

Dato' Sri Dr Tiong Ik King
(Executive Director)

Foo Sac Phoon
(Executive Director)

Tiong Kiew Chiong
(Executive Director)
(Appointed on 28 July 2009)

Tiong Chiong Ee
(Executive Director)
(Appointed on 27 August 2009)

Abbasbhoy Haider Nakhoda
(Independent Director)

Yeo Yun Seng Bernard
(Independent Director)

Lee Hock Lye
(Independent Director)

AUDIT COMMITTEE
Abbasbhoy Haider Nakhoda
(Chairman)
Yeo Yun Seng Bernard
Lee Hock Lye
Dato' Sri Dr Tiong Ik King

REMUNERATION COMMITTEE
Yeo Yun Seng Bernard
(Chairman)
Abbasbhoy Haider Nakhoda
Lee Hock Lye
Dato' Sri Dr Tiong Ik King

NOMINATING COMMITTEE
Lee Hock Lye
(Chairman)
Yeo Yun Seng Bernard
Abbasbhoy Haider Nakhoda
Dato' Sri Dr Tiong Ik King

SECRETARY
Wee Woon Hong
(Appointed on 15 October 2009)

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Singapore 339410
Tel: (65) 6293 9293
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SHARE REGISTRAR
Boardroom Corporate &
Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

AUDITORS
Ernst & Young LLP
One Raffles Quay
Level 18 North Tower
Singapore 048583

Audit Partner-in-charge:
Vincent Toong Weng Sum

Date of appointment:
since financial year ended
31 December 2009

MAIN BANKERS
Malayan Banking Berhad
CIMB Bank Berhad
DBS Bank Ltd
The Hongkong and Shanghai
Banking Corporation Limited

Message to Shareholders

Dear Shareholders

A Brand New Start

The year of 2009 marked a year of exciting developments with the completion of the acquisition of Kingworld Resources Limited ("KRL"). The Group successfully diversified into the oil and gas sector, changing our core business to exploration, development and production of oil and gas resources.

In line with the new core business, we changed our name to **RH PETROGAS LIMITED** ("RH Petrogas") and adopted a new corporate identity. Clad in shades of green, the new RH Petrogas logo reflects three droplets of oil which evolve into evergreen leaves, reflecting our focus on the energy business, and our commitment in promoting a clean, green and eco-friendly environment.

We believe this will place us on a different platform enhancing our position in the marketplace, as we seek for business opportunities in the oil and gas sector, including concessions for oil and gas exploration and production projects in Asia, Southeast Asia and the Asia-Pacific region.

Foray into Oil and Gas

Our oil exploration venture in China went off on a positive note. In October 2009, China's Ministry of Land and Resources verified our evaluation results of new oil reserves at three oilfields which were reported by China National Petroleum Corporation ("CNPC"). The report summarised that there were proven petroleum geology reserves of 25.93 million tons, technically exploitable reserves of 9.1 million tons, and economically exploitable reserves of 8.11 million tons in these oilfields.

These oilfields comprise approximately 25 sq km in Fuyu 1 Block at Songliao Basin of Jilin Province ("Fuyu 1 Block"), being approximately 10% of the Contract Area as per our production sharing contract with CNPC. With the progress of the project, this area with proven reserves in Fuyu 1 Block was named as "Yong Ping Oilfield".

Pleased with this government approval, the Group immediately proceeded to work on the production schedule and the Overall Development Plan ("ODP"),

Message
to Shareholders

Moving ahead, RH Petrogas intends to continue to undertake many other oil and gas resource projects with the ultimate vision of becoming a key player in the oil and gas sector.

Tan Sri Datuk Sir Tiong Hiew King
Executive Chairman

for the crude oil production in Fuyu 1 Block. By end of 2009, KRL had managed to test 20 wells using the 'huff and puff' method and had produced over 1,000 tons of crude oil. The crude oil produced was used for further pilot testing in the oilfield.

In January this year, KRL obtained approval from CNPC for the 2010 budget and the drilling of 60 development wells. Further experiments will be implemented for the preparation of the ODP, which KRL will be submitting to the relevant authorities in June 2010 for approval. Commercial production will begin as soon as approval for the ODP is received.

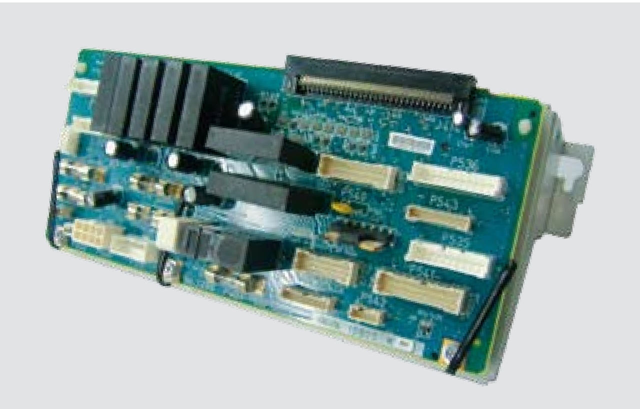
Expanding our footprint beyond China, the Group also announced the proposed acquisition of Singapore-based Orchard Energy Pte Ltd ("Orchard Energy"), an oil and gas exploration and production company which was controlled by Temasek Holdings (Private) Limited.

Orchard Energy holds a production sharing contract in relation to the exploration and production of petroleum in West Belida Block, Jambi, South Sumatra, Indonesia ("West Belida Block") covering an area of approximately 1,406.94 sq km. The proposed acquisition is yet to be completed.

Embarking on these Indonesian assets will give us a new prospect and proximity to the growing Asian oil and gas market. Apart from the assets, what is critical about our acquisition is that it will bring along Orchard Energy's key management expertise who would significantly strengthen RH Petrogas' leadership position in the oil and gas industry.

Moving ahead, RH Petrogas intends to continue to undertake many other oil and gas resource projects with the ultimate vision of becoming a key player in the oil and gas sector.

Message to Shareholders



In 2009, the Group raised net proceeds of approximately S$41.6 million from the placement of 54,500,000 new shares. We also obtained additional loans of S$4.28 million from Surreyville Pte Ltd to fund the Group's working capital requirements. Going forward, we will continue to explore various funding options, such as tapping the equity market, debt instruments and/or external bank borrowings, as appropriate.

Electronics Business

On the electronics business front, we continue to be adversely impacted by the highly competitive electronics environment amidst the global slowdown in FY2009. The Group's revenue declined 65% to S$4.18 million for the electronics division for the year ended 31 December 2009, mainly due to the closure of our manufacturing plant in Penang and reduced orders from existing customers.

The outlook for the Group's electronics business remains challenging as we expect the fierce competition to continue unabated despite encouraging signs of a global economic recovery. In view of this, the Group's electronics business may continue to operate at a loss. The Directors are of the opinion that the oil production business will hold more promises for the Group as we look beyond the near-term challenges.

Our immediate focus is to restore the financial health of the Group and to have ourselves removed from Singapore Exchange's Watch List. On 2 March 2010, The Singapore Exchange granted the Group a 12-month extension, till 4 March 2011, to exit from the Watch List.

We are confident that our diversification into oil and gas is the right strategy for the Group's long-term prospects. Our aim is to leverage this new business to bring the Group onto a different platform and to add value to our shareholders.

Message to Shareholders

New Board Members

At this juncture, we would like to welcome two new directors who have joined our Board.

Mr Francis Tiong Kiew Chiong was appointed as Executive Director of the Company on 28 July 2009. Mr Tiong joined the Rimbunan Hijau Group in 1987 and has extensive experience in the timber and media industry. He was actively involved in setting up and expanding the business in Papua New Guinea and other countries in Africa for Rimbunan Hijau Group. Mr Tiong has worked in and was stationed in Papua New Guinea for 9 years. He also holds directorships in various subsidiaries of private and public companies.

Mr Tiong Chiong Ee was appointed as Executive Director of the Company on 27 August 2009 and is currently the Executive Deputy General Manager of KRL, responsible for the administrative management in our Group's first oil and gas project in China. Mr Tiong has over 5 years of business experience in timber operations, manufacturing, trading and oil and gas industries.

Note of Appreciation

We are grateful to have an experienced management team and dedicated employees who are committed to transform RH Petrogas to be the next leader in the oil and gas sector.

On behalf of the Board, we would also like to thank all our stakeholders – investors, customers, business partners, bankers and employees – who have stood by us through this challenging phase.

We look forward to your continued support as we seek new growth opportunities in the energy industry.

TAN SRI DATUK SIR TIONG HIEW KING
Executive Chairman

Board of Directors

1. Tan Sri Datuk Sir Tiong Hiew King
2. Dato' Sri Dr Tiong Ik King
3. Foo Sac Phoon
4. Tiong Kiew Chiong
5. Tiong Chiong Ee
6. Abbasbhoy Haider Nakhoda
7. Bernard Yeo Yun Seng
8. Lee Hock Lye

Board
of Directors

TAN SRI DATUK SIR TIONG HIEW KING
Executive Chairman

Tan Sri Datuk Sir Tiong Hiew King was appointed Executive Director and Executive Chairman of the Company on 13 March 2008. He is also the Executive Chairman of Rimbunan Hijau Group, a large diversified conglomerate in Malaysia with extensive business around the world. Tan Sri Datuk Sir Tiong has extensive experience in a number of industries, including timber, oil palm plantations, oil and gas, media and publishing, mining, fishery and manufacturing. He also holds directorships in many private limited companies and publicly listed companies around the world, including Rimbunan Sawit Berhad in Malaysia. He is also the Chairman of Media Chinese International Limited, a publicly listed media company in both Hong Kong and Malaysia, which publishes 5 Chinese-language newspapers with a total daily circulation of over 1 million copies and over 30 magazines in key cities in North America, Southeast Asia, and China.

DATO' SRI DR TIONG IK KING
Executive Director

Dato' Sri Dr Tiong Ik King who had been a Non-Executive Director since 7 March 1997 and Non-Executive Chairman since 31 March 2005, was re-designated as Executive Director on 13 March 2008. He graduated with a M.B.B.S Degree from National University of Singapore in 1975 and attained M.R.C.P. from the UK Royal College of Physicians, United Kingdom, in 1977. Dato' Sri Dr Tiong is also an Executive Director of Media Chinese International Limited, a publicly listed media company in both Hong Kong and Malaysia, which publishes 5 Chinese-language newspapers with a total daily circulation of over 1 million copies and over 30 magazines in key cities in North America, Southeast Asia, and China. He also sits on the boards of two other listed companies, including EON Capital Berhad, the holding company of EON Bank Bhd and Jaya Tiasa Holdings Berhad, a timber and oil palm plantation company in Malaysia.

MR FOO SAC PHOON
Executive Director

Mr Foo Sac Phoon was promoted to Chief Executive Officer of our electronics business on 11 November 2005. Prior to that, he was the Vice President of Marketing & Strategic Business Development. Mr Foo is responsible for the Group's overall profitability and strategic development of electronics business.

Mr Foo graduated with a Bachelor of Engineering Degree with First Class Honours in Production Engineering & Management from Strathclyde University, Glasgow in 1990. He was also the winner of FORD Motor, Dean Listing and LEE Foundation Book Prize, for that year. He obtained his MBA with a major in International Business from Henley Management College, through Brunel University, West London, in 1996 with a Letter of Commendation.

MR TIONG KIEW CHIONG
Executive Director

Mr Tiong Kiew Chiong was appointed as Executive Director of the Company on 28 July 2009. He joined the Rimbunan Hijau Group in 1987 and has extensive experience in the timber and media industry. He was assigned to spearhead and set up new business operations in Papua New Guinea and Gabon in 1990 and 1996, respectively.

Mr Tiong is currently also an Executive Director and Group Chief Executive Officer of Media Chinese International Limited, a company listed on both the main boards of the Stock Exchange of Hong Kong Limited and Bursa Malaysia Securities Bhd; and is the Deputy Chairman of One Media Group Limited, a company listed on the main board of the Stock Exchange of Hong Kong Limited.

Mr Tiong obtained his Bachelor Degree in Business Administration (Honours) from York University, Toronto, Canada.

Board of Directors

MR TIONG CHIONG EE
Executive Director

Mr Tiong Chiong Ee was appointed as Executive Director of the Company on 27 August 2009 and is currently the Executive Deputy General Manager of Kingworld Resources Limited ("KRL").

He is a member of the China National Petroleum Corporation Joint Management Committee of Fuyu 1 Block, our Group's first oil and gas project. He is responsible for the administrative management of KRL. Mr Tiong has over 5 years of business experience in timber operations, manufacturing, trading and oil and gas industries. Prior to joining the company, he worked in Japan and the Russian Federation of the Rimbunan Hijau Group of companies.

Mr Tiong graduated from the University of Melbourne with a degree in Arts & Commerce.

MR ABBASBHOY HAIDER NAKHODA
Independent Director

Mr Abbasbhoy Haider Nakhoda was appointed as an Independent Director on 17 June 1997. He is also the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. Mr Nakhoda has had more than 35 years experience as a Certified Public Accountant, having been a partner of Ernst & Young since 1974 and its Managing Partner from 1989 until his retirement in 1996. He holds a degree in Economics from the London School of Economics and is presently a member of the Institute of Certified Public Accountants in Singapore and a Fellow of the Institute of Chartered Accountants in England and Wales.

MR BERNARD YEO YUN SENG
Independent Director

Mr Bernard Yeo Yun Seng was appointed as an Independent Director on 1 November 2001. He is also the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. Currently Mr Yeo is the principal partner of HT & BY Financial Management Consultants. He is a council member and fellow of SHRI and fellow member of ACCA. An accountant by profession, he was Director of Finance and Strategic Investment at Compaq Computers Asia Pacific Pte Ltd.

MR LEE HOCK LYE
Independent Director

Mr Lee Hock Lye was appointed as an Independent Director on 27 November 2003. He is also Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. Mr Lee is also presently an Independent Director of Kingsmen Creatives Ltd and Business Advisor at Lombard Odier Darier Hentsch & Cie (Singapore) Ltd. He has extensive experience in banking and finance. He had held several senior positions with HSBC Group in Singapore, where he spent more than 30 years prior to his retirement. Mr Lee holds a Bachelor of Social Sciences Honours degree in Economics from the University of Singapore and is an Associate of the Chartered Institute of Bankers, London.

Key Management

MR THEN GUANG YAW is the Group Financial Controller. He joined the Group in 2006 as Internal Audit Manager and was stationed in our Manufacturing plant in Shenzhen for a year. His earlier background was in external and internal audit with companies in Malaysia. Prior to joining us in 2006, he spent 6 years as Financial Controller and later as General Manager of a company of Rimbunan Hijau Group in South America. Mr Then is a Fellow of the Association of Chartered Certified Accountants.

MR STEVEN ANG LEE TONG is the Director & General Manager of our China electronics operations since May 2006. He has more than 20 years of electronics and contract manufacturing experience accumulated in China and Singapore. The companies he worked for included Celestica (Suzhou) where he was the Manufacturing Manager in-charge of manufacturing and later with added responsibilities for test and engineering. Prior to that he was with Samina-SCI (Kunshan, Shanghai), Goldtron Electronics (Singapore) as well as Seagate (Singapore). Mr Ang has a Diploma in Production Engineering from the Singapore Polytechnic.

MR TIONG KIU KING is the Director of KRL. He is the Vice Chairman of the China National Petroleum Corporation Joint Management Committee of Fuyu 1 Block. He has extensive business experience in many industries, including timbers, media and publishing, property development, plantation, as well as investment projects in Mainland China. Mr. Tiong is currently also an Executive Chairman of One Media Group Limited, a company listed on the main board of the Stock Exchange of Hong Kong Limited, and an Executive Director of Media Chinese International Limited, a company primarily listed on the main boards of both the Stock Exchange of Hong Kong Limited and Bursa Malaysia Securities Bhd.

Mr. Tiong obtained a Diploma in Civil Engineering from Tak Ming College in Hong Kong in 1964. He also holds directorships in various subsidiaries of Media Chinese International Limited and other private limited companies.

MR TSANG HIN SUNG is the General Manager of KRL. He is a member of the China National Petroleum Corporation Joint Management Committee of Fuyu 1 Block. He is also the General Manager and Advisor of investment projects of Rimbunan Hijau Group of Companies in the PRC, a group owned and controlled by Tan Sri Datuk Sir Tiong Hiew King, the Executive Chairman of the Company. Mr Tsang has over 40 years of experience in various businesses in the PRC, including petroleum, mining, property development, toll roads, water treatment, and manufacturing. Mr Tsang obtained a Bachelor Degree in Mathematics from the University of Hainan in 1962.

MR XIE SHEN is a professor grade Senior Engineer in China and is one of the most experienced all-round specialists in the petroleum industry in China. Prior to joining KRL, he was the Chairman of Songyuan Yongda Oilfield Development and Technology Company Ltd. Before that, he was the Deputy Director of Jilin Oilfield. Mr Xie has over 46 years of experience in the petroleum industry in China and has been granted a number of awards, including National Advanced Science and Technology Award. He has a Bachelor Degree in Petroleum Geology from Beijing Petroleum Institute in China in 1961.

MS GAO YINGHUA is the Technical Director of KRL. She is a Senior Engineer in China and is one of the most experienced heavy oil specialists in the petroleum industry in China, especially in the area of production and exploration. Prior to joining KRL, she was the Chief Engineer of Beijing BFC Petroleum Technology Ltd. Ms Gao has over 37 years of experience in the petroleum industry in China and has been granted a number of awards, including Oilfield Advanced Science and Technology Award. She has a Bachelor Degree in Oil Production and Exploitation from the Southwest China Petroleum Institute in China in 1970.

Expanding our **REACH**

Financial **Contents**

Corporate Governance **Report**

RH Petrogas Limited (formerly known as Tri-M Technologies (S) Limited) (the "Company") is committed to maintaining a high standard of corporate governance. Good corporate governance establishes and maintains an ethical environment and enhances the interests of all shareholders. This report describes the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance (the "Code").

BOARD OF DIRECTORS

Role of the Board of Directors

The Board of Directors (the "Board") is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group. The primary role of the Board is to maximise long term shareholders' value. The Board sets the overall strategy of the Group and focuses on the Group's key activities and corporate events including the following:

- Providing entrepreneurial leadership;
- Reviewing the financial performance of the Group;
- Reviewing and approving the broad policies, strategies and financial objectives of the Company;
- Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- Reviewing and approving annual budgets, major funding proposals, potential investment and divestment proposals, including material capital investment;
- Assuming responsibility for corporate governance; and
- Monitoring the performance of Management.

Board Composition

The Board consists of eight Directors, three of whom are Independent Non-Executive Directors. The Board is of the view that:-

(a) The current board size is appropriate, taking into account the nature and scope of the Group's operations; and

(b) The objective judgement of the Independent Non-Executive Directors on corporate affairs and their collective experience and contributions are valuable to the Company.

The Board members comprises businessmen and professionals with accounting and financial background, business and management experience, and industry knowledge, all of whom as a group, provides the Board with the necessary experience and expertise to direct and lead the Group:

- Tan Sri Datuk Sir Tiong Hiew King - Executive Chairman
- Dato' Sri Dr Tiong Ik King - Executive Director
- Foo Sac Phoon - Executive Director and Chief Executive Officer for electronics business
- Tiong Kiew Chiong (1) - Executive Director
- Tiong Chiong Ee (2) - Executive Director
- Abbasbhoy Haider Nakhoda - Independent Non-Executive Director
- Yeo Yun Seng Bernard - Independent Non-Executive Director
- Lee Hock Lye - Independent Non-Executive Director

Notes:

(1) Appointed on 28 July 2009

(2) Appointed on 27 August 2009

Frequency of Board/Committee meetings held and attendance by each member for the financial year ended 31 December 2009 ("FY2009") are set out as follows:

Meeting of	Board	Audit Committee	Nominating Committee	Remuneration Committee
Total held for the FY2009	**4**	**3**	**1**	**1**
Tan Sri Datuk Sir Tiong Hiew King	3	–	–	–
Dato' Sri Dr Tiong Ik King	4	3	1	1
Foo Sac Phoon	4	–	–	–
Tiong Kiew Chiong	1	–	–	–
Tiong Chiong Ee	1	–	–	–
Abbasbhoy Haider Nakhoda	4	3	1	1
Yeo Yun Seng Bernard	4	3	1	1
Lee Hock Lye	4	3	1	1

In addition, the Directors meet informally, as and when necessary, to discuss specific corporate events and actions.

The Company's Articles of Association allow a board meeting to be conducted by way of a telephone conference.

Newly appointed directors are briefed by the Management on the business activities of the Group and its strategic directions. They are also given orientation program to familarise themselves with the role and responsibilities of a director of a public company in Singapore.

All Directors are encouraged to keep themselves updated on changes to the financial, legal and regulatory requirements and the business environment through reading relevant literature and attending appropriate seminars and courses conducted by bodies such as Singapore Exchange Securities Trading Limited ("SGX-ST") and Singapore Institute of Directors.

To get a better understanding of the Group's business, the Directors are also given the opportunity to visit the Group's operational facilities and meet with the Management.

Access to Information

To enable the Board to fulfil its responsibilities, Management provides the Board with monthly/periodical management and financial reports containing complete, adequate and timely information prior to Board meetings and on an on-going basis. In addition, all relevant information, complete with background and explanations, on the Group's annual budgets and forecasts, financial statements, material events and transactions are circulated to Directors as and when required.

The Directors have access to the Company's senior management and the advice and services of the Company Secretary. The Directors, whether as a group or individually, may seek and obtain independent professional advice in furtherance of their duties as Directors of the Company, at the expense of the Company.

The Company Secretary (or the representatives) attends all Board meetings and ensures that Board procedures are followed. Together with the Management, the Company Secretary assists the Board in ensuring that the Company complies with the relevant requirements of the Companies Act and the provisions in the Listing Manual of the SGX-ST. The decision to appoint or remove the Company Secretary is a decision made by the Board as a whole.

Executive Chairman and Chief Executive Officer

The roles of the Executive Chairman and the Chief Executive Officer ("CEO") are separate persons to ensure appropriate balance of power, authority and clear division of responsibilities for independent decision making. Tan Sri Datuk Sir Tiong Hiew King ("Tan Sri Datuk Sir Tiong") who is our Executive Chairman plays a pivotal in steering the strategic direction and growth of the business, encourages constructive relations among the Directors and between the Board and Management, and ensures timely flow of information between Management and the Board. While the CEO focuses his attention on the day-to-day running of the operations of the Group in accordance with the overall strategies and policies as enumerated and approved by the Board.

NOMINATING COMMITTEE

The Nominating Committee ("NC") comprises three Independent Directors and an Executive Director. The members of the NC are:

- Lee Hock Lye (Chairman)
- Yeo Yun Seng Bernard
- Abbasbhoy Haider Nakhoda
- Dato' Sri Dr Tiong Ik King

The NC is regulated by a set of written Terms of Reference and is responsible for making recommendations to the Board on all Board appointments and re-appointments through a formal and transparent process. Its key functions include:

- To review and determine the independence of each director;
- To assess suitable candidates for appointment or election to the Board, based on their requisite qualifications, expertise and experience; and
- To conduct a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board, particularly when a director serves on multiple boards.

Under the Company's Articles of Association, each director is required to retire at least once in every three years by rotation and all newly appointed directors would have to retire at the next Annual General Meeting following their appointment. The retiring directors are eligible to offer themselves for re-election.

The NC has assessed and recommended the re-appointment and re-election of the following Directors who are retiring at the forthcoming Annual General Meeting to be held on 28 April 2010 (the "AGM"):

- Tan Sri Datuk Sir Tiong Hiew King
- Dato' Sri Dr Tiong Ik King
- Tiong Kiew Chiong
- Tiong Chiong Ee
- Abbasbhoy Haider Nakhoda

The Board has accepted the recommendations and the retiring Directors will be offering themselves for re-election.

The NC considers that the multiple board representations held presently by some Directors do not impede their respective performance in carrying out their duties towards the Company.

The independence of each Director is reviewed annually by the NC. The NC adopts the definition in the Code and guidelines provided in the Audit Committee Guidance Committee Guidebook as to what constitutes an independent director in its review to ensure that the Board consists of persons who, together, will provide core competencies necessary to meet the Company's objectives. The NC is of the view that Lee Hock Lye, Yeo Yun Seng Bernard and Abbasbhoy Haider Nakhoda are independent.

The Board has implemented an annual performance evaluation process to assess the effectiveness of the Board as a whole. The purpose of the evaluation process is to increase the overall effectiveness of the Board. The assessments are made against pre-established criteria, which are derived from the Board's charter and responsibilities. The results of the evaluation are used constructively by the NC to discuss improvements with the Board.

REMUNERATION COMMITTEE

The Remuneration Committee ("RC") comprises three Independent Directors and an Executive Director. The members of the RC are:

- Yeo Yun Seng Bernard (Chairman)
- Abbasbhoy Haider Nakhoda
- Lee Hock Lye
- Dato' Sri Dr Tiong Ik King

The RC is regulated by a set of written Terms of Reference. Its key functions include:

- To recommend to the Board a framework of remuneration for Directors, CEO and key executives that is competitive and sufficient to attract, retain and motivate them to run the Company successfully; and
- To review and determine the specific remuneration packages and terms of employment for Executive Directors, CEO and senior executives.

The RC covers all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses, options and benefits in kind. Each RC member shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package.

The RC has authority to seek any external professional advice on matters relating to remuneration of Directors as and when the need arises.

During FY2009, the RC had met once to review and recommend to the Board:-

(a) the Executive Director's remuneration package and service contract;

(b) the remuneration packages of key management staff; and

(c) the payment of Directors' Fees.

Disclosure on Remuneration

The Company has a remuneration policy where the Company will take into consideration pay and employment conditions within the industry and in comparable companies. The remuneration packages should take into account the Group's relative performance and the performance of individual Directors and key executives.

The Independent Directors are paid fixed Directors' fees, which are determined by the Board, appropriate to the level of their contribution, taking into account factors such as the effort and time spent and the responsibilities of the Independent Directors. The fees are subject to approval by the shareholders at each AGM. The Independent Directors do not receive any other remuneration from the Company.

The Company's employee share option scheme, Tri-M Option Scheme 2001 was approved by the then shareholders on 28 September 2001. The Scheme is administered by the RC. Please refer to page 25 of this Annual Report for details of the scheme.

Remuneration of Directors and Key Executives

A breakdown showing the level and mix of each individual Director's and key executive's remuneration payable in FY2009 is as follows:

Remuneration Band	Salary including CPF %	Bonus / Profit–sharing %	Allowances & Other %	Directors' Fees %	Total %
Directors					
$250,000 to below $500,000					
Foo Sac Phoon	81	5	14	–	100
Below $250,000					
Tan Sri Datuk Sir Tiong Hiew King	100	–	–	–	100
Dato' Sri Dr Tiong Ik King	–	–	–	–	–
Tiong Kiew Chiong	–	–	–	–	–
Tiong Chiong Ee	91	9	–	–	100
Abbasbhoy Haider Nakhoda	–	–	–	100	100
Yeo Yun Seng Bernard	–	–	–	100	100
Lee Hock Lye	–	–	–	100	100
Top Five Key Executives					
Below $250,000					
Tiong Kiu King (1)	100	–	–	–	100
Tsang Hin Sung	100	–	–	–	100
Then Guang Yaw	74	5	21	–	100
Steven Ang Lee Tong	75	5	20	–	100
Yeo Kong Joo	79	5	16	–	100

Note:

(1) Tiong Kiu King, who is a Director of Kingworld Resources Limited ("KRL"), is the father of Tiong Chiong Ee and a brother of Tan Sri Datuk Sir Tiong and Dato' Sri Dr Tiong Ik King, whose remuneration did not exceed $150,000 during the financial year.

Save as disclosed above, there is no employee of the Group who is an immediate family member of any Director whose remuneration exceeds $150,000 during the financial year.

The RC has reviewed and approved the remuneration packages of the Directors and key executives, having regard to their contributions as well as the financial performance and commercial needs of the Group and has ensured that the Directors and key executives are adequately but not excessively remunerated.

AUDIT COMMITTEE

The Audit Committee ("AC") comprises four members, a majority of whom are Independent Directors. The members of the AC are:

- Abbasbhoy Haider Nakhoda (Chairman)
- Yeo Yun Seng Bernard
- Lee Hock Lye
- Dato' Sri Dr Tiong Ik King

The AC members have accounting and related financial management expertise. The Board is of the view that the AC has the necessary experience and expertise required to discharge its duties.

The AC has written terms of reference clearly setting out its authority and duties. The key responsibilities of the AC include the following:

- To review the external and internal audit plans, including the nature and scope of the audit before the audit commences, the internal auditors' evaluation of the Company's system of internal controls, the external and internal audit reports and management letter issued by the external auditors (if any) and Management's response to the letter;
- To review announcements of the interim and annual results prior to their submission to the Board for approval for release to the SGX-ST;
- To review interested person transactions in accordance with the requirements of the Listing Rules of the SGX-ST;
- To review all non-audit services provided by the external auditors to determine if the provision of such services would affect the independence of the external auditors; and
- To review and recommend the re-appointment of the external auditors.

The AC may also examine any other aspects of the Company's affairs, as it deems necessary where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations.

The AC met three times during FY2009 to review the Group's financial performance for the year, the audit plan/report, the audit findings, the internal audit activities for the year, and the announcements of the interim and full-year results before being approved by the Board for release to the SGX-ST. In addition, the AC had met informally with Management and the Auditors on several occasions during the year to discuss the Group's business and financial performance.

The AC had met with the external auditors, without the presence of the Company's Management, to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, and the independence, objectivity and observations of the auditors.

The AC has reviewed the non-audit services provided by the external auditors, Messrs Ernst & Young LLP, and is of the opinion that the provision of such services does not affect their independence. The AC has recommended to the Board the re-appointment of Messrs Ernst & Young LLP as external auditors at the forthcoming AGM.

The AC has implemented a whistle blowing policy whereby staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters and which will ensure that arrangements are in place for independent investigations of such matters and for appropriate follow-up actions.

Corporate Governance **Report**

ACCOUNTABILITY

The Board is responsible for providing a balanced and understandable assessment of the Company's performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators (if required). Management currently provides all members of the Board with appropriately detailed management accounts which present a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis.

INTERNAL CONTROLS AND INTERNAL AUDIT

The Board believes in the importance of maintaining a sound system of internal controls to safeguard the interests of the shareholders and the Group's assets. To achieve this, internal reviews are constantly being undertaken to ensure that the system of internal controls maintained by the Group is sufficient to provide reasonable assurance that the Group's assets are safeguarded against loss from unauthorised use or disposition, transactions are properly authorised and proper financial records are being maintained.

The AC has reviewed the Company's risk assessment based on the reports of the auditors and is assured that adequate internal controls are in place.

During the year, AC had reviewed the internal audit reports on the review of the adequacy of the Group's operations in KRL, China branch.

COMMUNICATION WITH SHAREHOLDERS

The Board is mindful of the obligation to provide timely and fair disclosure of material information. The Board is accountable to the shareholders while Management is accountable to the Board.

Material information is disclosed and communicated to shareholders in a comprehensive, accurate and timely manner through:

(a) announcements of interim and full year financial results which are published via the SGXNet;

(b) annual reports or circulars of the Company that are prepared and sent to all shareholders;

(c) notices of AGMs and Extraordinary General Meetings ("EGMs") published in the newspapers; and

(d) press releases on major developments of the Group.

Shareholders are encouraged to attend the Company's AGMs and EGMs to ensure a high level of accountability. The AGMs and EGMs are the principal forum for dialogue with shareholders. The Company recognises the value of feedback from shareholders. During the AGMs and EGMs, shareholders are given ample time and opportunities to air their views and concerns.

If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to attend and vote on his/her behalf at the AGMs or EGMs through proxy forms sent in advance.

Separate resolutions are proposed at general meetings for each distinct issue.

The Chairmen of the committees and the external auditors are or would be present at every AGM and EGM to address any relevant questions that may be raised by the shareholders.

DEALINGS IN THE COMPANY'S SECURITIES

The Company has adopted policies in line with the requirements of the Listing Manual of the SGX-ST on dealings in the Company's securities.

The Company prohibits its officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company's shares during the period commencing two weeks and one month prior to the announcement of the Group's interim and full year results respectively and ending on the date of the announcement of the relevant results.

In addition, Directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

INTERESTED PERSON TRANSACTIONS ("IPTS")

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of transactions with interested persons. All IPTs are subject to review by the AC.

The IPTs entered are set out as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
	FY2009 $'000	FY2008 $'000	FY2009 $'000	FY2008 $'000
(a) Acquisition of KRL			Not applicable	Not applicable
• Tan Sri Datuk Sir Tiong Hiew King (1)	110,000 (2)	203,000 (1)		
• Tiong Kiu King (1)	110,000 (2)	203,000 (1)		
(b) Debt conversion and allotment of shares			Not applicable	Not applicable
• Tan Sri Datuk Sir Tiong Hiew King (5)	12,000 (4)	7,450 (3)		
• Dato' Sri Dr Tiong Ik King (5)	12,000 (4)	7,450 (3)		
• Surreyville Pte Ltd (5)	12,000 (4)	7,450 (3)		
• Woodsville International Limited (5)	12,000 (4)	7,450 (3)		

Notes:

(1) Pursuant to the Sales and Purchase Agreement ("SPA") dated 18 August 2008 between the Company, Tan Sri Datuk Sir Tiong and Tiong Kiu King (the "Vendors") to acquire the entire issued and paid-up share capital of KRL comprising 50,000 issued ordinary shares of par value US$1.00 each.

(2) The SPA was amended and varied by a Supplemental Agreement dated 27 April 2009.

(3) Pursuant to the Debt Conversion Deed dated 18 August 2008 between the Company and Surreyville Pte Ltd ("Surreyville") for the proposed debt conversion of the shareholders' loan into new shares in the Company's share capital.

(4) The Debt Conversion Deed was amended and varied by a Supplemental Deed dated 29 April 2009.

(5) Tan Sri Datuk Sir Tiong and Dato' Sri Dr Tiong Ik King own 55% and 45% respectively of the issued share capital of Woodsville International Limited, which is the holding company of Surreyville.

MATERIAL CONTRACTS

Except for the transactions/agreements disclosed under IPTs above and the following transaction, there were no other material contracts entered between the Company or any of its subsidiaries with any Director or controlling shareholder in FY2009.

(a) A Placement Agreement dated 16 September 2009 with Kim Eng Securities Pte. Ltd. (the "Placement Agent") and Surreyville to issue up to 54,500,000 new shares (the "New Shares") in the capital of the Company at the price of $0.80 for each New Share.

Pursuant to the Placement Agreement, on 17 September 2009, Surreyville had lent 54,500,000 shares to facilitate the early settlement of the New Shares to end-placees procured by the Placement Agent. On 29 September 2009, the placement exercise was completed with the issue of 54,500,000 new ordinary shares in the capital of the Company to Surreyville. Please refer to the announcement released on 29 September 2009 for more details.

USE OF PROCEEDS

(a) The proceeds of $4,360,000 raised from the placement of 40,000,000 shares have been fully utilized as announced via SGXNET on 27 October 2009.

(b) As announced on 25 February 2010, the use of the placement proceeds of $43,600,000 raised from the placement of 54,500,000 million shares was as follows:-

(i) Placement expenses of $1,985,000;

(ii) Part payment of the unpaid cash consideration for the acquisition of the entire issued share capital of KRL of $10,000,000;

(iii) Funding of the capital expenditure, operating costs and other funding requirements of (i) the crude oil production project at Fuyu 1 Block in preparation for commercial production and (ii) other petroleum exploration and production projects of $9,256,000; and

(iv) Working capital requirements of $910,000.

The un-utilised placement proceeds as at 25 February 2010 was $21,449,000.

RISK MANAGEMENT

The Executive Directors and Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews significant control policies and procedures and highlights the significant matters to the Board and the AC.

The Group's financial risk management objectives and policies are disclosed under Note 30 of the Notes to the Financial Statements of this Annual Report.

Directors' Report

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of RH Petrogas Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2009.

Directors

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

Tan Sri Datuk Sir Tiong Hiew King
Dato' Sri Dr Tiong Ik King
Foo Sac Phoon
Tiong Kiew Chiong (Appointed on 28 July 2009)
Tiong Chiong Ee (Appointed on 27 August 2009)
Abbasbhoy Haider Nakhoda
Yeo Yun Seng Bernard
Lee Hock Lye

Arrangements to enable Directors to acquire shares and debentures

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

The Company had executed a non-binding memorandum of understanding dated 14 March 2008 and subsequently a definitive Sale and Purchase Agreement dated 18 August 2008, for the acquisition of the entire issued and paid-up share capital of Kingworld Resources Limited ("KRL") comprising 50,000 issued ordinary shares of par value US$1.00 each. KRL is a company incorporated in the British Virgin Islands, which engages in the business of development and production of crude oil. The entire issued share capital of KRL is wholly-owned by Tan Sri Datuk Sir Tiong Hiew King, a director of the Company, and Tiong Kiu King , a brother of both Tan Sri Datuk Sir Tiong Hiew King and Dato' Sri Dr Tiong Ik King. On 27 April 2009, the Company entered into a Supplemental Agreement to amend and vary certain terms of the Sale and Purchase Agreement.

On 18 August 2008, the Company had entered into a conditional Debt Conversion Deed with Surreyville Pte Ltd ("Surreyville"), a substantial shareholder of the Company for the proposed debt conversion of the shareholders' loan into new shares in the Company's share capital. On 29 April 2009, the Company and Surreyville entered into a Supplemental Deed to amend and vary certain terms of the Debt Conversion Deed for the purpose of issuing 15,000,000 new ordinary shares at $0.80 each to Surreyville to which was settled via the reduction of the outstanding shareholders' loan by $12,000,000.

Both transactions were completed on 17 August 2009.

Directors' **Report**

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations as stated below:

	Direct interest		Deemed interest	
Name of Director	**At beginning of the financial year or date of appointment**	**At end of the financial year**	**At beginning of the financial year or date of appointment**	**At end of the financial year**
<u>The Company</u>				
RH Petrogas Limited				
(Ordinary shares)				
Tan Sri Datuk Sir Tiong Hiew King	–	–	187,889,486	315,389,486
Dato' Sri Dr Tiong Ik King	–	–	187,889,486	202,889,486
Foo Sac Phoon	50,000	50,000	20,000	20,000
Tiong Kiew Chiong	–	–	5,005,000	5,005,000
<u>Ultimate holding company</u>				
Woodsville International Limited				
(Ordinary shares)				
Tan Sri Datuk Sir Tiong Hiew King	22	22	–	–
Dato' Sri Dr Tiong Ik King	18	18	–	–

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2010.

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Tan Sri Datuk Sir Tiong Hiew King and Dato' Sri Dr Tiong Ik King are deemed to have interest in the Company and subsidiaries of the immediate and ultimate holding companies. Tan Sri Datuk Sir Tiong Hiew King is deemed to have interest in the 202,889,486 and 112,500,000 ordinary shares held by Surreyville Pte Ltd, the immediate holding company, and Sharptone Investments Limited respectively. Woodsville International Limited is the holding company of Surreyville Pte Ltd. Tan Sri Datuk Sir Tiong Hiew King has 50% interest in Sharptone Investments Limited. Dato' Sri Dr Tiong Ik King is also deemed to have interest in the 202,889,486 ordinary shares held by Surreyville Pte Ltd.

Mr. Foo Sac Phoon has deemed interest in the 20,000 ordinary shares held by his spouse, Ms. Tan Lay Yen. Mr Tiong Kiew Chong has deemed interest in 5,005,000 ordinary shares that are registered in the name of Citibank Nominees Singapore Pte Ltd.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Options

At an Extraordinary General Meeting held on 28 September 2001, the shareholders approved the employee share option plan, Tri-M Option Scheme 2001 ("the Scheme"), for granting of non-transferable options to subscribe for ordinary shares of the Company to eligible Directors and employees of the Company.

The Remuneration Committee administering the Scheme comprises the following Directors:-

Yeo Yun Seng Bernard (Chairman)
Dato' Sri Dr Tiong Ik King
Abbasbhoy Haider Nakhoda
Lee Hock Lye

There were no unexpired options as at 31 December 2009 and no options were granted or exercised during the financial year.

Since the commencement of the Scheme till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates;
- No participants have received 5% or more of the total options available under the Scheme;
- No options have been granted to Directors and employees of the holding company and its subsidiaries;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options have been granted at a discount.

Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Company and reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;
- Reviewed the annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the Board of Directors;
- Reviewed effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Met with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditors;
- Reviewed the nature and extent of non-audit services provided by the external auditors;
- Recommended to the Board of Directors the external auditors to be nominated, approved the compensation of the external auditors, and reviewed the scope and results of the audit;

Directors’ **Report**

Audit Committee (cont’d)

- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited (“SGX-ST”)’s Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened 3 meetings during the year with full attendance from all members. The AC has also met with external auditors, without the presence of the Company’s management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditors

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

On behalf of the Board of Directors:

Dato’ Sri Dr Tiong Ik King
Director

Foo Sac Phoon
Director

Singapore
30 March 2010

Statement by **Directors**

We, Dato' Sri Dr Tiong Ik King and Foo Sac Phoon, being two of the Directors of RH Petrogas Limited, do hereby state that, in the opinion of the Directors,

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and the results of the business, changes in equity and cash flow of the Group and the changes in equity of the Company for the year ended on that date; 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.

On behalf of the Board of Directors:

Dato' Sri Dr Tiong Ik King
Director

Foo Sac Phoon
Director

Singapore
30 March 2010

Independent
Auditors' Report

to the Members of RH Petrogas Limited

We have audited the accompanying financial statements of RH Petrogas Limited (the "Company") and its subsidiaries (collectively, the "Group") which comprise the balance sheets of the Group and the Company as at 31 December 2009, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and the results, changes in equity and cash flow of the Group and the changes in equity of the Company for the year 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.

ERNST & YOUNG LLP
Public Accountants and
Certified Public Accountants
Singapore

30 March 2010

Consolidated
Income Statement

for the year ended 31 December 2009

	Note	Group 2009 $'000	2008 $'000
Revenue		4,180	12,018
Cost of sales		(4,687)	(18,651)
Gross loss		(507)	(6,633)
Other income	5	714	1,029
Selling and distribution expenses		(357)	(744)
Administrative expenses		(2,917)	(4,237)
Other operating expenses	5	(1,236)	(9,256)
Finance costs	6	(387)	(573)
Loss before tax	7	(4,690)	(20,414)
Income tax expense	8	120	76
Loss net of tax, representing loss attributable to owners of the parent		(4,570)	(20,338)
Basic and fully diluted loss per share attributable to owners of the parent (cents per share)	9	(1.35)	(7.69)

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

Consolidated Statement
Of Comprehensive Income

for the year ended 31 December 2009

	Group	
	2009	2008
	$'000	$'000
Loss net of tax	(4,570)	(20,338)
Other comprehensive income:		
Impairment loss on leasehold, land and building	–	(75)
Foreign currency translation	576	70
Other comprehensive income for the year, net of tax	576	(5)
Total comprehensive income for the year that is attributable to owners of the parent	(3,994)	(20,343)

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

Balance Sheets

as at 31 December 2009

	Note	Group 2009 $'000	Group 2008 $'000 (As restated)	Company 2009 $'000	Company 2008 $'000 (As restated)
Non-Current Assets					
Property, plant and equipment	10	2,368	1,297	45	7
Goodwill	11	116,134	–	–	–
Evaluation assets	12	19,401	–	–	–
Investment in subsidiaries	13	–	–	–	–
		137,903	1,297	45	7
Current Assets					
Assets held for sale	16	4,377	4,377	–	–
Inventories	17	976	141	41	–
Trade and other receivables	18	3,528	3,569	2,129	2,794
Amount due from subsidiaries		–	–	132,562	–
Other current assets	19	164	2,242	49	2,157
Cash and cash equivalents	20	22,663	2,362	20,511	1,893
		31,708	12,691	155,292	6,844
Current Liabilities					
Loans and borrowings	21	2,098	6,818	268	978
Trade and other payables	22	23,705	6,302	12,608	3,197
Income tax payable		144	309	144	144
		25,947	13,429	13,020	4,319
Net Current Assets/(Liabilities)		5,761	(738)	142,272	2,525
Non-Current Liabilities					
Loans and borrowings	21	5,066	10,699	2,977	10,699
		5,066	10,699	2,977	10,699
Net Assets/(Liabilities)		138,598	(10,140)	139,340	(8,167)
Capital and Reserves					
Share capital	24	176,877	24,145	176,877	24,145
Reserves	25	(38,279)	(34,285)	(37,537)	(32,312)
Total Equity/(Deficit)		138,598	(10,140)	139,340	(8,167)

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

Statements of
Changes in Equity

for the year ended 31 December 2009

Group	Share capital $'000	Capital reduction reserve $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total reserves $'000	Total equity/ (deficit) $'000
		Attributable to owners of the parent					
At 1 January 2008	18,706	3,710	2,373	(6,169)	(13,856)	(13,942)	4,764
Loss net of tax	–	–	–	–	(20,338)	(20,338)	(20,338)
Other comprehensive income for the year	–	–	(75)	70	–	(5)	(5)
Total comprehensive income for the year	–	–	(75)	70	(20,338)	(20,343)	(20,343)
Issuance of shares (Note 24)	4,360	–	–	–	–	–	4,360
Shares issue expenses (Note 24)	(121)	–	–	–	–	–	(121)
At 31 December 2008, as previously stated	22,945	3,710	2,298	(6,099)	(34,194)	(34,285)	(11,340)
Prior year adjustment:							
Capital contribution (Note 32)	1,200	–	–	–	–	–	1,200
At 31 December 2008, as restated, and 1 January 2009	24,145	3,710	2,298	(6,099)	(34,194)	(34,285)	(10,140)
Loss net of tax	–	–	–	–	(4,570)	(4,570)	(4,570)
Other comprehensive income for the year	–	–	–	576	–	576	576
Total comprehensive income for the year	–	–	–	576	(4,570)	(3,994)	(3,994)
Conversion of shareholder's loan	12,000	–	–	–	–	–	12,000
Issuance of shares (Note 24)	142,600	–	–	–	–	–	142,600
Shares issue expenses (Note 24)	(1,868)	–	–	–	–	–	(1,868)
At 31 December 2009	176,877	3,710	2,298	(5,523)	(38,764)	(38,279)	138,598

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

Statements of
Changes in Equity
for the year ended 31 December 2009

Company	Share capital $'000	Capital reduction reserve $'000	Accumulated losses $'000	Total reserves $'000	Total equity/ (deficit) $'000
At 1 January 2008	18,706	3,710	(6,597)	(2,887)	15,819
Loss net of tax, representing total comprehensive income for the year	–	–	(29,425)	(29,425)	(29,425)
Issuance of shares (Note 24)	4,360	–	–	–	4,360
Shares issue expenses (Note 24)	(121)	–	–	–	(121)
At 31 December 2008, as previously stated	22,945	3,710	(36,022)	(32,312)	(9,367)
Prior year adjustment:					
Capital contribution (Note 32)	1,200	–	–	–	1,200
At 31 December 2008, as restated, and 1 January 2009	24,145	3,710	(36,022)	(32,312)	(8,167)
Loss net of tax, representing total comprehensive income for the year	–	–	(5,225)	(5,225)	(5,225)
Conversion of shareholder's loan	12,000	–	–	–	12,000
Issuance of shares (Note 24)	142,600	–	–	–	142,600
Shares issue expenses (Note 24)	(1,868)	–	–	–	(1,868)
At 31 December 2009	176,877	3,710	(41,247)	(37,537)	139,340

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

Consolidated
Cash Flow Statement

for the year ended 31 December 2009

	2009 $'000	2008 $'000
Operating activities		
Loss before tax	(4,690)	(20,414)
Adjustments for:		
Allowance for inventory obsolescence	20	67
Bad debts written off	3	–
Depreciation of property, plant and equipment	752	6,043
(Gain)/loss on disposal of property, plant and equipment	(541)	2,099
Impairment loss in value of idle property, plant and equipment	162	6,135
Interest expense	387	573
Interest income on bank deposits	(2)	(3)
Write down in value of property, plant and equipment due to closure and relocation of factory	–	323
Write-off of dry wells	242	–
Operating cash flows before changes in working capital	(3,667)	(5,177)
(Increase)/decrease in inventories	(526)	269
Decrease in trade and other receivables	2,287	1,627
Decrease in trade and other payables	(1,394)	(1,533)
Cash flows used in operations	(3,300)	(4,814)
Income tax refund	35	5
Interest paid	(387)	(573)
Interest received	2	3
Net cash flows used in operating activities	(3,650)	(5,379)
Investing activities		
Proceeds from disposal of property, plant and equipment	588	446
Purchase of property, plant and equipment	(748)	(473)
Payment for professional fees for the acquisition of Kingworld Resources Limited	(867)	(659)
Purchase of evaluation assets	(7,252)	–
Net cash outflow on acquisition of a subsidiary (Note 13)	(9,735)	–
Net cash flows used in investing activities	(18,014)	(686)
Financing activities		
Repayment of term loans	(958)	(1,747)
Repayment of finance leases	(147)	(458)
Repayment of loan to related companies	(1,470)	–
Loans from a corporate shareholder	4,278	6,229
Net proceeds from issuance of shares	41,732	4,239
Net cash generated from financing activities	43,435	8,263
Net increase in cash and cash equivalents	21,771	2,198
Cash and cash equivalents at beginning of year	244	(2,033)
Effect of exchange rate changes on cash and cash equivalents	56	79
Cash and cash equivalents at end of year (Note 20)	22,071	244

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

Notes to the
Financial Statements
31 December 2009

1. Corporate information

RH Petrogas Limited (the "Company") is a limited liability company, which is incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The immediate and ultimate holding companies are Surreyville Pte Ltd, a company incorporated in Singapore, and Woodsville International Limited, a company incorporated in British Virgin Islands, respectively.

On 20 November 2009, the Company changed its name from Tri-M Technologies (S) Limited to RH Petrogas Limited to reflect the Group's new core business of oil and gas exploration and production.

The registered office and principal place of business of the Company is located at Blk 19 Kallang Avenue #06-163, Singapore 339410.

The principal activities of the Company are those of a trading company and investment holding. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

2. Fundamental accounting concept

During the year ended 31 December 2009, the Group and the Company incurred losses of $4,570,000 (2008: $20,338,000) and $5,225,000 (2008: $29,425,000), respectively. In addition, the Group incurred net operating cash outflow of $3,650,000 (2008: $5,379,000) for the year then ended. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

The Group and the Company have taken steps to improve its financial position by diversifying into oil and gas business through the acquisition of Kingworld Resources Limited. The Group and the Company have successfully placed new shares that raised net proceeds of approximately $41,600,000 and capitalised shareholder's loan of $12,000,000 during the year. As at 31 December 2009, the Group's net current assets and net assets are $5,761,000 (2008: net current liabilities of $738,000) and $138,598,000 (2008: net liabilities of $10,140,000), respectively.

In addition, the Group's planned disposal of a subsidiary's leasehold land and building would be sufficient to repay the subsidiary's bank borrowing of approximately $3,919,000. The corporate shareholder has also given an undertaking not to recall the amount due to them.

The financial statements are prepared on a going concern basis because the Directors believe the above events and factors fully mitigate any material uncertainty surrounding the Group and the Company's going concern abilities.

3. Summary of significant accounting policies

3.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared under the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

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

3.2 Changes in accounting policies

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

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

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

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures.

The principal effects of these changes are as follows:

FRS 1 Presentation of Financial Statements – Revised presentation

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

Amendments to FRS 107 Financial Instruments: Disclosures

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 29 and Note 30 to the financial statements respectively.

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

3.2 Changes in accounting policies (cont'd)

FRS 108 Operating Segments

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 Segment Reporting. Additional disclosures about each of the segments are shown in Note 28, including revised comparative information.

3.3 Standards issued but not yet effective

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

Description	**Effective for annual period beginning on or after**
Amendments to INT FRS 109 and FRS 39 – Embedded Derivatives	30 June 2009
Amendments to FRS 27 Consolidated and Separate Financial Statements	1 July 2009
Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items	1 July 2009
Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
Revised FRS 103 Business Combinations	1 July 2009
INT FRS 117 Distributions of Non-cash Assets to Owners	1 July 2009
INT FRS 118 Transfer of Assets from Customers	1 July 2009
Revised FRS 101 First Time Adoption of Financial Reporting Standards	1 July 2009
Amendments to FRS 101 - Additional Exemption for First time Adopters	1 January 2010
Amendments to FRS 102 Share-based Payment – Group Cash-settled Share-based Payment Transactions	1 January 2010
Amendments to FRS 32 Financial Instruments: Disclosures and Presentation – Classification of Rights Issue	1 February 2010
INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Revised FRS 24 Related Party Disclosures	1 January 2011
Amendments to INT FRS 114 – Prepayments of a Minimum Funding Requirement	1 January 2011

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

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

Description	**Effective for annual period beginning on or after**
Improvements to FRSs issued in 2009:	
– Amendments to FRS 38 Intangible Assets	1 July 2009
– Amendments to FRS 102 Share-based Payment	1 July 2009
– Amendments to INT FRS 109 Reassessment of Embedded Derivatives	1 July 2009
– Amendments to INT FRS 116 Hedges of a Net Investment in a Foreign Operation	1 July 2009
– Amendments to FRS 1 Presentation of Financial Statements	1 January 2010
– Amendments to FRS 7 Statement of Cash Flows	1 January 2010
– Amendments to FRS 17 Leases	1 January 2010
– Amendments to FRS 36 Impairment of Assets	1 January 2010
– FRS 39 Financial Instruments: Recognition and Measurement	1 January 2010
– Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
– Amendments to FRS 108 Operating Segments	1 January 2010

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

<u>Revised FRS 103 Business Combinations and Amendments to FRS 27 Consolidated and Separate Financial Statements</u>

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

3.4 Basis of consolidation

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

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

3.4 Basis of consolidation (cont'd)

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

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is set out in Note 3.8. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquire are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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

3.5 Foreign currency

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries, which are primarily SGD, Malaysian Ringgit (MYR) and Renminbi (RMB), and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their statement of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

3.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

3.6 Property, plant and equipment (cont'd)

Subsequent to recognition, leasehold improvements, plant, machinery and equipment, furniture, fittings and office equipment, and motor vehicles are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. Leasehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold land and buildings at the balance sheet date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold improvements	-	3 to 10 years
Plant, machinery and equipment	-	4 to 5 years
Furniture, fittings and office equipment	-	3 to 5 years
Motor vehicles	-	3 to 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

3.7 Oil and gas evaluation expenditure

Costs directly associated with the evaluation phase are capitalised as evaluation assets until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used and payments made to contractors.

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

3.7 Oil and gas evaluation expenditure (cont'd)

All such carried costs are subject to technical, commercial and management review as well as review for impairment at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proved reserves of oil are determined and development is sanctioned, the relevant expenditure is transferred to oil and gas properties after impairment is assessed and any resulting impairment loss is recognised.

Capitalised evaluation expenditure are not amortised or depreciated until commencement of commercial production.

3.8 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 3.5.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

3.9 Impairment of non-financial assets

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

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

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment be recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

3.11 Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint venture using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

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

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

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

3.12 Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

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

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

3.13 Impairment of financial assets

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

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

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

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

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

3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. These also include bank overdrafts that form an integral part of the Group's cash management.

Notes to the Financial Statements

31 December 2009

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

3.15 Inventories

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

- Raw materials for assembly of printed circuit boards and related accessories – purchase costs on a first-in, first-out basis;

- Finished goods and work-in-progress – costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity;

- Supplies and materials for drilling of wells – purchase cost on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.16 Financial liabilities

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

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

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

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

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

3.17 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

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

3.18 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

3.19 Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

3.20 Assets held for sale

An asset is deemed to be held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, these assets are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

3.21 Revenue

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

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

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

3.22 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Current taxes are recognised in profit or loss except that tax relating to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

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

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

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

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

3.22 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

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

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

(c) Sales tax

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

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.24 Share capital and share issue expenses

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

3.25 Contingencies

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

4. Significant accounting judgement and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

4.1 Judgement made in applying accounting policies

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

(a) Evaluation assets

Evaluation expenditure are capitalised in accordance with the accounting policy in Note 3.7. Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed and the expenditure is recoverable. The carrying amount of evaluation expenditure capitalised as at 31 December 2009 was $19,401,000 (2008: $nil).

(b) Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables as at 31 December 2009 was $144,000 (2008: $309,000).

4.2 Key sources of estimation uncertainty

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

(a) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill are given in Note 11 to the financial statements.

4. Significant accounting judgement and estimates (cont'd)

4.2 Key sources of estimation uncertainty (cont'd)

(b) Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in Note 18 to the financial statements.

5. Other income/(expenses)

	Group	
	2009	**2008**
	$'000	**$'000**
Other income:		
Bad debts recovered	–	31
Foreign exchange gain	–	791
Gain on disposal of property, plant and equipment	541	–
Interest income on bank deposits	2	3
Miscellaneous income	129	204
Write-back of loan restructuring fees	42	–
	714	1,029
Other operating expenses:		
Allowance for inventory obsolescence	(20)	(67)
Bad debts written-off	(3)	–
Bank charges	(254)	(59)
Directors' fees	(100)	(90)
Expenses relating to closure of subsidiary	(59)	–
Foreign exchange loss	(381)	–
Impairment loss in value of idle property, plant and equipment	(162)	(6,135)
Loan restructuring fees	–	(63)
Loss on disposal of property, plant and equipment	–	(2,099)
Relocation expenses written back	–	23
Retrenchment costs	(15)	(443)
Write down in value of property, plant and equipment due to closure and relocation of factory	–	(323)
Write-off of dry wells	(242)	–
	(1,236)	(9,256)

6. Finance costs

	Group	
	2009	**2008**
	$'000	**$'000**
Interest on:		
- bank overdrafts	(106)	(172)
- finance leases	(2)	(34)
- short-term revolving credits	(75)	(175)
- term loans	(203)	(191)
- others	(1)	(1)
	(387)	(573)

7. Loss before tax

Loss before tax included the following:

	Group	
	2009	**2008**
	$'000	**$'000**
Depreciation of property, plant and equipment	752	6,043
Non-audit fees paid to auditors of the Company	10	238
Operating lease expense	477	678
Staff costs:		
- Salaries and bonuses	3,195	6,120
- Contribution to approved pension schemes	172	413

8. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2009 and 2008 are:

	Group	
	2009	**2008**
	$'000	**$'000**
Current income tax		
- Over provision in respect of previous years, representing income tax benefit recognised in profit or loss	(120)	(76)

(b) Relationship between income tax expense and accounting loss

The reconciliation between income tax expense and the product of loss before tax multiplied by the applicable tax rate for the years ended 31 December 2009 and 2008 is as follows:

	Group	
	2009	**2008**
	$'000	**$'000**
Loss before tax	(4,690)	(20,414)
Tax at the domestic rate applicable to profits/losses in the countries where the Group operates	(1,006)	(5,267)
Adjustments:		
Non-deductible expenses	828	5,196
Income not subject to taxation	(445)	–
Deferred tax assets not recognised	623	71
Over provision in respect of previous years	(120)	(76)
Income tax benefit recognised in profit or loss	(120)	(76)

The corporate income tax rate applicable to Singapore companies of the Group was reduced to 17% for the year of assessment 2010 onwards from 18% for year of assessment 2009. The corporate income tax rate applicable to Malaysian companies of the Group was reduced from 26% to 25% for the year of assessment 2009.

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

9. Loss per share

Basic loss per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share amounts are calculated by dividing loss for the year that is attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following table reflects the loss and share data used in the computation of basic and diluted loss per share for the year ended 31 December 2009 and 2008:

	Group	
	2009	**2008**
	$'000	**$'000**
Loss net of tax attributable to owners of the parent used in computation of basic and diluted loss per share	(4,570)	(20,338)
	No. of shares	**No. of shares**
Weighted average number of ordinary shares for basic and diluted loss per share computation	337,505,005	264,531,826

10. Property, plant and equipment

Group	At valuation: Leasehold land $'000	At valuation: Leasehold building $'000	At cost: Leasehold improvements $'000	At cost: Plant, machinery and equipment $'000	At cost: Furniture, fittings and office equipment $'000	At cost: Motor vehicles $'000	Total $'000
Cost or valuation:							
As at 1 January 2008	2,908	2,898	5,242	39,361	9,487	241	60,137
Additions	–	–	260	560	33	41	894
Disposals	–	–	(828)	(7,881)	(835)	(13)	(9,557)
Transfer to assets held for sale	(2,804)	(2,780)	–	(6,373)	(759)	(92)	(12,808)
Exchange realignment	(104)	(118)	243	176	279	4	480
As at 31 December 2008 and 1 January 2009	–	–	4,917	25,843	8,205	181	39,146
Additions	–	–	46	549	42	111	748
Disposals	–	–	(123)	(3,542)	(3,427)	(78)	(7,170)
Acquisition of subsidiary (Note 13)	–	–	–	737	71	604	1,412
Exchange realignment	–	–	(62)	(487)	(145)	(20)	(714)
As at 31 December 2009	–	–	4,778	23,100	4,746	798	33,422
Accumulated depreciation and impairment loss:							
As at 1 January 2008	589	874	4,040	28,872	6,402	196	40,973
Depreciation for the year	10	196	169	4,785	829	54	6,043
Disposals	–	–	(747)	(5,452)	(540)	(10)	(6,749)
Impairment loss	–	75	1,412	3,348	1,685	13	6,533
Transfer to assets held for sale	(127)	(1,080)	–	(6,373)	(759)	(92)	(8,431)
Exchange realignment	(472)	(65)	43	(534)	508	–	(520)
As at 31 December 2008 and 1 January 2009	–	–	4,917	24,646	8,125	161	37,849
Depreciation for the year	–	–	5	630	51	66	752
Disposals	–	–	(123)	(3,530)	(3,419)	(53)	(7,125)
Impairment loss	–	–	8	189	(2)	(33)	162
Exchange realignment	–	–	(61)	(395)	(140)	12	(584)
As at 31 December 2009	–	–	4,746	21,540	4,615	153	31,054
Net carrying amount							
As at 31 December 2008	–	–	–	1,197	80	20	1,297
As at 31 December 2009	–	–	32	1,560	131	645	2,368

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

Company	Leasehold improvements $'000	Furniture, fittings and office equipment $'000	Total $'000
Cost:			
As at 1 January 2008	–	1,336	1,336
Additions	–	5	5
As at 31 December 2008 and 1 January 2009	–	1,341	1,341
Additions	31	20	51
As at 31 December 2009	31	1,361	1,392
Accumulated depreciation and impairment loss:			
As at 1 January 2008	–	1,327	1,327
Depreciation for the year	–	7	7
As at 31 December 2008 and 1 January 2009	–	1,334	1,334
Depreciation for the year	4	9	13
As at 31 December 2009	4	1,343	1,347
Net carrying amount:			
As at 31 December 2008	–	7	7
As at 31 December 2009	27	18	45

Assets held under finance leases

In 2008, the Group acquired plant and equipment with an aggregate cost of $421,000 by means of finance leases. The cash outflow on acquisition of plant and equipment amounted to $473,000.

The carrying amount of plant, machinery and equipment held under finance leases at the balance sheet date was $nil (2008: $490,000).

Leased assets were pledged as security for the related finance lease liabilities, which were fully repaid during the year.

Impairment of assets

During the year, the Group carried out a review of the recoverable amount of its idle plant and equipment. An impairment loss of $162,000 (2008: $6,135,000) representing the write-down of certain plant and equipment to recoverable amount was recognised in profit or loss.

The recoverable amount was determined at the cash-generating unit level and is based on the fair value less costs to sell determined with respect to amounts received in recent transactions for similar assets within the same industry.

In 2008, an impairment loss of $323,000 representing the write-down of plant and equipment consequent to the closure of TRIM Technologies (M) Sdn Bhd was recognised in profit or loss for the year ended 31 December 2008.

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

Impairment of assets (cont'd)

A further impairment loss of $75,000 representing the write-down of leasehold land and building consequent to the closure of TRIM Technologies (M) Sdn Bhd was recognised in other comprehensive income for the year ended 31 December 2008.

Transfer to assets held for sale (Note 16)

On 30 September 2008, the Group announced the closure of its manufacturing operations in Penang, Malaysia. After assessing and evaluating the current market conditions of the electronics business, the Board of the Company is of the view that it is no longer viable to maintain a separate manufacturing facility in Penang. The Group has decided to sell off majority of its assets to fund the closure of its Penang plant.

On 31 December 2008, all its plant and equipment have been written down to net realisable values. The leasehold vacant land has been recognised at fair value determined by reference to open market values on an existing use basis, while the leasehold land and building was determined by reference to the forced sale value based on a valuation performed by an accredited independent valuer, Henry Butcher Malaysia (Seberang Perai) Sdn. Bhd. on 26 September 2008.

The following property, plant and equipment were transferred to assets held for sale at their fair value/ net realisable value in 2008:

	$'000
Leasehold land	2,677
Leasehold building	1,700
	4,377

11. Goodwill

	Group $'000
Cost:	
At 1 January 2008, 31 December 2008 and 1 January 2009	–
Additions:	
Acquisition of a subsidiary (Note 13)	116,134
At 31 December 2009	116,134
Accumulated amortisation and impairment:	
At 1 January 2008, 31 December 2008, 1 January 2009 and 31 December 2009	–
Net carrying amount:	
At 31 December 2008	–
At 31 December 2009	116,134

11. Goodwill (cont'd)

Impairment testing of goodwill

Goodwill arising from business combinations has been allocated to the cash-generating unit ("CGU") in the oil and gas segment for impairment testing.

The carrying amounts of goodwill to the CGU are as follows:

	Group	
	2009	**2008**
	$'000	**$'000**
Goodwill	116,134	–

The recoverable amount of the CGU has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rate used to extrapolated cash flows beyond the five-year period are as follows:

	Group	
	2009	**2008**
	%	**%**
Growth rate	1	–
Pre-tax discount rate	12	–

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Growth rate – The forecasted growth rate is based on published industry research and do not exceed the long-term average growth rate for the industry relevant to the CGU.

Pre-tax discount rate – Discount rate reflect the current market assessment of the risks specific to the CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rate for the CGU, regard has been given to the yield on a ten-year government bond at the beginning of the budgeted year.

12. Evaluation assets

	Group 2009 $'000	Group 2008 $'000
Cost:		
Acquisition of a subsidiary (Note 13)	12,650	–
Additions	7,252	–
Write-off of dry wells	(242)	–
Exchange realignment	(259)	–
At 31 December	19,401	–
These comprise:		
Drilling of oil wells and laying of pipelines	7,043	–
2D seismic costs	2,130	–
Staff costs	2,719	–
Directly related operating costs	6,411	–
Directly related overhead costs	870	–
Services provided by third party specialists	228	–
	19,401	–

13. Investment in subsidiaries

	Company 2009 $'000	Company 2008 $'000
Unquoted shares, at cost	12,520	12,520
Impairment losses	(12,520)	(12,520)
	–	–

13. Investment in subsidiaries (cont'd)

Details of subsidiaries are as follows:

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment		Proportion of ownership interest	
		2009 $'000	2008 $'000	2009 %	2008 %
Held by the Company					
(1) TRIM Technologies (M) Sdn Bhd (Malaysia)	Dormant (Malaysia)	12,144	12,144	100	100
(3) Tri-M Technologies Inc. (United States of America)	Dormant (United States of America)	39	39	100	100
(5) Tri-M Technologies (Philippines) Inc. (Philippines)	Dormant (Philippines)	337	337	100	100
(4) RH Petrogas Investments Pte. Ltd. (formerly known as TRIM Intelligent Systems Pte. Ltd.) (Singapore)	Investment holding (Singapore)	#	#	100	100
(4) TRIM Technologies International Pte. Ltd. (Singapore)	Investment holding (Singapore)	#	#	100	100
		12,520	12,520		

13. Investment in subsidiaries (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of ownership interest 2009 %	2008 %
	Held by subsidiaries			
(4)	TRIM Technologies (China) Pte. Ltd. (Singapore)	Investment holding (Singapore)	100	100
(2)	TRIM Technologies (Shenzhen) Co. Ltd. (China)	Assembly of printed circuit boards and related accessories (China)	100	100
(2) (5)	TRIM Electronics (Shenzhen) Co. Ltd. (China)	Assembly of printed circuit boards and related accessories (China)	100	100
(4)	TRIM Technologies (Hong Kong) Ltd (Hong Kong)	Dormant (Hong Kong)	100	100
(3)	Mastique Investments Limited (British Virgin Islands)	Investment holding (British Virgin Islands)	100	100
(3)	Kingworld Resources Limited (British Virgin Islands)	Development and production of petroleum resources (British Virgin Islands)	100	–
(3)	Great Prime Investments Limited (British Virgin Islands)	Investment holding (British Virgin Islands)	100	–

(1) Audited by member firm of Ernst & Young Global.

(2) Audited by Shenzhen Zhongfa Certified Public Accountants.

(3) Not required to be audited by law in its country of incorporation.

(4) No audit is performed for these companies as they did not carry on business and had no income since the end of previous financial year.

(5) This subsidiary is in process of being liquidated.

Cost of investment is $2

13. Investment in subsidiaries (cont'd)

Acquisition of subsidiary

On 17 August 2009 (the "acquisition date"), the Group acquired 100% equity interest in Kingworld Resources Limited ("KRL"). Upon acquisition, KRL became a subsidiary of the Group.

The Group has acquired KRL to diversify into the oil and gas business.

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

	Recognised on date of acquisition $'000	Carrying amount before combination $'000
Property, plant and equipment	1,412	1,412
Evaluation assets	12,650	12,650
Trade and other receivables	731	731
Inventories	341	341
Cash and cash equivalents	924	924
	16,058	16,058
Trade and other payables	(10,465)	(10,465)
Net identifiable assets	5,593	5,593

	$'000
Total cost of business combination	
112,500,000 ordinary shares of issued at $0.88 each	99,000
Deferred cash settlement	20,000
Directly attributable professional fees	2,726
	121,726
Effect of acquisition on cash flows	
Total consideration for 100% equity interest acquired	121,726
Less: Non-cash consideration	(100,200)
Deferred cash settlement	(10,000)
Consideration settled in cash	11,526
Less: Cash and cash equivalents of subsidiary acquired	(924)
Payment of professional fees for acquisition of KRL disclosed separately in consolidated cash flow statement	(867)
Net cash outflow on acquisition	9,735

Equity instruments issued as part of consideration transferred

In connection with the acquisition of KRL, the Company issued 112,500,000 ordinary shares with a fair value of $0.88 each, being the published price of the shares at the date of transfer to the vendor.

The attributable cost of $11,300 for the issuance of the shares as consideration has been recognised directly in equity as a deduction from share capital.

13. Investment in subsidiaries (cont'd)

Acquisition of subsidiary (cont'd)

Impact of the acquisition on the consolidated statement of comprehensive income

From the acquisition date, KRL has contributed $764,000 to the Group's loss net of tax. If the business combination had taken place at the beginning of the year, the Group's loss net of tax would have been $5,101,000.

Goodwill arising on acquisition

The acquisition of equity interest in KRL gave rise to goodwill of $116,134,000.

The determination of the fair value of the assets and liabilities are not finalised as at 31 December 2009. Accordingly, the initial accounting for this business combination had been determined only provisionally. Goodwill arising from this acquisition, deferred tax liability and acquisition revaluation reserve will be adjusted accordingly on a retrospective basis when the valuation is finalised.

14. Interest in joint venture

On 12 November 2007, KRL entered into a petroleum production sharing contract ("PSC") with China National Petroleum Corporation ("CNPC") relating to the joint development and production of hydrocarbon resources in Fuyu 1 Block which was duly approved by the Ministry of Commerce of the People's Republic of China ("PRC") on 10 January 2008. The salient terms of the PSC are set out below.

The Group has no ownership interest in the PSC assets nor in the related oil and gas reserves, but rather has the right to operate the assets and receive production and/or revenue from the sale of oil and gas in accordance with the PSC.

Duration of the PSC

The PSC will be implemented in 3 phases, namely an evaluation period, a development period and a production period.

Evaluation Period. The evaluation period is 3 years commencing after the Ministry of Commerce of the PRC has approved the PSC ("Contract Implementation Commencement Date") and will end when the Group receives the approval of the relevant PRC authorities for the Overall Development Programme. The evaluation period under the PSC has commenced on 1 February 2008.

The Group may apply for an extension of the evaluation period if it needs more time to complete the preparation and application for approval of the Overall Development Programme, subject to (a) the approval of CNPC; and (b) the approval of Ministry of Commerce, PRC. The Group shall bear all costs required for the evaluation operations during the evaluation period.

Development Period. The development period shall commence after obtaining the government approval for the Overall Development Programme for the development of the said oilfield, and will end on the date of the completion of the development operations. The Group shall bear all the development costs during the development period.

14. Interest in joint venture (cont'd)

Duration of the PSC (cont'd)

Production Period. The production period of the oilfield(s) shall be twenty consecutive production years from the commencement of commercial production of the relevant oilfield. The date of commencement of the production of oil from any oilfield in Fuyu 1 Block is subject to the approval of the production plan from CNPC and the total amount of oil extracted from such oilfield reaching a cumulative total of 40,000 metric tonnes. Of the 40,000 metric tonnes of oil, the Group is entitled to 30%.

The total duration of the PSC shall not exceed 30 years from the approval of the Ministry of Commerce for the PSC. Under the terms of the PSC, the Group shall not conduct any exploration activities in the PSC area. Any new petroleum resources which are discovered by the Group in the course of the evaluation operations or the development operations shall fall within the scope of the PSC.

Financing and Cost Recovery

Funds required for the production operations including the evaluation costs, development costs and production costs shall be raised by the Group. The operation costs incurred shall be paid by CNPC and the Group in accordance with the parties' proportion of the shared oil. However, CNPC's portion of operating costs shall be advanced by the Group and recovered by the Group from the production of crude oil.

Application of proceeds from crude oil production

Under the terms of the PSC, the Contractor, which is the Group, pays 100% of evaluation costs, development costs and 49% of the operating costs, which it recovers according to a mechanism of "cost recovery oil" and "investment recovery oil" as described in the contract. Remaining oil after cost recovery is "shared oil", which is apportioned between CNPC 51% and KRL 49%. The joint venture entity will deduct all applicable taxes and royalty that might apply in PRC from the production in kind or in cash as they are applicable. The Group's "shared oil" is subject to payment of all other corporate income tax that may be applicable in the PRC.

Pricing of the crude oil

The price of the various grades of crude oil will be determined in United States Dollar (US$) per metric tonne as a free onboard (FOB) price at the point of delivery of the crude oil, whether within or outside the PSC area. The selling price of the crude oil produced shall be made with reference to the prevailing price in arm's length transactions or similar quality crude oil on the main world oil markets and the adjustment in such price shall be made in accordance with such determinants as the quality of the crude oil, the terms of delivery, transportation, payment and other terms. The crude oil price will be determined once every calendar quarter.

Operator

The Group shall act as the operator for the production works within the PSC area and the production period. After the full recovery of the development costs actually incurred, CNPC shall, at any time, have the right to take over the production operations by giving written notice to the Group.

The Group's commitment in respect of its interest in the jointly controlled assets are disclosed in Note 27.

14. Interest in joint venture (cont'd)

	Group 2009 $'000	Group 2008 $'000
Assets and liabilities		
Current assets	3,174	–
Non-current assets	21,187	–
Total assets	24,361	–
Current liabilities, representing total liabilities		
Non-current liabilities	(8,808)	–
Income and expenses:		
Income	–	–
Expenses	(378)	–

15. Deferred tax

Deferred income tax as at 31 December 2009 relates to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Deferred tax liabilities:				
Revaluation of leasehold land and building to fair value	–	–	–	(624)
Deferred tax assets:				
Allowance for inventory obsolescence	–	–	–	318
Unabsorbed tax losses	–	–	–	284
Differences in depreciation for tax purposes	–	–	–	22
	–	–		
Deferred income tax expense			–	–

15. Deferred tax (cont'd)

Deferred tax assets not recognised

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Provisions	17	–	17	–
Difference in depreciation	–	48	–	48
Unabsorbed losses	9,136	8,915	8,209	7,857
Deferred tax assets not recognised	9,153	8,963	8,226	7,905

The unrecognised tax losses are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

16. Assets held for sale

	Group	
	2009 $'000	2008 $'000
Leasehold land	2,677	2,677
Leasehold building	1,700	1,700
	4,377	4,377

On 30 September 2008, the Group announced the closure of its manufacturing operations in Penang, Malaysia. After assessing and evaluating the current market conditions of the electronics business, the Board of the Company was of the view that it was no longer viable to maintain a separate manufacturing facility in Penang. The Group decided to sell off majority of its assets to fund the closure of its Penang plant.

At 31 December 2008, all its plant and equipment were written down to net realisable values. The leasehold vacant land was recognised at fair value determined with reference to open market values on an existing use basis, while the leasehold land and building were determined with reference to the forced sale value based on a valuation performed by an accredited independent valuer, Henry Butcher Malaysia (Seberang Perai) Sdn. Bhd. on 26 September 2008. The other assets have been fully impaired.

Leasehold land and building have been classified as assets held for sale. During the course of the year, the Group entered into a sale and purchase agreement to dispose the leasehold vacant land at approximately $1,407,000. At the date of this report, the transaction has yet to be completed.

The leasehold land and building are mortgaged to a subsidiary's bankers to secure the term loan and overdrafts as disclosed in Note 21.

16. Assets held for sale (cont'd)

Particulars of these leasehold land and building are as follows:

Description/location	Tenure of land/(gross floor area)
Leasehold land and building Plot 15/16, Jalan Jelawat Seberang Jaya, 13700 Prai, Penang, Malaysia	60 years from 1992 (38,614 sq m)

17. Inventories

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Balance sheet:				
Raw materials	1,328	694	278	237
Finished goods	–	27	–	–
	1,328	721	278	237
Allowance for inventory obsolescence	(352)	(580)	(237)	(237)
Total inventories at lower of cost and net realisable value	976	141	41	–
Movements in allowance account:				
At 1 January	580	1,845	237	60
Charge for the year	20	67	–	177
Written off	(248)	(1,332)	–	–
At 31 December	352	580	237	237

	Group	
	2009 $'000	2008 $'000
Income statement:		
Inventories recognised as an expense in cost of sales	500	5,929

18. Trade and other receivables

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	2,635	3,174	2,091	2,614
Deposits	352	129	24	16
Advance to suppliers	63	42	–	3
Sundry receivables	478	224	14	161
Total trade and other receivables	3,528	3,569	2,129	2,794
Add: Cash and cash equivalents (Note 20)	22,663	2,362	20,511	1,893
Total loans and receivables	26,191	5,931	22,640	4,687

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Trade receivables before allowance for doubtful amounts are denominated in the following foreign currency:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
United States Dollar	4,867	5,419	4,327	4,860

Receivables that are past due but not impaired

The Group has trade receivables amounting to $2,940,000 (2008: $2,940,000) that are past due at balance sheet date but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

	Group	
	2009	**2008**
	$'000	**$'000**
Trade receivables past due:		
More than 120 days	2,940	2,940

Receivables more than 120 days were not impaired as these customers are also suppliers to the Group and there are corresponding payable balances sufficient to offset these receivable balances.

18. Trade and other receivables (cont'd)

Receivables that are impaired

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

	Group	
	2009	**2008**
	$'000	**$'000**
Trade receivables-nominal amounts	2,262	2,262
Allowance for doubtful trade receivables	(2,262)	(2,262)
	–	–
Movements in allowance account:		
At 1 January	2,262	2,437
Written off	–	(175)
At 31 December	2,262	2,262

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

19. Other current assets

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
		(As restated)		**(As restated)**
Prepaid operating expenses	136	104	21	19
Professional fees for the acquisition of Kingworld Resources Limited	–	2,138	–	2,138
Others	28	–	28	
	164	2,242	49	2,157

Professional fees for the acquisition of Kingworld Resources Limited

The professional fees incurred in relation to an agreement entered on 18 August 2008 by the Company with the shareholders of Kingworld Resources Limited ("KRL"), a company incorporated in the British Virgin Islands, to acquire the entire share capital of KRL. The acquisition was completed on 17 August 2009 and the professional fees was capitalised as part of the Group's cost of investment in KRL.

19. Other current assets (cont'd)

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Professional fees for the acquisition of Kingworld Resources Limited				
- As previously stated	–	938	–	938
- Prior year adjustment (Note 32)	–	1,200	–	1,200
- As restated	–	2,138	–	2,138

20. Cash and cash equivalents

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash at bank and on hand	17,659	2,362	15,511	1,893
Short-term deposits	5,004	–	5,000	–
	22,663	2,362	20,511	1,893

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for a period of 6 months depending on the immediate cash requirements of the Group, and earn interest of 1% per annum.

Cash at bank and in hand are denominated in the following foreign currencies:

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
United States Dollar	292	321	284	44

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at balance sheet date:

	Group	
	2009 $'000	2008 $'000
Cash and short-term deposits	22,663	2,362
Bank overdrafts (Note 21)	(592)	(2,118)
Cash and cash equivalents	22,071	244

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management.

21. Loans and borrowings

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
Obligations under finance leases (Note 23)	–	147	–	111
Bank overdrafts	592	2,118	268	867
Revolving credits	–	3,315	–	–
RMB - term loan	–	958	–	–
MYR - term loans	1,506	280	–	–
	2,098	6,818	268	978
Non-current				
MYR - term loans	2,089	–	–	–
Loans from a corporate shareholder	2,977	10,699	2,977	10,699
	5,066	10,699	2,977	10,699
Total loans and borrowings	7,164	17,517	3,245	11,677

Obligations under finance leases

These obligations were secured by a charge over the leased assets (Note 10). The average implicit discount rate was 3% per annum. The Group fully settled its finance lease obligation during the year.

Bank overdrafts

Bank overdrafts granted to the Company by a bank in Singapore bear interest of 5.25% (2008: 5.25%) per annum and are covered by joint and several personal guarantee from two Directors of the Company.

Bank overdrafts granted to the subsidiary by a bank in Malaysia bear interest at 7.55% (2008: 7.25% to 8.50%) per annum and are secured by a second legal charge over the subsidiary's leasehold land and building and a corporate guarantee from the Company.

RMB term loan

The loan granted to a China subsidiary was fully repaid in 2009.

MYR term loan

On 1 July 2009, the bank overdraft and revolving credit granted to a subsidiary amounting to approximately $4,050,000 were converted into a secured term loan. The term loan is secured by a first charge over the subsidiary's leasehold land and building (Note 10), a corporate guarantee from the Company and joint and several personal guarantees of two Directors of the Company. The loan bears interest at 7.05% to 7.30% per annum and is repayable in 33 equal monthly instalments of MYR303,030 each commencing from 1 October 2009 and a final payment of MYR303,040 in July 2012.

The loan in 2008 was secured by a specific charge over a subsidiary's plant, machinery and equipment, which have been fully depreciated, a negative pledge over the subsidiary's assets and a corporate guarantee from the Company.

The loan borne interest at between 8.00% to 8.75% per annum and was fully repaid during the year.

21. Loans and borrowings (cont'd)

Loans from a corporate shareholder

The loans from the corporate shareholder, Surreyville Pte Ltd ("Surreyville") are interest-free, have no repayment terms and are repayable only when the cash flow of the Company permits. Accordingly, the fair value of the loan is not determinable as the timing of the future cash flow arising from the repayment of these loans cannot be estimated reliably.

On 17 August 2009, pursuant to a debt conversion exercised approved at the Company's Extraordinary General Meeting held on 30 July 2009, an aggregate amount of $12,000,000 was converted into 15,000,000 new ordinary shares in the share capital of the Company at the issue price of S$0.80 per share.

22. Trade and other payables

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Trade payables				
- Third parties	3,455	4,122	1,752	2,191
- Subsidiary	–	–	385	179
	3,455	4,122	2,137	2,370
Amounts due to related companies	6,186	–	–	–
Accrued operating expenses	1,453	1,776	448	654
Payable relating to evaluation expenditures	2,558	–	–	–
Deferred cash settlement relating to acquisition of KRL	10,000	–	10,000	–
Sundry payables	53	404	23	173
Total trade and other payables	23,705	6,302	12,608	3,197
Add: Loans and borrowings (Note 21)	7,164	17,517	3,245	11,677
Total financial liabilities carried at amortised cost	30,869	23,819	15,853	14,874

Trade payables are non-interest bearing and are normally settled on 60-day terms.

Amounts due to related companies are unsecured, interest-free and have no fixed terms of repayment.

Deferred cash settlement

Pursuant to the provisions of the Sale and Purchase Agreement ("SPA") dated 18 August 2008, the Company has requested the vendors, and the vendors accepted, for an extension of time to pay the cash consideration of $20,000,000, being the balance of purchase consideration payable under the SPA for the acquisition of KRL. Payment of the said balance purchase consideration in cash will be made when the Company procures the necessary funding for the same. On 13 October 2009, the Company paid $10,000,000 being partial payment to the vendors.

22. Trade and other payables (cont'd)

Deferred cash settlement (cont'd)

Trade and other payables of the Group and Company are denominated in the following foreign currencies:

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Malaysian Ringgit	9	357	9	17
United States Dollar	2,577	1,839	1,502	1,798
Others	354	164	178	164
	2,940	2,360	1,689	1,979

23. Obligations under finance leases

In 2008, the Group and the Company had finance leases for certain items of motor vehicles, and plant, machinery and equipment. These leases had terms of renewal but no purchase option and escalation clauses. There were no restrictions placed upon the Group and the Company by entering into these leases. The average discount rate implicit in these leases was 3% per annum.

The Group and Company fully settled these obligations under finance leases during the year.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2009		2008	
	Total minimum lease payments $'000	Present value of payments $'000	Total minimum lease payments $'000	Present value of payments $'000
Group				
Within one year	–	–	155	147
After one year but not more than five years	–	–	–	–
Total minimum lease payments	–	–	155	147
Amount representing finance charges	–	–	(8)	–
Present value of minimum lease payments	–	–	147	147
Company				
Within one year and total minimum lease payments	–	–	117	111
Amount representing finance charges	–	–	(6)	–
Present value of minimum lease payments	–	–	111	111

23. Obligations under finance leases (cont'd)

Obligations under finance leases are denominated in the following foreign currency:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Malaysian Ringgit	–	36	–	–

24. Share capital

	Group and Company	
	No. of shares	
	'000	**$'000**
Issued and fully paid		
At 1 January 2008	233,821	18,706
Issued during the year	40,000	4,360
Share issue expenses	–	(121)
At 31 December 2008, as previously stated	273,821	22,945
Prior year adjustment:		
Capital contribution (Note 32)	–	1,200
At 31 December 2008, as restated, and 1 January 2009	273,821	24,145
Issued during the year	167,000	142,600
Conversion of shareholder's loan	15,000	12,000
Share issue expenses	–	(1,868)
At 31 December 2009	455,821	176,877

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares, carry one vote per share without restriction. The ordinary shares have no par value.

On 17 August 2009, 112,500,000 new ordinary shares in the share capital of the Company at the issue price of $0.80 per share were issued and credited as fully paid to the vendors as consideration for the acquisition of KRL. The fair value of each share is $0.88, which is the published price of the share on the acquisition date. On the same day, pursuant to a debt conversion exercised approved at the Company's Extraordinary General Meeting held on 30 July 2009, an aggregate amount of $12,000,000 was converted into 15,000,000 new ordinary shares in the share capital of the Company at the issue price of $0.80 per share.

On 29 September 2009, the Company completed a placement of 54,500,000 new ordinary shares in the share capital of the Company at the issue price of $0.80 per share.

25. Reserves

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Accumulated losses	(38,764)	(34,194)	(41,247)	(36,022)
Asset revaluation reserve	2,298	2,298	–	–
Foreign currency translation reserve	(5,523)	(6,099)	–	–
Capital reduction reserve	3,710	3,710	3,710	3,710
	(38,279)	(34,285)	(37,537)	(32,312)

(a) Asset revaluation reserve

The asset revaluation reserve records increases in the fair value of leasehold land and building and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

(b) Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group	
	2009	2008
	$'000	$'000
At 1 January	(6,099)	(6,169)
Net effect of exchange differences arising from translation of financial statements of foreign operations	576	70
At 31 December	(5,523)	(6,099)

(c) Capital reduction reserve

The capital reduction reserve relates to excess on reduction in capital, arising from the reduction in par value of shares from $0.30 to $0.08 each, over the amount of accumulated losses as at 30 September 2005.

26. Related party transactions

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control or common significant influence.

26. Related party transactions (cont'd)

In addition to the related party information disclosed elsewhere in the financial statements the following significant transactions between the Group and related parties took place at terms agreed between parties during the financial year.

a) The Company had executed a non-binding memorandum of understanding dated 14 March 2008 and subsequently a definitive Sale and Purchase Agreement dated 18 August 2008, for the acquisition of the entire issued and paid-up share capital of KRL comprising 50,000 issued ordinary shares of par value US$1.00 each. The entire issued share capital of KRL was wholly-owned by Tan Sri Datuk Sir Tiong Hiew King, a director of the Company, and Tiong Kiu King , a brother of both Tan Sri Datuk Sir Tiong Hiew King and Dato' Sri Dr Tiong Ik King. On 27 April 2009, the Company entered into a Supplemental Agreement to amend and vary certain terms of the Sale and Purchase Agreement. The transaction was completed on 17 August 2009.

b) On 18 August 2008, the Company had entered into a conditional Debt Conversion Deed with Surreyville Pte Ltd ("Surreyville"), a substantial shareholder of the Company for the proposed debt conversion of the shareholders' loan into new shares in the Company's share capital. On 29 April 2009, the Company and Surreyville entered into a Supplemental Deed to amend and vary certain terms of the Debt Conversion Deed for the purpose of issuing 15,000,000 new ordinary shares at $0.80 each to Surreyville, which was settled via the reduction of the outstanding shareholders' loan by $12,000,000. The transaction was completed on 17 August 2009.

c) A financial guarantee of US$20 million was given by a directors-related company for the issue of a banker guarantee (see Note 27a).

d) On 16 September 2009, the Company entered into a placement agreement with Kim Eng Securities Pte. Ltd. (the "Placement Agent") and Surreyville to issue up to 54,500,000 new shares (the "New Shares") in the capital of the Company at the price of $0.80 for each New Share.

Pursuant to the placement agreement, on 17 September 2009, Surreyville had lent 54,500,000 shares to facilitate the early settlement of the New Shares to end-places procured by the Placement Agent. On 29 September 2009, the placement exercise was completed with the issue of 54,500,000 new ordinary shares in the capital of the Company to Surreyville.

Compensation of key management personnel

	2009 $'000	2008 $'000
Short-term employee benefits	1,245	1,119
Central Provident Fund contributions	34	45
Ex-gratia payment	–	10
Total compensation paid to key management personnel	1,279	1,174
Comprise amounts paid to:		
▪ Directors of the Company	509	415
▪ Other key management personnel	770	759
	1,279	1,174

<u>Directors' interest in employee share option plan</u>

No share options were granted during the years ended 31 December 2008 and 2009. There are no outstanding share options granted by the Company to any Directors as at 31 December 2009 and 2008.

27. Commitments

(a) Capital commitment

Under the Production Sharing Contract, the Group is obliged to incur minimum evaluation expenditure of US$20 million for 2 consecutive years of the evaluation phase. This commitment is secured by a banker guarantee issued by the Hongkong and Shanghai Banking Corporation Limited.

(b) Acquisition

On 3 December 2009, the Company entered into a sale and purchase agreement with Ellington Investments Pte. Ltd. for the purchase of the entire issued share capital of Orchard Energy Pte. Ltd. ("Orchard Energy"). Orchard Energy (through its wholly-owned subsidiary, Orchard Energy (West Belida) Ltd) holds a 94% interest in a production sharing contract in relation to the exploration and production of petroleum in West Belida Block, Jambi, South Sumatra, Indonesia. The consideration for the purchase will be an amount ranging between $351,000 to $371,000, depending on the day of completion of the sale and purchase of the sale shares. At the date of this report, the proposed acquisition has yet to be completed as the required approvals have yet to be obtained. Accordingly, the consideration will vary from the abovementioned upon completion of the acquisition.

(c) Operating lease commitments

The Group and the Company lease certain properties under lease agreements that are non-cancellable within a year. These leases have remaining non-cancellable lease terms of between 1 to 2 years. Future minimum lease payments payable under non-cancellable operating leases as of 31 December 2009 and 2008 are as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Within 1 year	274	451	70	74
Within 2 to 5 years	440	779	116	–
	714	1,230	186	74

28. Segment information

Business segments

For management purposes, the Group is organised into business units based on their products and services and have two business segments which are development and production of petroleum resources (oil and gas business) and contract manufacturing for companies in the electronics and computer related industries (electronic business).

The following table provides an analysis of the Group's revenue, results, total assets and capital expenditure by business segments.

	Revenue		Loss net of tax		Total assets		Total capital expenditure		Depreciation	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Oil & Gas	–	–	764	–	159,738	–	7,792	–	136	–
Electronics	4,180	12,018	3,806	20,338	9,873	13,988	208	894	616	6,043
	4,180	12,018	4,570	20,338	169,611	13,988	8,000	894	752	6,043

Geographical segments

The following table provides an analysis of the Group's sales by geographical market in which the customers are located, irrespective of the origin of the goods. Total assets and capital expenditure are shown by the geographical areas in which these assets are located.

	Revenue		Total assets		Total capital expenditure		Depreciation	
	2009	2008	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
By Geographical market								
United States of America	38	787	–	–	–	–	–	–
Europe	688	1,306	–	–	–	–	–	–
Japan	2,802	2,658	–	–	–	–	–	–
People's Republic of China	516	2,355	142,255	3,073	7,949	889	739	5,616
Singapore	136	4,912	22,775	6,851	51	5	13	7
Malaysia	–	–	4,581	4,064	–	–	–	420
	4,180	12,018	169,611	13,988	8,000	894	752	6,043

29. Fair value of financial instruments

A. Fair value of financial instruments that are carried at fair value

Fair value hierarchy

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

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

Determination of fair value

As at balance sheet date, the Group does not have any financial instruments carried at fair value.

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

Current trade and other receivables and payables and loans and borrowings

The carrying amounts of these financial assets are liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are re-priced to market interest rates on or near the balance sheet date.

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

The non-current loans from a corporate shareholder has no repayment terms and are repayable only when the cash flow of the Group permits or if converted to new shares in the Company. Accordingly, the fair value of the loans is not determinable as the timing of the future cash flow arising from the loans cannot be estimated reliably.

30. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

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

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's gross trade receivables at the balance sheet date is as follows:

	Group			
	2009		2008	
	$'000	% of total	$'000	% of total
By country:				
United States of America	5	–	14	–
Europe	4,493	92	4,403	81
Japan	354	7	252	5
People's Republic of China	12	–	114	2
Singapore	33	1	653	12
	4,897	100	5,436	100
By business sector:				
Oil & Gas	–	–	–	–
Electronics	4,897	100	5,436	100

As at 31 December 2009, 11% (2008: 15%) of the Group's trade receivables were due from three (2008: three) major customers whom the Group has ongoing business. These multi-industry conglomerates are located in Japan, Europe and Singapore.

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

(a) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's current funding are mainly from share placements, loans from a corporate shareholder and bank borrowings.

Analysis of financial instruments by remaining contractual maturities

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

	2009			**2008**		
Group	**1 year or less**	**More than 5 years**	**Total**	**1 year or less**	**More than 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets:						
Trade and other receivables	3,528	–	3,528	3,569	–	3,569
Cash and cash equivalents	22,663	–	22,663	2,362	–	2,362
Total undiscounted financial assets	26,191	–	26,191	5,931	–	5,931
Financial liabilities:						
Trade and other payables	23,705	–	23,705	6,302	–	6,302
Loans and borrowings	2,098	5,066	7,164	6,826	10,699	17,525
Total undiscounted financial liabilities	25,803	5,066	30,869	13,128	10,699	23,827
Total undiscounted financial assets/(liabilities)	388	(5,066)	(4,678)	(7,197)	(10,699)	(17,896)

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

(b) Liquidity risk (cont'd)

Company	2009 1 year or less $'000	2009 More than 5 years $'000	2009 Total $'000	2008 1 year or less $'000	2008 More than 5 years $'000	2008 Total $'000
Financial assets:						
Trade and other receivables	2,129	–	2,129	2,794	–	2,794
Cash and cash equivalents	20,511	–	20,511	1,893	–	1,893
Total undiscounted financial assets	22,640	–	22,640	4,687	–	4,687
Financial liabilities:						
Trade and other payables	12,608	–	12,608	3,197	–	3,197
Loans and borrowings	268	2,977	3,245	984	10,699	11,683
Total undiscounted financial liabilities	12,876	2,977	15,853	4,181	10,699	14,880
Total undiscounted financial assets/(liabilities)	9,764	(2,977)	6,787	506	(10,699)	(10,193)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

Sensitivity analysis for interest rate risk

A change of 100 basis points in interest rate at the reporting date would increase/decrease equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

	Group		
	Increase/ decrease in basis points $'000	Effect on loss net of tax $'000	Effect on equity $'000
2009			
- SGD	+100	(3)	–
- MYR	+100	(39)	–
- RMB	+100	–	–
- SGD	-100	3	–
- MYR	-100	39	–
- RMB	-100	–	–

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

(c) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk (cont'd)

	Group		
	Increase/ decrease in basis points $'000	**Effect on loss net of tax $'000**	**Effect on equity $'000**
2008			
- SGD	+100	(9)	–
- MYR	+100	(48)	–
- RMB	+100	(10)	–
- SGD	-100	9	–
- MYR	-100	48	–
- RMB	-100	10	–

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group, primarily SGD, MYR and RMB. The foreign currencies in which the Group's transactions are denominated are mainly in the US Dollar ("USD"). Approximately 96% (2008: 47%) of the Group's sales are denominated in foreign currencies, whilst almost 94% (2008: 64%) of costs are denominated in the respective functional currencies of the Group's entities.

The Group does not enter into forward foreign exchange contracts to hedge against its foreign exchange risk resulting from sale and purchase transactions denominated in foreign currencies.

The Group's foreign currency exposure from its trade receivables and trade payables at balance sheet date are detailed in Notes 18 and 22 respectively.

The Group and the Company also hold cash at bank and in hand denominated in foreign currencies for working capital purposes. Details of such foreign currency balances are set out in Note 20.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, principally in Malaysia and PRC.

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

(d) Foreign currency risk (cont'd)

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the USD and MYR exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

		Group			
		2009		2008	
		Loss net of tax $'000	Equity $'000	Loss net of tax $'000	Equity $'000
USD	- strengthened 3% (2008: 3%)	+10	–	+118	–
	- weakened 3% (2008: 3%)	-10	–	-118	–
MYR	- strengthened 3% (2008: 3%)	–	–	-1	–
	- weakened 3% (2008: 3%)	–	–	+1	–

31. Capital management

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

The capital structure of the Group consist of debts, which includes loans and borrowings as disclosed in Note 21, trade and other payables as disclosed in Note 22, cash and cash equivalents as disclosed in Note 20 and equity attributable to equity holders of the Company, comprising issued share capital and other reserves as disclosed in Notes 24 and 25.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares through new allotment or by way of conversion of shareholders' loans. No changes were made in the objectives, policies or processes during the years ended 31 December 2008 and 31 December 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent less assets revaluation reserve.

	2009 $'000	2008 $'000 (As restated)
Loans and borrowings (Note 21)	7,164	17,517
Trade and other payables (Note 22)	23,705	6,302
Less: Cash and cash equivalents (Note 20)	(22,663)	(2,362)
Net debt	8,206	21,457
Equity attributable to the owners of the parent	138,598	(10,140)
Less: Asset revaluation reserve	(2,298)	(2,298)
Total capital	136,300	(12,438)
Capital and net debt	144,506	9,019
Gearing ratio	6%	Not meaningful

32. Prior year adjustment

On 1 April 2008, Surreyville Pte Ltd ("Surreyville"), the immediate holding company, transferred 10,000,000 ordinary shares in the Company to a Chan Cheuk Wah, as directed by Wellmax Consultants Ltd ("Wellmax"), pursuant to an engagement letter dated 13 March 2008 between Surreyville and Wellmax. Wellmax was engaged as an advisor to Surreyville to assist the implementation and execution of the Company's acquisition of Kingworld Resources Limited ("KRL"). In late 2009, after the consolidated financial statements for the year ended 31 December 2008 have already been finalised and issued in March 2009, the Company was advised by Surreyville that the services provided by Wellmax was considered to be a share-based payment and have been supplied to the Company because the acquisition was carried out by the Company and these services are rendered in connection with the acquisition. Accordingly, the Company recognised the consideration for this services, which amounted to $1,200,000 as a equity-settled share-based payment transaction in accordance to FRS 102, Share-Based Payments and capitalised it as part of the cost of business combination in accordance to FRS 103, Business Combination. As Surreyville does not have the intention to recover these expenses from the Company, it is treated as a capital contribution by Surreyville into the Company.

The effect of the prior year adjustment is to increase the Company's equity and professional fee for the acquisition of KRL, which is included in other current assets, by $1,200,000 in 2008. These professional fees are included in other current assets as at 31 December 2008 as the acquisition was not completed then. The acquisition was completed on 17 August 2009. There is no effect in 2009 and 1 January 2008 (the earliest prior period).

The following prior year comparatives have been restated as follows:

	Group		Company	
	2008	2008	2008	2008
	$'000	$'000	$'000	$'000
	(As restated)	(As previously stated)	(As restated)	(As previously stated)
Balance sheet:				
Other current assets	2,242	1,042	2,157	957
Share capital	24,145	22,945	24,145	22,945

33. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2009 were authorised for issue in accordance with a resolution of the Directors on 30 March 2010.

Statistics of **Shareholdings**

As at 15 March 2010

Issued and fully paid share capital	:	S$168,665,715.44
Total number of shares in issue	:	455,821,443
Class of shares	:	Ordinary shares
Voting rights	:	On show of hands – each member presents in person or by proxy shall have one vote.
	:	On poll – every member presents in person or by proxy shall have one vote for every share he holds or represents.

There are no treasury shares held in the issued share capital of the Company.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 29.70% of the issued ordinary shares of the Company were held in the hands of the public as at 15 March 2010 and therefore Rule 723 of the Listing Manual is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	8	0.59	3,274	0.00
1,000 - 10,000	1,152	85.02	2,710,546	0.59
10,001 - 1,000,000	182	13.43	13,156,480	2.89
1,000,001 and above	13	0.96	439,951,143	96.52
TOTAL	1,355	100.00	455,821,443	100.00

TWENTY LARGEST SHAREHOLDERS

S/No	Name of Shareholder	No. of Shares	%
1.	SURREYVILLE PTE LTD	202,889,486	44.51
2.	SHARPTONE INVESTMENTS LIMITED	112,500,000	24.68
3.	KIM ENG SECURITIES PTE. LTD.	36,665,000	8.04
4.	DMG & PARTNERS SECURITIES PTE LTD	32,699,302	7.17
5.	CITIBANK NOMINEES SINGAPORE PTE LTD	13,557,000	2.97
6.	RAFFLES NOMINEES (PTE) LTD	11,320,000	2.48
7.	DBS NOMINEES PTE LTD	9,002,419	1.97
8.	GREENDALE INVESTMENTS PTE LTD	8,487,657	1.86
9.	HSBC (SINGAPORE) NOMINEES PTE LTD	5,409,000	1.19
10.	WONG YIING NGIIK	2,867,000	0.63
11.	DB NOMINEES (S) PTE LTD	1,903,279	0.42
12.	SAI YEE @ SIA SAY YEE	1,558,000	0.34
13.	WONG KIN KEONG	1,093,000	0.24
14.	LYE KOON MOY	1,000,000	0.22
15.	PHILLIP SECURITIES PTE LTD	700,000	0.15
16.	HL BANK NOMINEES (S) PTE LTD	680,000	0.15
17.	TIONG HOCK CHAI	445,000	0.10
18.	HENG YONG SENG	428,000	0.09
19.	SIM JUEE HIONG	350,000	0.08
20.	UNITED OVERSEAS BANK NOMINEES PTE LTD	308,000	0.07
	TOTAL	443,862,143	97.36

Statistics of Shareholdings

As at 15 March 2010

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Tan Sri Datuk Sir Tiong Hiew King (1)	0	0	315,389,486	69.19
Dato' Sri Dr Tiong Ik King (2)	0	0	202,889,486	44.51
Tiong Kiu King (3)	0	0	112,500,000	24.68
Sharptone Investments Limited (1), (3)	112,500,000	24.68	0	0
Surreyville Pte Ltd (1), (2)	202,889,486	44.51	0	0
Woodsville International Limited (1), (2)	0	0	202,889,486	44.51
Kim Eng Securities Pte. Ltd. (4)	35,175,000	7.72	0	0
Kim Eng Holdings Limited (4)	0	0	35,175,000	7.72
Yuanta Securities Asia Financial Services Limited (4)	0	0	35,175,000	7.72
Yuanta Securities Co., Ltd (4)	0	0	35,175,000	7.72
Yuanta Financial Holdings Co., Ltd (4)	0	0	35,175,000	7.72
Mitsubishi UFJ Securities Co., Ltd (4)	0	0	35,175,000	7.72
Mitsubishi UFJ Financial Group, Inc. (4)	0	0	35,175,000	7.72

Notes:

(1) Tan Sri Datuk Sir Tiong Hiew King's deemed interest comprised of (a) 202,889,486 shares held by Surreyville Pte Ltd, which arises from his shareholding in Woodsville International Limited, the holding company of Surreyville Pte Ltd; and (b) 112,500,000 shares held by Sharptone Investments Limited, which arises from his shareholding in Sharptone Investments Limited.

(2) Dato' Sri Dr Tiong Ik King's deemed interest arises from his shareholding in Woodsville International Limited, the holding company of Surreyville Pte Ltd.

(3) Tiong Kiu King's deemed interest arises from his shareholding in Sharptone Investments Limited.

(4) These companies are deemed to be interested in the 35,175,000 shares held by Kim Eng Securities Pte. Ltd. by virtue of Section 7 of the Companies Act.

Notice of
Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **RH PETROGAS LIMITED** (the "**Company**") will be held at 19 Kallang Avenue #06-163, Singapore 339410 on Wednesday, 28 April 2010 at 10.00 a.m., for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 31 December 2009 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$100,000 for the financial year ended 31 December 2009 (2008: S$90,000) **(Resolution 2)**

3. To re-elect Mr Tiong Kiew Chiong, a Director retiring by rotation under Article 90 of the Company's Articles of Association. **(Resolution 3)**

4. To re-elect Mr Tiong Chiong Ee, a Director retiring by rotation under Article 90 of the Company's Articles of Association. **(Resolution 4)**

5. To re-elect Dato' Sri Dr Tiong Ik King, a Director retiring by rotation under Article 106 of the Company's Articles of Association. (see explanatory note 1) **(Resolution 5)**

6. To re-elect Mr Abbasbhoy Haider Nakhoda, a Director retiring by rotation under Article 106 of the Company's Articles of Association. (see explanatory note 2) **(Resolution 6)**

7. To re-appoint Tan Sri Datuk Sir Tiong Hiew King as a Director of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting. **(Resolution 7)**

8. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions, with or without any modifications:

9. **Authority to Allot and Issue Shares** **(Resolution 9)**

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

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

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, 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 the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

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

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

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) the 50% limit in sub-paragraph (1) above may be increased to 100% for the Company to undertake pro-rata renounceable rights issues;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(5) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

(see explanatory note 3)

10. **Authority to Issue Shares at a Discount** **(Resolution 10)**

"That subject to and pursuant to the share issue mandate in Resolution 9 above being obtained, authority be and is hereby given to the Directors to issue new shares other than on a pro-rata basis to shareholders of the Company at an issue price per new share which shall be determined by the Directors in their absolute discretion provided that such price shall not represent more than 20% discount for new shares to the weighted average price per share determined in accordance with the requirements of the SGX-ST."
(see explanatory note 4)

11. To transact any other business that may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Wee Woon Hong
Company Secretary
Singapore

9 April 2010

Explanatory Notes:

1. Dato' Sri Dr Tiong Ik King will, upon re-appointment as a Director of the Company, remains as a member of the Audit, Nominating and Remuneration Committees of the Company.

2. Mr Abbasbhoy Haider Nakhoda will, upon re-appointment as a Director of the Company, remains as the Chairman of the Audit Committee, a member of the Nominating and Remuneration Committees of the Company, and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

3. The Ordinary Resolution 9 in proposed item 9 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company. The 50% limit referred to in the preceding sentence may be increased to 100% for the Company to undertake pro-rata renounceable rights issues from the date of this Annual General Meeting until 31 December 2010 or such timeline as may be prescribed by the SGX-ST.

4. The Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until 31 December 2010 or such timeline as may be prescribed by the SGX-ST to issue new shares (other than on a pro-rata basis to existing shareholders of the Company) at an issue price of up to 20% discount to the weighted average price per share.

Notes:

(i) A member of the Company entitled to attend and vote at the above Annual General Meeting may appoint not more than two proxies to attend and vote instead of him.

(ii) Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(iii) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 19 Kallang Avenue #06-163, Singapore 339410, not less than 48 hours before the time appointed for holding the above Annual General Meeting.

RH PETROGAS LIMITED
(formerly known as Tri-M Technologies (S) Limited)
(Company Registration Number 198701138Z)
(Incorporated in the Republic of Singapore)

Important:
1. For investors who have used their CPF monies to buy the shares, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

ANNUAL GENERAL MEETING

I/We* ______________________ (Name) NRIC/Passport number* ______________________ of

____ (Address)

being a shareholder/shareholders* of RH PETROGAS LIMITED (the "Company") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or*

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing *him/her, the Chairman of the Annual General Meeting ("AGM") of the Company as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf and, if necessary to demand a poll, at the AGM of the Company to be held at 19 Kallang Avenue #06-163, Singapore 339410 on Wednesday, 28 April 2010 at 10.00 a.m. and at any adjournment thereof.

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

No.	Resolutions relating to:	For	Against
	Ordinary Business		
1.	Adoption of Directors' and Auditors' Reports and Audited Accounts		
2.	Approval of Directors' fees amounting to S$100,000		
3.	Re-election of Mr Tiong Kiew Chiong as a Director		
4.	Re-election of Mr Tiong Chiong Ee as a Director		
5.	Re-election of Dato' Sri Dr Tiong Ik King as a Director		
6.	Re-election of Mr Abbasbhoy Haider Nakhoda as a Director		
7.	Re-appointment of Tan Sri Datuk Sir Tiong Hiew King as a Director		
8.	Re-appointment of Messrs Ernst & Young LLP as Auditors		
	Special Business		
9.	Authority to allot and issue new shares		
10.	Authority to issue shares at a discount		

* Delete accordingly

Dated this ____________ day of ______________ 2010

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

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, Cap. 50), 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 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, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

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

3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 19 Kallang Avenue #06-163, Singapore 339410, not less than 48 hours before the time appointed for the AGM.

4. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or 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 its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap. 50.

8. The submission of an instrument or form appointing a proxy by a member does not preclude him/her from attending and voting in person at the AGM if he/she so wishes.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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RH PetroGas

Corporate Registration 198701138Z

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