www.yeos.com.sg

Yeo Hiap Seng Limited
(Company Registration No.: 195500138Z)

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Yeo Hiap Seng Limited (Company Registration No.: 195500138Z)

Annual Report 2012

Annual Report
for financial year 2012

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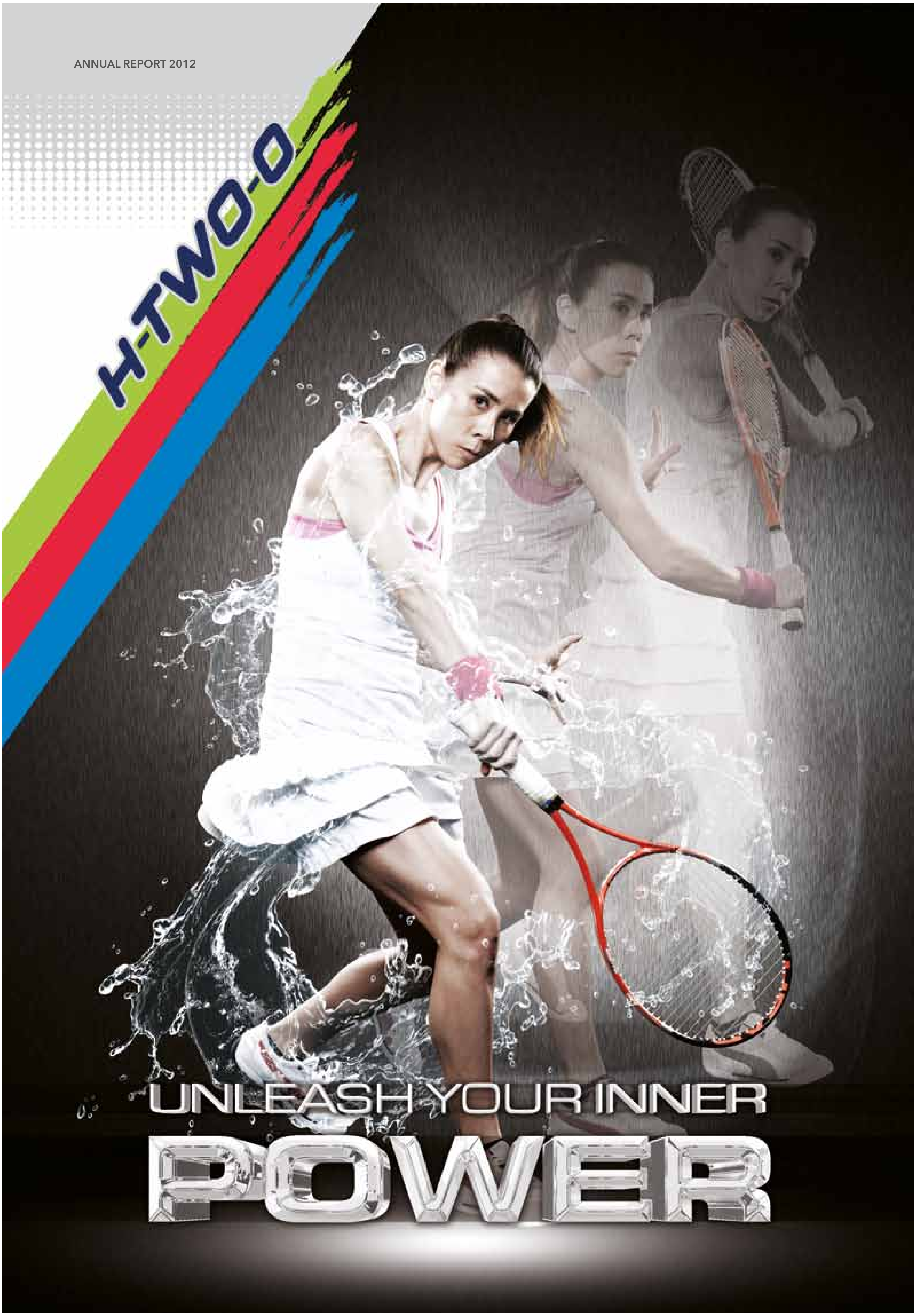
ANNUAL REPORT 2012
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CHAIRMAN'S STATEMENT

Dear Shareholders

FINANCIAL OVERVIEW

For the financial year ended 31 December 2012, the Group achieved overall revenue of $566.4 million, $123.4 million or 27.9% increase from the previous year. Food and beverage ("F&B") revenue improved by $27.0 million or 7.3% from the previous year to $398.5 million largely due to higher sales from Singapore, Malaysia, Indochina and Indonesia. Similarly revenue from property development also improved by $96.2 million or 141.8% from the previous year to $164.1 million.

The Group recorded a profit after tax and non-controlling interests of $70.4 million in 2012, up from $42.6 million in 2011. Net operating cash inflows generated by the F&B Division and the Property Division were $23.4 million and $83.2 million respectively.

DEVELOPMENTS IN FOOD & BEVERAGE

We have on 11 January 2013 successfully privatized our listed subsidiary in Malaysia through a selective capital reduction and repayment exercise. The plant consolidation exercise in Malaysia is near completion. We have installed three high-speed Tetra-pak lines in 2012 to better serve the market. A new aseptic PET line will be commissioned in early 2013 in our Shah Alam plant. This will be the first aseptic PET line in Malaysia and consumers can look forward to more exciting new products from Yeo's. We have also committed significant resources to improve our supply chain management to support the growing business and manufacturing infrastructure so as to serve our customers better.

We continued to enjoy high growth in Indonesia and Indochina, and the Group is preparing to set up manufacturing facilities in Cambodia and Indonesia by 2015 and 2016 respectively to meet growing market demands. In the meantime, we will be installing additional manufacturing and warehousing facilities in the Singapore Senoko plant to create more capacity for the Group to meet the increasing demand in the interim and enable us to refurbish and retool the aging Johor Baru plant in Malaysia.

The Group remains committed to our participation in the Asian beverage market but we will be more selective in terms of product range and geographical spread. The Group has also discontinued our manufacturing activities in our Shanghai plant in September 2012. The relocation of our manufacturing plant from Guangzhou to Sanshui in Foshan was completed in January 2013. The new plant will go into full commercial production in March.

The Company recognizes the importance of social corporate responsibility as an integral part of the business to create sustainable value for our stakeholders. We continue to be a firm supporter of both the Singapore League and National Day Parade. Our recycling efforts were evident through our "National Day Recyling Project" in Singapore and the "National Inter-Primary Schools Mural Making Competition" in Malaysia.

" The Group recorded a profit after tax and non-controlling interests of $70.4 million in 2012, up from $42.6 million in 2011. "

CHAIRMAN'S STATEMENT

PROSPECT FOR 2013

The Group is optimistic that the F&B business will continue to grow at a satisfactory level of profitability through brand building, new product launches and cost management.

The latest round of "cooling measures" in the Singapore property market introduced in January 2013 may slow down the sales of our remaining 17 units of residential property available for sale.

DIVIDEND

The Board is recommending a final dividend of 1 cent per ordinary share in respect of the financial year ended 31 December 2012. The dividend, payable in cash, is subject to shareholders' approval at the Company's forthcoming Annual General Meeting to be held in April 2013.

NOTE OF THANKS

As part of our Board renewal and succession planning, three new independent Directors will be put up for appointment at the forthcoming Annual General Meeting. Two current Directors, Mr. Irwin David Simon and Mr. Yap Ng Seng have decided not to seek re-election at the forthcoming Annual General Meeting and I thank them for their contributions and service to the Board during their tenure.

I wish to also extend our thanks and deep appreciation to all our customers, business partners, and shareholders for their continued support, and to all our staff for their continued dedication and commitment.

Koh Boon Hwee
Chairman
18 March 2013

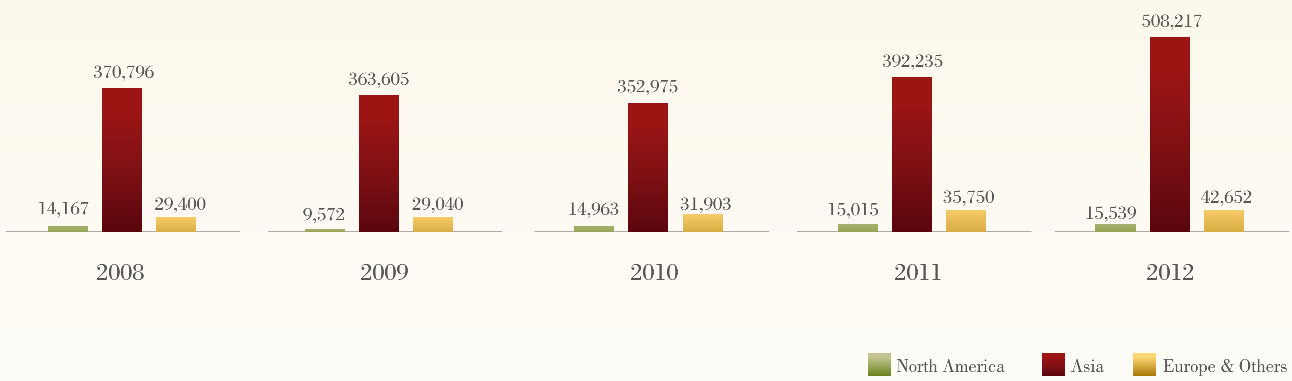
FINANCIAL HIGHLIGHTS

FIVE-YEARS STATISTICAL RECORD OF THE GROUP

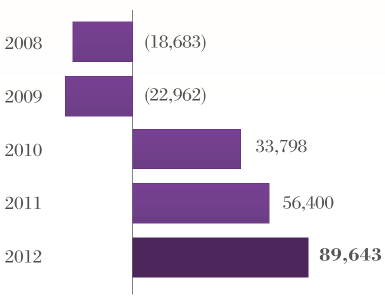
Unit: S$'000	2008	2009	2010	2011	2012
Turnover by Geographical Segments					
North America	14,167	9,572	14,963	15,015	15,539
Asia	370,796	363,605	352,975	392,235	508,217
Europe and others	29,400	29,040	31,903	35,750	42,652
Total Group Turnover	414,363	402,217	399,841	443,000	566,408
Pre-tax (loss)/profit	(18,683)	(22,962)	33,798	56,400	89,643
Net tangible assets*^	354,818	382,870	459,449	493,588	682,859

* Figures do not include interests of minority shareholders
^ Figures for prior year comparatives are restated due to the adoption of the Amendments to FRS 12, please refer to Note 2.1 in the separate financial statements of the Company

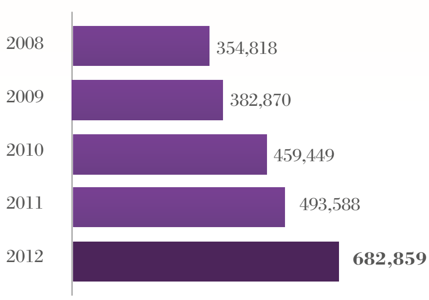
TURNOVER BY GEOGRAPHICAL SEGMENTS



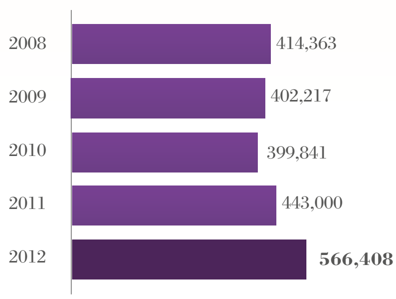
PRE-TAX (LOSS) / PROFIT



NET TANGIBLE ASSETS



GROUP TURNOVER

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PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT

Mr. Koh Boon Hwee, 62

Chairman

Member of Board of Directors
Chairman of Executive Committee
Member of Remuneration Committee

Mr. Koh Boon Hwee was first appointed non-independent, non-executive director on YHS Board on 1 January 2009 and subsequently, from 26 April 2010, he was appointed non-executive Chairman of the Board. Mr. Koh was last re-elected as a director of the Company on 26 April 2012.

Mr. Koh started his career in year 1977 at Hewlett Packard and rose to become its Managing Director in Singapore, a post he held from 1985 to 1990. From 1991 to 2000, he was Executive Chairman of the Wuthelam Group.

Mr. Koh was the Chairman of the Singapore Telecom Group (SingTel) and its predecessor organisations from 1986 to 2001, Chairman of Singapore Airlines Limited from July 2001 to December 2005 and Chairman of DBS Group and DBS Bank from January 2006 to April 2010. He also served on the Board of MediaRing Ltd from April 1998 to October 2009 and Board of Temasek Holdings (Pte) Ltd from November 1996 to September 2010.

Mr. Koh is currently the Chairman of Yeo Hiap Seng (Malaysia) Berhad, Chairman of Sunningdale Tech Ltd, Chairman of Far East Orchard Limited, Director of FEO Hospitality Asset Management Pte Ltd and FEO Hospitality Trust Management Pte Ltd, Chairman of Credence Partners Pte Ltd, Chairman of Rippledot Capital Advisers Pte Ltd and Director of Rippledot Capital Management Pte Ltd, a board member of Agilent Technologies, Inc. in the United States and Chairman of AAC Technologies Holding Ltd in Cayman Islands. Mr. Koh also contributes actively to non-profit organisations. He is the current Chairman of the Board of Trustees of Nanyang Technological University, Deputy Chairman of EDB International Advisory Council, Director of the Harvard Singapore Foundation, a member of Research, Innovation & Enterprise Council, Fellow of Academy of Engineering Singapore and Director of The William and Flora Hewlett Foundation in the United States.

Mr. Koh received his Bachelor's Degree (First Class Honours) in Mechanical Engineering from the Imperial College of Science and Technology, University of London, and his MBA (Distinction) from the Harvard Business School.

Mr. S. Chandra Das, 73

Deputy Chairman, Lead Independent Director

Member of Board of Directors
Chairman of Remuneration Committee
Member of Audit Committee
Member of Nominating Committee
Member of Executive Committee

Mr. S. Chandra Das was appointed independent director on YHS Board on 1 September 2002 and subsequently, from 1 November 2005, he was appointed as Lead Independent Director. He was last re-elected as a director of the Company on 26 April 2012.

Mr. Das has over 36 years of experience primarily in companies involved in the trading and manufacturing industries. Mr. Das served as the Singapore Trade Representative to the USSR from 1970 to 1971, Chairman of the Trade Development Board from 1983 to 1986, Chairman of NTUC Fairprice Co-operative Ltd from 1993 to 2005, a board member of Cougar Logistics Corporation Ltd from 2005 to 2010, Director of Sincere Watch Limited and S i2i Ltd from 2010 to 2012 and CapitaMall Trust Management Ltd from 2002 to 2012.

Currently Mr. Das holds directorships in various public listed companies including: Chairman & Director of Nera Telecommunications Ltd, a director of Ascott Residence Trust Management Limited and Super Group Ltd. He is also the Managing Director of NUR Investment & Trading Pte Ltd, Singapore's Non-Resident Ambassador to Turkey and Pro-Chancellor of Nanyang Technological University.

He served as a Member of Parliament in Singapore from 1980 to 1996.

Mr. Das received his Bachelor of Arts degree (with honours) from the University of Singapore in 1965.

Mr. Das has been conferred numerous awards, such as the President's Medal by the Singapore Australian Business Council in 2000, and the Distinguished Service (Star) Award by National Trades Union Congress in 2005.

PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT

Mr. Tjong Yik Min, 60

Group Chief Executive Officer

Member of Board of Directors
Member of Executive Committee

Mr. Tjong Yik Min has served as a non-independent director on the YHS Board since 22 July 2002. He joined YHS as its President & Chief Operating Officer on 22 July 2002 and subsequently, from 26 April 2010, Mr. Tjong was appointed to the position of Group Chief Executive Officer. Currently he is also Executive Director of Far East Organization and Chief Executive Officer of Yeo Hiap Seng (Malaysia) Berhad. Mr. Tjong was last re-elected as a director of the Company on 27 April 2011.

Mr. Tjong has extensive experience in both the public and private sectors. He had served as Executive Director and Group President of Singapore Press Holdings Limited, Executive Director of Far East Orchard Limited (then known as Orchard Parade Holdings Limited), Permanent Secretary, Ministry of Communications, Director of Internal Security Department and Chairman of Civil Aviation Authority of Singapore. He is currently also a director of Genting Singapore PLC.

Mr. Tjong holds a Bachelor of Engineering, Industrial Engineering and Bachelor of Commerce (Economics) from the University of Newcastle, Australia. In addition, he also holds a Master of Science, Industrial Engineering from the University of Singapore.

Mr. Yap Ng Seng, 56

Deputy Chief Executive Officer

Member of Board of Directors
Member of Executive Committee

Mr. Yap Ng Seng was appointed non-independent director on YHS Board on 1 August 2010. He joined YHS as its Deputy Chief Executive Officer on 1 August 2010. Mr. Yap has also been appointed Director in a number of subsidiary companies within the Group. He was last re-elected as a director of the Company on 27 April 2011.

Prior to joining YHS, Mr. Yap was the Vice President of CROWN Asia Pacific Holdings Limited, where he spent the last 21 years. He has extensive experience in growing business in the competitive environment.

Mr. Yap obtained a Bachelor of Engineering in Mechanical & Production Engineering and a Master of Science in Industrial Engineering from National University of Singapore and a Master in Business Administration from Nanyang Technological University, Singapore.

Mr. Wee Kheng Jin, 58

Non-independent, Non-executive Director

Member of Board of Directors
Member of Executive Committee
Member of Nominating Committee

Mr. Wee Kheng Jin was appointed non-independent, non-executive director on YHS Board on 26 April 2010. Mr. Wee is currently an Executive Director in Far East Organization, a board member of Tung Lok Restaurants (2000) Limited and Parkson Retail Asia Limited. He was last re-elected as a director of the Company on 27 April 2011.

From January 2004 to July 2005, he was the Executive Director in the listed company Far East Orchard Limited (then known as Orchard Parade Holdings Limited).

Prior to this, Mr. Wee spent 16 years in Citibank and held various appointments in the Singapore operations including 9 years as its Country Financial Controller. In 1995, he was transferred to the bank's Asia Pacific Group office where he was responsible for overseeing several of the bank's treasury related initiatives.

Mr. Wee obtained his Bachelor of Accountancy degree from the University of Singapore on a SGV Scholarship and is a Certified Public Accountant.

PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT

Mr. Chang See Hiang, 59

Independent, Non-executive Director

Member of Board of Directors
Member of Audit Committee

Mr. Chang See Hiang was re-designated as an independent director on 20 February 2012. Prior to this appointment, he served as non-independent director on the Board since 9 November 1995. He was last re-elected as a Director of the Company on 26 April 2010.

An Advocate and Solicitor of the Supreme Court of Singapore, he is the Senior Partner of his own law firm, Messrs. Chang See Hiang & Partners. Mr. Chang is also Director of Jardine Cycle & Carriage Limited, STT Communications Ltd, IHH Healthcare Berhad and Parkway Pantai Limited. Mr. Chang was appointed as Member of the Casino Regulatory Authority of Singapore Board on 2 April 2011 and Member of the Securities Industry Council on 1 August 2012.

Mr. Chang graduated from the University of Singapore with a Bachelor of Law (Honours) degree.

Mr. Chin Yoke Choong, 61

Independent, Non-executive Director

Member of Board of Directors
Member of Audit Committee
Member of Remuneration Committee

Mr. Chin Yoke Choong was appointed independent, non-executive director on YHS Board on 15 May 2006 and was last re-elected on 26 April 2012.

Mr. Chin serves as a board member of several listed companies including Oversea-Chinese Banking Corporation Ltd, AV Jennings Limited, Ho Bee Investment Ltd, Sembcorp Industries Ltd and Singapore Telecommunications Limited. He is also the Deputy Chairman of NTUC Enterprise Co-operative Limited and Director of Singapore Labour Foundation. On 2 January 2010, Mr. Chin was appointed as a Member of the Council of Presidential Advisers (CPA). Mr. Chin was Chairman of Urban Redevelopment Authority of Singapore from 1 April 2001 to 31 March 2006, Managing Partner of KPMG Singapore from 1992 to 2005, Director of Neptune Orient Lines Limited from 2006 to 2012, board member of the Competition Commission of Singapore from 2005 to 2012 and Chairman of the Singapore Totalisator Board from 1 January 2006 until his retirement on 31 December 2012.

Mr. Chin holds a Bachelor of Accountancy from the University of Singapore and is a Chartered Accountant of the Institute of Chartered Accountants in England and Wales. Mr. Chin is a Fellow of the Institute of Certified Public Accountants of Singapore.

Mr. Irwin David Simon, 54

Independent, Non-executive Director

Member of Board of Directors

Mr. Irwin D. Simon was appointed independent, non-executive director on YHS Board on 1 November 2005 and was last re-elected on 27 April 2011.

Mr. Simon is the founder of The Hain Celestial Group, Inc and has been their President and Chief Executive Officer since inception. He was appointed Chairman of the Board of Directors of The Hain Celestial Group, Inc in April 2000. Previously, Mr. Simon was employed in various marketing capacities at Slim-Fast Foods Company and The Haagen-Dazs Company, a division of Grand Metropolitan, plc. Mr. Simon currently serves as lead director of Jarden Corporation and a director of several privately held companies. He is the past chapter chairman of YPO – Gotham Chapter, New York.

Mr. Simon has a Bachelor of Arts from Saint Mary's University, Canada.

PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT

Mr. Ngiam Tong Dow, 75

Independent, Non-executive Director

Member of Board of Directors
Chairman of Audit Committee
Chairman of Nominating Committee

Mr. Ngiam Tong Dow has served as an independent, non-executive director on the YHS Board from 18 February 2002. He was last re-elected as a director of the Company on 26 April 2012.

Mr. Ngiam is currently a Director of Raffles Health Insurance Pte Ltd (formerly known as International Medical Insurers Pte Ltd). Prior to his present appointments, he was Chairman of the Housing & Development Board, a position he held from October 1998 to September 2003. He also held the post of Permanent Secretary in various ministries, including the Prime Minister's Office, the Ministries of Finance, Trade and Industry and Communications. He was Chairman of the Economic Development Board and the Development Bank of Singapore. He had also held directorships in Singapore Airlines Ltd, Singapore Technologies (then known as Sheng-Li Holdings), United Overseas Bank Ltd, Far Eastern Bank Ltd, Temasek Holdings (Pte) Ltd, Overseas Union Bank Ltd and Singapore Press Holdings Limited.

Mr. Ngiam has a Master of Public Administration from Harvard University and a Bachelor of Arts (Honours), First Class from the University of Malaya.

Dr. Tan Chin Nam, 62

Independent, Non-executive Director

Member of Board of Directors
Member of Remuneration Committee

Dr. Tan Chin Nam was appointed independent, non-executive director on YHS Board on 11 January 2008. He was last re-elected as a director of the Company on 27 April 2011.

Dr. Tan had 33 years of distinguished service in the Singapore Public Service holding various key appointments before completing his term as a Permanent Secretary in 2007. He held various top leadership positions including as General Manager and Chairman, National Computer Board, Managing Director, Economic Development Board, Chief Executive, Singapore Tourism Board, Permanent Secretary, Ministry of Manpower, Permanent Secretary, Ministry of Information, Communications and the Arts, Chairman, National Library Board and Chairman, Media Development Authority. He now chairs Media Development Authority International Advisory Panel and Nanyang Technological University's New Media Peak of Excellence Governance Coordinating Committee. He played a leading role in the information technology, economic, tourism, manpower, library, media, arts and creative industries development of Singapore.

Dr. Tan is now a senior corporate adviser holding directorships in various companies including Stamford Land Corporation Ltd, Raffles Education Corporation Ltd, Gallant Venture Ltd, PSA International Pte Ltd, and Temasek Management Services Pte Ltd. He is a Senior Adviser of Salim Group, ZANA Capital, Singbridge Corporate Pte Ltd, a Trustee of Bankinter Board of Innovation (Spain), a Principal Member of Green Finance Corporation and Director of Sino-Singapore Guangzhou Knowledge City Investment and Development Co Ltd (China).

Previous appointments held include Chairman of Singapore Mint, National Computer Systems, EDB Ventures and Singapore Broadcasting Authority, Deputy Chairman of Hitachi Electronic Devices (S), Director of Singapore Aerospace, Singapore Telecommunications, EDB Investments, Jurong Town Corporation, Sentosa Development Corporation, Singapore Computer Systems, Chartered Industries of Singapore, Telecommunication Authority of Singapore, Totalisator Board, The Esplanade Company, National Arts Council, Singapore Symphonia Co, Singapore Dance Theatre, International Advisory Board of Economic Development Board Rotterdam and Singapore Governor to the Asia –Europe Foundation.

Dr. Tan holds degrees in industrial engineering and economics from the University of Newcastle, Australia and an MBA from University of Bradford, UK as well as two honorary doctorates from both universities. He attended Advanced Management Programme at Harvard Business School and is an Eisenhower Fellow. He was awarded four Public Administration Medals by the Government of Singapore.

PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT

Dato' Mohamed Nizam bin Abdul Razak, 54
Proposed Director

Dato' Mohamed Nizam bin Abdul Razak is a Malaysian and he will be appointed as non-executive director on YHS Board, subject to the shareholders' approval at the Fifty-seventh Annual General Meeting of the Company to be held on 24 April 2013. The Nominating Committee of the Company considers Dato' Nizam to be an independent director.

Dato' Nizam was attached to Bumiputra Merchant Bankers Berhad from 1981 to 1984 and to PB Securities Sdn Bhd from 1984 to 1998. He was independent and non-executive director of Yeo Hiap Seng (Malaysia) Berhad since 2002 until its privatisation on 11 January 2013. Dato' Nizam presently sits on the board of Mamee-Double Decker (M) Berhad, Synergy Track Berhad, Deutsche Bank (M) Berhad and Delloyd Ventures Berhad, a listed company in Malaysia. He also serves on the board of several private limited companies engaged in a wide range of activities and is actively involved in several charitable foundations such as Noah Foundation, Hong Leong Foundation, National Children Welfare Foundation, Yayasan Rahah and Yayasan Wah Seong. In March 2012, he was appointed Pro-Chancellor of Universiti Tun Abdul Razak.

Dato' Nizam graduated with a Bachelor of Arts (Oxon) degree in Politics, Philosophy and Economics from the Oxford University, United Kingdom.

Encik Razman Hafidz bin Abu Zarim, 57
Proposed Director

Encik Razman Hafidz bin Abu Zarim is a Malaysian and he will be appointed as non-executive director on YHS Board, subject to the shareholders' approval at the Fifty-seventh Annual General Meeting of the Company to be held on 24 April 2013. The Nominating Committee of the Company considers Encik Razman to be an independent director.

Encik Razman started his career with Touche Ross & Co., Chartered Accountants in London, England and later joined Hacker Young, Chartered Accountants in London, England where he was admitted as an Audit Partner.

In 1989, Encik Razman returned to Malaysia as an Audit Partner of Price Waterhouse ("PW") and later Partner-in-Charge of PW's Management Consulting Practice and became an Executive Committee member. In 1994, he established Norush Sdn Bhd, an investment holding and business advisory firm where he remains as Chairman. Encik Razman was independent and non-executive director of Yeo Hiap Seng (Malaysia) Berhad since 2005 until its privatisation on 11 January 2013.

Encik Razman sits on board of Linde Malaysia Holdings Berhad, Sumitomo Mitsui Banking Corporation Malaysia Berhad and Panasonic Manufacturing Malaysia Berhad, a listed company in Malaysia. He also holds several directorships in other private limited companies.

Encik Razman graduated with a Joint-Honours degree in Economics and Accounting, BSc (Econ) from University College, Cardiff, University of Wales. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants.

Dato' N. Sadasivan a/l N.N. Pillay, 73
Proposed Director

Dato' N. Sadasivan a/l N.N. Pillay is a Malaysian and he will be appointed as non-executive director on YHS Board, subject to the shareholders' approval at the Fifty-seventh Annual General Meeting of the Company to be held on 24 April 2013. The Nominating Committee of the Company considers Dato' N. Sadasivan to be an independent director.

Dato' N. Sadasivan began his career as an Economist with the Economic Development Board, Singapore in 1963 and was subsequently promoted to the position of Chief of the Industrial Facilities Division in 1965. In 1968, Dato' N. Sadasivan joined Malaysian Industrial Development Authority (MIDA) and served as the Deputy Director General from 1976 to 1983. From 1984 until his retirement in 1995, he was the Director-General of MIDA. Dato' N. Sadasivan was independent and non-executive director of Yeo Hiap Seng (Malaysia) Berhad since 2004 until its privatisation on 11 January 2013.

Presently Dato' N. Sadasivan sits on the board of several private and public listed companies in Malaysia namely Petronas Gas Berhad, APM Automotive Holdings Berhad and Bank Negara Malaysia.

Dato' N. Sadasivan graduated with a Bachelor of Arts (Hons) in Economics from the University of Malaya in 1963.

REPORT ON CORPORATE GOVERNANCE

Yeo Hiap Seng Limited ("YHS" or the "Company") is committed to maintaining high standards of corporate governance in order to protect and enhance long-term shareholder value. This Report describes the corporate governance practices and activities for the Company and its subsidiaries (the "Group) for the financial year ended 31 December 2012 with specific references to the principles of the Code of Corporate Governance 2012 (the "Code").

BOARD MATTERS

Board's Conduct of its Affairs

Principle 1 Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Principal Duties of the Board

The Company subscribes to the principle of having good Board practices and members of integrity. Board members appointed have extensive corporate experience and good track record in the public and/or private sectors.

Apart from its statutory duties, the responsibilities of the Board include:

i. providing entrepreneurial leadership, setting strategic objectives, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
ii. monitoring and approving the Group's broad policies, operational initiatives, annual budget, major investment and funding decisions;
iii. ensuring the adequacy of internal controls (including financial, operational and compliance) and the risk management framework;
iv. approving the appointment of the Chief Executive Officer ("CEO") and Directors, and overseeing the succession planning process;
v. reviewing management performance, setting values and standards (including business ethics and sustainability policy and practices), and ensuring that obligations to shareholders and other stakeholders are understood and met; and
vi. assuming responsibility for corporate governance.

Board Approval

Board approval is required for transactions in the ordinary course of business with gross value exceeding S$10 million and for transactions not in the ordinary course of business, with gross value exceeding S$2 million. Other matters, which are specifically referred to the Board for approval, are those involving bank borrowings, provision of corporate guarantees or securities, material acquisitions or disposal of assets exceeding S$2 million per item or S$10 million in the aggregate in any financial year, equity or contractual joint ventures with initial investment value exceeding S$2 million and diversification into new businesses.

Delegation by the Board

The Board is accountable to shareholders while management is accountable to the Board. Each Director is expected to act in good faith and in the best interests of the Company at all times in the exercise of his duties and powers. These functions are carried out directly or through committees comprising Board members and senior management staff as well as by delegation of authority to senior management staff in the various companies of the Group. The "Corporate Information" section of the annual report sets out the composition of the Board of Directors and Board committees. Further details of the scope and functions of the various committees are provided in the later part of this Report.

Board Processes

The schedule of meetings of the Board, Board committees and the Annual General Meeting ("AGM") for the next calendar year is planned in advance. The Board meets at least four times a year at regular intervals. Telephonic participation at Board meetings is allowed under the Company's Articles of Association ("AA"). Ad hoc Board meetings may be convened, if warranted by circumstances. The Board and Board committees may also make decisions by way of circulating resolutions in lieu of a meeting.

REPORT ON CORPORATE GOVERNANCE

The attendance of the Directors at meetings of the Board, Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") during the financial year was as follows:

	Board			Audit			Nominating			Remuneration		
	A	B	C	A	B	C	A	B	C	A	B	C
Executive Director												
Tjong Yik Min	M	6	6	-	-	-	-	-	-	-	-	-
Yap Ng Seng	M	6	5	-	-	-	-	-	-	-	-	-
Non-executive Director												
Koh Boon Hwee	C	6	6	-	-	-	-	-	-	M	2	2
S. Chandra Das	DC	6	6	M	5	5	M	1	1	C	2	2
Wee Kheng Jin	M	6	5	-	-	-	M	1	1	-	-	-
Chang See Hiang	M	6	5	M	5	5	-	-	-	-	-	-
Chin Yoke Choong	M	6	6	M	5	5	-	-	-	M	2	2
Irwin David Simon	M	6	1	-	-	-	-	-	-	-	-	-
Ngiam Tong Dow	M	6	5	C	5	5	C	1	1	-	-	-
Tan Chin Nam	M	6	5	-	-	-	-	-	-	M	2	2

Annotations:
A : Position held as at 18 March 2013 either as Chairman (C), Deputy Chairman (DC) or Member (M)
B : Number of meetings held during the financial year/period from 1 January 2012 (or date of appointment, where applicable) to 31 December 2012
C : Number of meetings attended during the financial year/period from 1 January 2012 (or date of appointment, where applicable) to 31 December 2012

Board Orientation and Training

A formal letter of appointment is provided to a new Director upon his appointment, setting out the Director's duties and obligations. Newly appointed Directors are briefed on the Group's businesses and governance practices by the CEO and senior management. The orientation programme also includes a familiarisation tour of selected premises or factories within the Group. The programme allows new Directors to get acquainted with senior management, thereby facilitating Board interaction and independent access to management. Where necessary, the Company will provide training for first-time Directors in areas such as accounting, legal and industry-specific knowledge. During the financial year under review, Mr. Yap Ng Seng, a first-time Director, was given training on corporate governance and risk management.

Directors are routinely updated on developments and changes in the operating environment, including revisions to accounting standards, and laws and regulations affecting the Group. At the request of Directors, the Company will fund Directors' participation at industry conferences, seminars or any training programme in connection with their duties as Directors of the Company. The Company Secretary will bring to the Directors' attention, information on seminars that may be of relevance or use to them.

Board Composition and Guidance

Principle 2 There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders[1] . No individual or small group of individuals should be allowed to dominate the Board's decision making.

Board Independence

During the financial year, the Board had ten members, consisting of six independent non-executive Directors, two non-independent non-executive Directors and two executive Directors. A description of the background of each Director is provided in the "Profile of the Board of Directors & Management" section of this annual report.
The Board has adopted the definition in the Code of what constitutes an independent Director in its review of the independence of each Director. The provisions of the Code require the Board to review annually (and as and when circumstances require) the independence of the independent Directors, and to review with particular rigor whether an independent Director who has served for a period of more than nine years as a Director continues to be independent.

[1] *A "10% shareholder" is a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share or those shares is not less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.*

REPORT ON CORPORATE GOVERNANCE

The Board has, upon the recommendation of the NC, reviewed and affirmed the independence of the following independent Directors, each of whom has served less than nine years as independent Directors:
i. Mr. Chang See Hiang;
ii. Mr. Irwin David Simon;
iii. Mr. Chin Yoke Choong; and
iv. Dr. Tan Chin Nam.

The Board has rigorously reviewed the independence of Mr. S. Chandra Das and Mr. Ngiam Tong Dow, each of whom has served as independent Directors for more than nine years. The Board is of the view that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. The Board has determined that both Mr. S. Chandra Das and Mr. Ngiam Tong Dow are independent in character and judgement and that there are no relationships or circumstances which affect or are likely to affect their judgment and ability to discharge their responsibilities as independent Directors.

Board Size and Composition

The size and composition of the Board are reviewed annually by the NC, which seeks to ensure that the size of the Board is conducive to effective discussion and decision making, and that the Board has an appropriate number of independent Directors. Taking into account the size and geographical spread of the Group's businesses, the Board considers the current Board size as appropriate. The current Board comprises members who as a group provide core competencies necessary to meet the Group's needs. These competences include accounting and finance, legal, business acumen, industry knowledge and management experience.

Meeting of Directors without Management

At each Board meeting and as and when warranted, the Board sets aside time to meet without the presence of executive Directors and management. The Board is hence of the view that it is not necessary to pre-arrange formal sessions.

Chairman and Chief Executive Officer

Principle 3 There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Separation of the Role of Chairman and Chief Executive Officer

The offices of Chairman of the Board and CEO are held by separate individuals to maintain effective oversight and accountability at Board and management levels. As Chairman of the Board, Mr. Koh Boon Hwee bears responsibility for the workings of the Board. Mr. Tjong Yik Min, as Group CEO, bears responsibility for overall running of the Group's businesses.
The Chairman leads the Board to ensure the effectiveness on all aspects of its role. He ensures that the members of the Board receive accurate, clear and timely information, facilitates the contribution of non-executive Directors, encourages constructive relations between executive, non-executive Directors and management, ensures effective communication with shareholders and promotes a high standard of corporate governance. The Chairman, in consultation with the management and the Company Secretary, sets the agenda for Board meetings and ensures that Board members are provided with adequate and timely information. As a general rule, Board papers are sent to Directors at least three days in advance in order for Directors to be adequately prepared for the meeting. Key management staff who have prepared the papers, or who can provide additional insights into the matters to be discussed are invited to present the paper during the Board meetings.

At AGMs and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and management.
The Board is of the view that the Company has effective independent non-executive Directors to provide balance within the workings of the Board and oversight for minority shareholders' interests. In addition, Mr. S. Chandra Das acts as the lead independent non-executive Director. Mr Das is a member of the NC. Shareholders with concerns may contact him directly, when contact through the normal channels via the Chairman or other management personnel has failed to provide satisfactory resolution, or when such contact is inappropriate. The lead independent Director will lead meetings of the independent Directors without the presence of the Chairman and non-independent Directors as and when warranted.

Board Membership

Principle 4 There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

REPORT ON CORPORATE GOVERNANCE

Continuous Board Renewal

Periodic reviews of the Board composition, including the selection of candidates for new appointments to the Board, are made by the NC as part of the Board's renewal process. The selection of candidates is evaluated taking into account various factors including the current and mid-term needs and objectives of the Group, as well as the relevant expertise of the candidates and their potential contributions. Candidates may be put forward or sought through contacts and recommendations.

NC Composition & Recommendations

The NC comprises three Directors, namely, Mr. Ngiam Tong Dow, Mr. S. Chandra Das and Mr. Wee Kheng Jin. Mr. Ngiam Tong Dow (Chairman of NC) and Mr. S. Chandra Das are independent Directors.

The principal roles of the NC are:

i. reviewing board succession plans for Directors including the Chairman and CEO;
ii. evaluating the performance of the Board and the contribution of each Director;
iii. re-nominating Directors and determining the independence of Directors;
iv. reviewing training and professional development programs for the Board; and
v. identifying candidates and reviewing all nominations for the appointment or re-appointment of members of the Board of Directors and the members of the various Board committees for the purpose of proposing such nominations to the Board for its approval.

At each AGM, one third of the Directors, including the CEO who also serves on the Board (or, if their number is not a multiple of three, the number nearest to but not less than one-third), shall retire from office by rotation. Directors appointed by the Board during the financial year, without shareholders' approval at the AGM, shall only hold office until the next AGM, and thereafter be eligible for re-election at the AGM. The NC considers the present guidelines adequate and does not recommend any change to the Company's AA. In addition, Directors of 70 years of age and above are required by law to stand for re-election every year at the AGM.

The NC takes into consideration for the re-nomination of Directors for the ensuing term of office factors such as attendance, preparedness, participation and candour at meetings of the Board and Board committees.

Directors' Time Commitments

The responsibilities of the NC also include assessing annually whether Directors who hold multiple directorships adequately carry out their duties as Directors of the Company. The NC's assessments are based on Directors' declarations made annually and from time to time taking into consideration that multiple representations can benefit the Group as these Directors bring to the Board greater depth and diversity of experience, knowledge and perspectives.

The NC is satisfied that all Directors on the Board are seasoned professionals with extensive management, financial, accounting, investment and commercial backgrounds, who are capable of acting responsibly and are able to properly serve on the Board and any of the Board committees to which such Directors are appointed despite competing commitments and demands on their time. The Board has accordingly not set a maximum number of other company directorships which a Director may concurrently hold.

Board Performance

Principle 5 There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Board Evaluation Process

The NC has put in place a formal Board evaluation process. Directors were requested to complete evaluation questionnaires which assess the effectiveness of the Board and the Chairman of the Board. The questionnaire included assessment criteria such as the size of the Board, the degree of independence of the Board, information flow from management, and adequacy of the Board and committees' meetings held to enable proper consideration of issues. The results of the performance evaluation are presented first to the Chairman and then to the Board. The Board would act on the results where appropriate. The Board is of the opinion that a criterion such as share price performance is not appropriate for assessment of non-executive Directors and the Board's performance as a whole.

Access to Information

Principle 6 In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

REPORT ON CORPORATE GOVERNANCE

Complete, Adequate and Timely Information

Board members are provided with management information including country performance, budgets, forecasts, funding position, capital expenditure, and manpower statistics of the Group prior to each Board meeting to enable them to keep abreast of the Group's performance, financial position and prospects. Any material variance between budgets, projections and actual results are disclosed and explained. All relevant information on material events and transactions are circulated to Directors as and when they arise.

Company Secretary

Board members have separate and independent access to the Company's senior management and the Company Secretary, and vice versa. The Company Secretary attends all meetings of the Board and Board committees and assists the Chairman to ensure that Board procedures are followed and that there is good information flow. Where queries made by the Directors are channelled through the Company Secretary, the Company Secretary ensures that such queries are answered promptly by management. The appointment and removal of the Company Secretary is a Board reserved matter.

Independent Professional Advice

Directors, individually or as a group, in furtherance of their duties and after consultation with the Chairman of the Board, are authorised to seek independent professional advice at the Company's expense.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7 There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

RC Composition

The RC comprises four non-executive Directors, namely, Mr. S. Chandra Das, Mr. Chin Yoke Choong, Mr. Koh Boon Hwee and Dr. Tan Chin Nam. Mr. S. Chandra Das (Chairman of RC), Mr. Chin Yoke Choong and Dr. Tan Chin Nam are independent Directors. All four members, having managed large organisations are experienced and knowledgeable in the field of executive compensation. In addition, they have access to the Company's Human Resource personnel should they have any queries on human resource matters. If the RC requires external professional advice, such professionals would be engaged at the Company's expense. For the financial year under review, the Company did not engage any remuneration consultant with regard to the remuneration of Directors.

The RC's principal functions include:

i. reviewing and approving the structure of the compensation policies of the Group so as to align compensation with shareholders' interests;
ii. recommending the fees of the non-executive Directors;
iii. reviewing executive Directors' and key management personnel's remuneration packages annually and determining appropriate adjustments; and
iv. approving share incentives and share ownership for staff.

Level and Mix of Remuneration

Principle 8 The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The Company adopts a remuneration policy for staff that is primarily performance based. Remuneration comprises a fixed and a variable component. The fixed component consists of a base salary, fixed allowance and an annual wage supplement. The variable component is in the form of a variable bonus that is linked to the Company's and the individual's performance.

The Company has in place the following incentive schemes:

i. a short-term performance bonus plan for staff based on a tiered bonus pool which is determined by the achievement of certain key financial and operational performance indicators that have been approved by the RC and the Board at the beginning of the year;
ii. a medium-term performance bonus plan for key management personnel based on a tiered bonus pool that is pegged to the growth rate in the 3-year weighted moving average of a key financial performance indicator; and

REPORT ON CORPORATE GOVERNANCE

iii. a long-term share-based incentive plan (the YHS Share Incentive Plan) as part of the continuing efforts to reward, retain and motivate key management personnel. This plan is administered by the RC. Further information on the YHS Share Incentive Plan can be found in the Directors' Report in this Annual Report

The CEO will evaluate *inter alia* the extent to which the above indicators have been achieved based on the Company's performance, the staff's performance as well as the criticality of the function or position, and recommend for the approval of the RC and the Board, the bonus pool quantum for distribution and the share awards to be granted.

Executive Directors' Remuneration

The two executive Directors (CEO and Deputy CEO) do not receive Directors' fees.
In setting the remuneration packages of the executive Directors, the Company makes a comparative study of the packages of executive Directors in comparable industries and takes into account the performance of the Company and that of the executive Directors. The remuneration package of the two executive Directors is made up of fixed and variable components. The fixed remuneration comprises annual basic salary, fixed allowances and annual wage supplement. The variable component is subject to the same incentive bonus plans detailed above. In line with their seniority and greater responsibilities, the proportion, quantum and distribution basis are structured differently from that for the staff.

The employment contract for the CEO does not have fixed-term tenure and does not contain onerous removal clauses. In addition to the remuneration terms described above, the CEO receives a contractual bonus and has a dual employment contract with the controlling shareholder or its related company. The employment contract for the Deputy CEO has a five-year fixed term and contains provisions with regard to early termination which have been approved by the RC and the Board.

Currently, both executive Directors do not receive any share awards.

Non-executive Directors' Remuneration

Non-executive Directors have no service contracts with the Company and their terms are specified in the AA. Non-executive Directors are paid a basic fee, an additional fee for serving on any of the committees and an attendance fee for participation in meetings of the Board and any of the committees. In determining the quantum of such fees, factors such as frequency of meetings, time spent, responsibilities of Directors, and the need to be competitive in order to attract, motivate and retain these Directors are taken into account. The Chairman and members of the AC receive higher additional fees to take into account the nature of their responsibilities and the greater frequency of meetings. The aggregate fees of the non-executive Directors are subject to the approval of the shareholders at the AGM.

Director fees and additional fees for serving on Board committees and attendance fees are paid to non-executive Directors in accordance with the following framework:

Fee Structure	Financial Year 2012
Chairman (Flat Fee)	$350,000
Deputy Chairman & Lead Independent Director	$120,000 (1)
Non-executive Directors – Basic Fee	$40,000
Audit Committee – Chairman	$40,000
Audit Committee – Member	$20,000
Other Committee – Chairman	$10,000
Other Committee – Member	$6,000
Attendance Fee – Singapore	$1,000 (2)
Attendance Fee – Overseas	$2,000 (2)

Annotation:
(1) Inclusive of $60,000 payable for appointment as Chairman of YHS (Singapore) Pte. Ltd., the Company's wholly-owned subsidiary.
(2) Attendance fees are payable on a per day basis, regardless of the number of meetings held on the same day.

Disclosure of Remuneration

Principle 9 Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

REPORT ON CORPORATE GOVERNANCE

The remuneration of the executive and non-executive Directors and the top five management personnel are as follows:

Non-executive Directors	Fees[(1)] $
Koh Boon Hwee	350,000
S. Chandra Das[(2)]	204,000
Ngiam Tong Dow	96,000
Chin Yoke Choong	74,000
Chang See Hiang	68,000
Wee Kheng Jin	53,000
Tan Chin Nam	52,000
Ow Tin Nyap[(3)]	47,000
Irwin David Simon	43,000
Total	987,000

Executive Directors	Total Gross Remuneration $	Fixed Salary [(4)] %	Variable Bonus [(5)] %	Benefits-in-kind & Others [(6)] %
Tjong Yik Min	2,374,410	55.7	40.4	3.9
Yap Ng Seng	1,025,190	73.4	20.0	6.6

Top 5 Management Personnel	Designation	Remuneration Band $	Fixed Salary[(4)] %	Variable Bonus[(5)] %	Benefits-in-kind & Others[(6)] %	Long-term Incentives[(7)] %
Sueann Lim	Executive Vice President, Research & Development / Quality Assurance	$500,000 to $749,999	72.9	17.5	5.1	4.5
Pearl Foong	Group Financial Controller	$250,000 to $499,999	73.5	13.4	8.2	4.9
Ronnie Chung	Senior Vice President, Commercial Singapore, Indochina, South & East Asia, Africa & Pacific Islands	$250,000 to $499,999	65.5	26.1	3.6	4.8
Tee Peow Keong	Vice President, Europe	$500,000 to $749,999	42.4	-	57.6	-
Quek Cham Leong	Chief Executive Officer, United States of America	$500,000 to $749,999	49.2	19.9	30.9	-

The aggregate remuneration paid to the above top five management personnel in the year under review was $2,683,467.

Annotations:

(1) Non-executive Directors' fees as shown are on a paid basis, and relates to services rendered in respect of the previous financial year ended 31 December 2011.

(2) Inclusive of S$60,000 for appointment as Chairman of YHS (Singapore) Pte Ltd, the Company's wholly-owned subsidiary.

(3) Retired following the conclusion of the AGM held on 26 April 2012.

(4) Fixed salary refers to base salary, annual wage supplement, fixed allowances and contractual bonuses, where applicable.

(5) Variable bonus refers to cash bonuses awarded for performance for the year ended 31 December 2012.

(6) Benefits-in-kind & Others are stated on the basis of direct costs to the Group and is inclusive of payments in respect of company (employer) statutory contributions to the Singapore Central Provident Fund, Malaysia Employees Provident Fund, tax equalisation, car benefits, children's education, club membership and housing rental, where applicable.

(7) Long-term Incentives refers to awards of shares in the Company. The share-based remuneration is the fair value of the awards based on the market price per share at grant date and recognised over the vesting period.

REPORT ON CORPORATE GOVERNANCE

The Company has decided against the inclusion of an annual remuneration report in this Report as the matters required to be disclosed therein have been disclosed in this Report, the Directors' Report and the notes to the financial statements. The Board responds to queries from shareholders at AGMs on matters pertaining to remuneration policies and Directors' remuneration. Accordingly, it is the opinion of the Board that there is no necessity for such policies to be approved by shareholders.

There are no employees of the Group who are the immediate family members of any of the Directors or the CEO and whose remuneration exceeds $50,000 in the last financial year.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10 The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Company is committed to providing a balanced and clear assessment of the Group's performance, financial position and prospects through timely reporting of its quarterly and full-year results. The Company has in place a system of reporting to maintain compliance with statutory and regulatory reporting requirements. Negative assurance statements were issued by the Board with each quarterly financial report to confirm that to the best of its knowledge, nothing had come to its attention which would render the Company's quarterly results false or misleading in any material respect.

Risk Management and Internal Controls

Principle 11 The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is primarily responsible for the governance of risk.

The Company's internal auditor reviews the implementation of the policies and procedures adopted and reports its findings to the AC to provide check and balance.

The Company's external auditors carry out, in the course of the statutory audit, an assessment of the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, and highlight any material internal control weaknesses that have come to its attention during the conduct of its normal audit procedures, which are designed primarily to enable it to express its opinion on the financial statements. Any material internal control weaknesses, identified during its audit and its recommendations, are reported to the AC.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management and various Board Committees, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls were adequate as at 31 December 2012 to address financial, operational and compliance risks, which the Group considers relevant and material to its operations. The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

REPORT ON CORPORATE GOVERNANCE

The identification and management of financial risks are outlined under the Notes to the Financial Statements of the annual report.

The main operational risks are as follows:

i. risk of product contamination and product integrity in the manufacturing process. The Company has established a strong Group Research & Development and Quality Assurance Centre in Singapore which oversees and monitors product integrity and manufacturing processes across the Group;
ii. risk of over-stocking and potential write-offs should there be a sudden change in market condition. The management constantly monitors production, inventory holding and sales to reduce the risk of over-stocking;
iii. risk of ineffective advertising & promotion and selling expenses being incurred which do not generate the expected sales and profits. The management constantly monitors major advertising & promotion programmes and sets key performance indicators to monitor spending against the sales and profitability;
iv. change in operational conditions including fluctuation in raw material prices and labour issues that affect the cost of doing business. To avoid over-dependence on any one supplier and service provider, the Group has a policy to have more than one supplier where practicable. The Group will monitor and judiciously lock in raw material prices where appropriate and possible in order to contain raw material cost;
v. risk of disruptions to supplies, brand equity and cash flow arising from the rationalisation and relocation of factories within the Group. The Group sets up dedicated task force to plan, monitor and track the implementation of all such projects. Where necessary, the Group will engage third-party professional advisors to support project team members;
vi. loss of capacity at any particular plant within the Group due to unforeseen circumstances that affect the supply and the business. The Group, where possible, will have more than one manufacturing site or a third-party contract manufacturer to serve as back-up to cushion the impact;
vii. disruptions to business due to failure of MIS system. The Group has an off-site recovery centre, a MIS recovery plan and manual back-up procedures;
viii. risk of disruptions due to departure of key management personnel. The Group has a compensation scheme that seeks to attract and retain talent and prepares for succession of key appointment holders;
ix. risk of financial loss to the Group as a result of management taking excessive risks or embarking on short-term programmes that may have negative impact in the long-term. The Group has compensation scheme that contains both financial and operational KPIs in order to encourage and reward performance without undue risks. The scheme also provides both short-term and medium-term bonus to encourage the management to balance the short-term initiatives with medium-term plans; and
x. as the Group expands overseas, there will be country risks. All such ventures are tabled before the Board for deliberation and decision, taking into consideration the risk and rewards of the venture, and the risk appetite of the Group as a whole.

For the financial year under review, the CEO and the Group Financial Controller have provided assurance to the Board on the integrity of the financial statements for YHS and its subsidiaries, and the effectiveness of the Group's risk management and internal control systems.

Audit Committee

Principle 12 The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Composition of the AC

The AC comprises four non-executive Directors, namely, Mr. Ngiam Tong Dow (Chairman of AC), Mr. S. Chandra Das, Mr. Chang See Hiang and Mr. Chin Yoke Choong. All four members are independent Directors. The NC is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions.

Authority and Duties of the AC

The AC has full access to and co-operation from the Company's management and the internal auditors, and has full discretion to invite any Director or executive officer to attend its meetings. The executive Directors, at the invitation of the AC, participate in the AC's deliberations.

The AC performs the following main functions:

i. reviewing with the external auditors their audit plan, audit reports, significant financial reporting issues and judgements, the nature, extent and costs of non-audit services and any matters which the external auditors wish to discuss;
ii. reviewing and reporting to the Board the scope and results of internal audit procedures and evaluation of the adequacy and effectiveness of the overall internal control system;
iii. reviewing and recommending to the Board for approval the first three quarterly financial statements and full-year financial results and related SGXNET announcements;
iv. reviewing and approving the appointment, re-appointment, replacement, reassignment, or the dismissal of the head of internal audit and the scope and effectiveness of the internal audit function;

REPORT ON CORPORATE GOVERNANCE

vi. reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;
vii. recommending to the Board the appointment, re-appointment or change of the external auditors, taking into consideration (where applicable) the scope and results of the audit and its cost effectiveness, and their remuneration and engagement terms; and
viii. performing any other functions which may be agreed by the AC and the Board.

The AC has the power to investigate any matter brought to its attention and any matters within its terms of reference. It also has the power to seek professional advice at the Company's expense.

Where relevant, the AC makes reference to the best practices and guidance in the Guidebook for Audit Committees in Singapore issued by the Audit Committee Guidance Committee.

In reviewing the annual financial statements, the AC discussed with the external auditors the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. Following the review and discussions, the AC will then recommend to the Board where appropriate the release of the full-year financial statements.

Minutes of the AC meetings are regularly tabled at Board meetings for information.

External Auditors

The AC recommends to the Board the appointment, re-appointment or change of the external auditors, and their remuneration and terms of engagement. The re-appointment of the external auditors is subject to shareholders' approval at the Company's AGM.

The AC will meet the external auditors, and with the internal auditors, without the presence of management, at least annually.

The AC reviewed the independence and objectivity of the external auditors through discussions with them as well as an annual review of the volume and nature of non-audit services provided by the external auditors. The AC is satisfied with the independence and objectivity of the external auditors and has recommended to the Board the nomination of the external auditors for re-appointment.

The fees paid to the Company's external auditors, Pricewaterhouse Coopers LLP are as disclosed in the table below:

External Auditor's Fees for FY2012	$'000	% of Total Fees
Audit Fees	326	81
Non-audit Fees	77	19
Total Fees	403	100

Whistle-blowing Policy

The Company has put in place a whistle-blowing framework, endorsed by the AC, under which employees of the Group may, in confidence raise concerns about possible corporate irregularities in matters of financial reporting or other matters.

Internal Audit

Principle 13 The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company has outsourced its internal audit function to the Group Internal Audit Department ("GIA") of Far East Organization, the Company's controlling shareholder. GIA reports directly to the AC and also reports administratively to the Chairman of the Board.

The AC assesses, at least annually, the adequacy of the internal audit function. Having regard to the Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors, and having reviewed the functions and organisational structure of GIA, the AC is satisfied that GIA meets the requisite standards, is adequately resourced, and has appropriate standing within the Company.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14 Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

REPORT ON CORPORATE GOVERNANCE

The Company strives for timeliness and transparency in its disclosures to shareholders and the public.

Communication with Shareholders

Principle 15 Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

In addition to regular dissemination of information through SGXNET, the Company also attends to general enquiries from investors, analysts, fund managers and the press. Information on the Company and its businesses is also made available on the Company's website: www.yeos.com.sg. The Company does not practise selective disclosure. Price sensitive information is first publicly released before the Company meets with any group of investors or analysts. With effect from financial year 2003, the Company adopted quarterly reporting to shareholders. Financial results and other price sensitive public announcements are presented by the Company through a balanced and understandable assessment of the Group's performance, position and prospects.

Dividend Policy

The Company does not have a stated policy of distributing a fixed percentage of earnings by way of dividend in any year. Rather, in fixing a dividend for any year it considers a number of factors including current and forecast earnings, internal capital requirements, growth options and the Company's debt equity position.

Conduct of Shareholder Meetings

Principle 16 Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Shareholders are informed of shareholders' meetings through published notices and reports or circulars sent to all shareholders. Notice of the meeting is also advertised in a daily English language newspaper circulating generally in Singapore. The procedures for all shareholders' meetings provide shareholders the opportunity to air their views and ask questions relating to each resolution before putting the resolution to the vote. Resolutions to be tabled at general meetings are separate unless they are interdependent, and the reasons and material implications are explained to enable shareholders to make an informed decision.

Members of the Board, the Chairman of each of the Board committees, senior management, external auditors, legal advisors and management are in attendance at general meetings of shareholders.

The Company Secretary prepares the minutes of shareholders' meetings which include substantial comments and queries from shareholders, and the responses from the Board and management. Minutes of shareholders' meetings are available to shareholders upon request and authentication of shareholder identity by the Company.

The Company's AA allows a member of the Company to appoint up to two proxies to attend and vote in place of the member. The Company also allows investors, who hold shares through nominees to attend shareholders' meetings as observers without being constrained by the two-proxy rule.

The Board is of the opinion that the Company does not need to amend its AA to provide for absentia voting method, which is costly to implement.

The Board has decided not to implement poll voting at shareholders' meetings for the present. As the controlling shareholder holds more than fifty per cent. of the Company's issued voting shares, except for special resolutions and resolutions that the controlling shareholder is disallowed, by applicable rules or regulations, from voting, the outcome of the voting on all other resolutions will be a foregone conclusion if voting is conducted by poll, whether it is ad hoc or as a matter of routine. This should not, in itself, dampen the enthusiasm of minority shareholders to express their views or comment on the resolutions at the shareholders' meetings, nor discourage minority shareholders' activism. Manual poll voting is also time-consuming and the time-efficient alternative of electronic poll voting is costly. Instead, and for transparency, the Company will disclose, proxies received by the Company directing the chairman to vote (as proxy for members) for or against the motions at the general meetings.

REPORT ON CORPORATE GOVERNANCE

CODE OF BUSINESS ETHICS

The Group has adopted a Code of Business Ethics to regulate the standards and ethical conduct of the Group's employees who are required to observe and maintain high standards of integrity.

DEALINGS IN SECURITIES

An internal policy/guideline on share dealings, based on the recommendations of the Singapore Exchange Securities Trading Limited has been issued to all relevant employees of the Group to provide guidance on dealings in the shares of the Company.

MATERIAL CONTRACTS

No material contracts were entered into by the Company or any of its subsidiaries involving the interest of the Group Chief Executive Officer, any director or controlling shareholder, either still subsisting at the end of the year or entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

Interested person transactions carried out during the financial year which fall under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited are 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)	
	2012 $'000	2011 $'000
Related parties privately held by the shareholders of the Company's ultimate holding company		
Project management, sales, marketing & administrative expenses paid/payable	330	398
Professional fees paid/payable	246	340
Sale of goods and services	235	287
Sino Land Company Limited Group, a shareholder of the Company		
Operating lease expense paid/payable	-	117
Far East Orchard Limited, a fellow subsidiary of the Company		
Rental expense paid/payable	-	155

The Company does not have any shareholders' mandate for interested person transactions.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Koh Boon Hwee
Chairman

Mr. S. Chandra Das
Deputy Chairman & Lead Independent Director

Mr. Tjong Yik Min
Group Chief Executive Officer

Mr. Yap Ng Seng
Deputy Chief Executive Officer

Mr. Wee Kheng Jin
Non-executive Director

Mr. Chang See Hiang
Independent & Non-executive Director

Mr. Chin Yoke Choong
Independent & Non-executive Director

Mr. Irwin David Simon
Independent & Non-executive Director

Mr. Ngiam Tong Dow
Independent & Non-executive Director

Dr. Tan Chin Nam
Independent & Non-executive Director

COMPANY SECRETARY

Ms. Joanne Lim Swee Lee

AUDIT COMMITTEE

Mr. Ngiam Tong Dow
Chairman

Mr. S. Chandra Das
Member

Mr. Chang See Hiang
Member

Mr. Chin Yoke Choong
Member

NOMINATING COMMITTEE

Mr. Ngiam Tong Dow
Chairman

Mr. S. Chandra Das
Member

Mr. Wee Kheng Jin
Member

REMUNERATION COMMITTEE

Mr. S. Chandra Das
Chairman

Mr. Chin Yoke Choong
Member

Mr. Koh Boon Hwee
Member

Dr. Tan Chin Nam
Member

EXECUTIVE COMMITTEE

Mr. Koh Boon Hwee
Chairman

Mr. S. Chandra Das
Member

Mr. Tjong Yik Min
Member

Mr. Yap Ng Seng
Member

Mr. Wee Kheng Jin
Member

REGISTERED OFFICE

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SHARE REGISTRAR

B.A.C.S. Private Limited
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INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP
8 Cross Street
#17-00 PWC Building
Singapore 048424

Partner-in-charge

Mr. Tan Boon Chok

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2012 and the balance sheet of the Company as at 31 December 2012.

DIRECTORS

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

Koh Boon Hwee
S. Chandra Das
Tjong Yik Min
Yap Ng Seng
Chang See Hiang
Wee Kheng Jin
Chin Yoke Choong
Irwin David Simon
Ngiam Tong Dow
Tan Chin Nam

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed under the "YHS Share Incentive Plan" section of this Report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or any related corporations.

(b) The directors' interests in the ordinary shares of the Company as at 21 January 2013 were the same as those as at 31 December 2012.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that certain directors have employment relationships with related companies and have received remuneration in those capacities.

SHARE INCENTIVE PLAN

YHS Share Incentive Plan

The YHS Share Incentive Plan (the "Plan") was approved and adopted by the members of the Company at an Extraordinary General Meeting held on 26 April 2010. The Remuneration Committee has been designated as the committee ("Committee") responsible for the administration of the Plan. The Committee comprises Mr. S. Chandra Das, Mr. Chin Yoke Choong, Mr. Koh Boon Hwee and Dr. Tan Chin Nam.

DIRECTORS' REPORT

SHARE INCENTIVE PLAN (continued)

YHS Share Incentive Plan (continued)

The Plan is an omnibus share incentive scheme which amalgamates a share option plan component and a performance share plan component. Participants will be selected at the sole discretion of the Committee from eligible categories of persons comprising (i) employees and directors of the Group, (ii) employees and directors of associated companies, and (iii) associates (being employees of companies within the Far East Organization) who spend more than half of their time performing services out-sourced by the Company to the associates' employer. Persons who are the Company's controlling shareholders or their associates (as those terms are defined in the Listing Manual of the Singapore Exchange Securities Trading Limited) will not be eligible to participate in the Plan. The aggregate number of new shares which may be issued pursuant to options and/or awards granted under the Plan on any date, when added to the number of new shares issued and issuable in respect of all options and awards granted under the Plan, shall not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company. Unless earlier terminated or extended with the approval of the members of the Company, the Plan will continue in force, at the discretion of the Committee, for a maximum period of 10 years commencing on the date of its adoption.

Under the share option plan component, an option granted pursuant to the Plan represents a right to acquire ordinary shares in the Company at the acquisition price per share applicable to the option. The acquisition price per share is fixed at the time of the grant of the option and may be set at the market price, or at a discount to the market price, or at the market price subject to adjustment with a discount if prescribed performance conditions are met, or at a premium to the market price. Any discount given must not exceed 20% of the market price of a share.

Under the performance share plan component, an award granted represents a contingent right to receive fully paid ordinary shares in the Company, their equivalent cash value or combinations thereof, free of charge, provided that prescribed performance targets (if any) are met and upon expiry of the prescribed vesting periods.

Subject to the Plan size and the individual and collective limits applicable to associates under the Plan, the number of shares that will be comprised in an option or award, and the terms thereof, including any vesting or other conditions, will be determined by the Committee at its sole discretion having regard to various factors such as (but not limited to) the participant's capability, responsibilities, skill sets, and the objective desired to be achieved through the grant.

A grant of awards was made pursuant to the Plan on 21 March 2011. The fair value per award was based on the market price per share at grant date and the shares shall be issued in three equal tranches over a three-year period.

The person to whom the awards have been granted has no right to participate by virtue of the award in share issue of any other company.

The following table sets out the movements in awards granted pursuant to the Plan and their fair values at grant date.

Number of ordinary shares under award	**2012**	2011
Beginning of financial year	**606,000**	-
Granted during the year	**-**	621,000
Share issued during the year	**(202,000)**	-
Forfeited during the year	**(28,000)**	(15,000)
End of financial year	**376,000**	606,000
Fair value per award based on market price per share at grant date	**$1.47**	$1.47

No option was granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

DIRECTORS' REPORT

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Mr. Ngiam Tong Dow (Chairman)
Mr. S. Chandra Das
Mr. Chang See Hiang
Mr. Chin Yoke Choong

All members of the Audit Committee were independent non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, including a review of the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2012 and the Independent Auditor's Report thereon. The Audit Committee has reviewed the following:

(i) the adequacy of the Group's internal accounting control system and its internal control procedures relating to interested person transactions;

(ii) the compliance with legal and other regulatory requirements;

(iii) the adequacy and effectiveness of the Group's internal audit function at least annually, including the adequacy of internal audit resources and its appropriate standing within the Group, as well as the scope and results of the internal audit procedures;

(iv) the co-operation given by the Company's management and officers to the independent auditor;

(v) the review of independent auditor's audit plan, audit report and any recommendations on internal accounting controls arising from the statutory audit; and

(vi) any other matter which in the Audit Committee's opinion, should be brought to the attention of the Board.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' REPORT

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

TJONG YIK MIN
Director

S. CHANDRA DAS
Director

18 March 2013

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 32 to 103 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the directors

TJONG YIK MIN
Director

S. CHANDRA DAS
Director

18 March 2013

INDEPENDENT AUDITOR'S REPORT

To the members of Yeo Hiap Seng Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Yeo Hiap Seng Limited (the "Company") and its subsidiaries (the "Group") set out on pages 32 to 103, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet 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 2012, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 18 March 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2012

	Note	The Group 2012 $'000	2011 $'000 (Restated)
Revenue	4	**566,408**	443,000
Cost of sales		**(340,577)**	(275,978)
Gross profit		**225,831**	167,022
Other income	5	**2,408**	2,153
Other gains - net	6	**5,970**	12,118
Expenses			
- Marketing and distribution		**(110,987)**	(101,084)
- Administrative		**(33,950)**	(24,483)
- Finance	9	**(177)**	(197)
Share of profit of associated companies		**548**	871
Profit before income tax		**89,643**	56,400
Income tax expense	10	**(16,487)**	(9,607)
Net profit		**73,156**	46,793
Other comprehensive income/(losses):			
Available-for-sale financial assets			
- Fair value gains/(losses)		**129,539**	(4,576)
Currency translation losses arising from consolidation		**(6,425)**	(3,525)
Reclassification of foreign currency translation reserve upon liquidation of subsidiaries		**-**	(2,182)
Revaluation gain on property, plant and equipment		**1,435**	-
Other comprehensive income/(losses), net of tax	10	**124,549**	(10,283)
Total comprehensive income		**197,705**	36,510
Net profit attributable to:			
Equity holders of the Company		**70,386**	42,602
Non-controlling interests		**2,770**	4,191
		73,156	46,793
Total comprehensive income attributable to:			
Equity holders of the Company		**194,806**	33,628
Non-controlling interests		**2,899**	2,882
		197,705	36,510
Earnings per share attributable to equity holders of the Company (expressed in cents per share)			
- Basic	11	**12.26**	7.42
- Diluted	11	**12.25**	7.42

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

BALANCE SHEETS

As at 31 December 2012

	Note	The Group 2012 $'000	The Group 2011 $'000 (Restated)	The Group 2010 $'000 (Restated)	The Company 2012 $'000	The Company 2011 $'000
ASSETS						
Current assets						
Cash and cash equivalents	12	**181,496**	107,059	100,634	**7,808**	2,053
Financial assets, at fair value through profit or loss	13	**7,556**	13,106	20,429	**-**	-
Trade and other receivables	14	**116,281**	73,752	64,822	**60,857**	14,252
Inventories	15	**59,343**	54,737	46,886	**-**	-
Development properties	16	**48,676**	118,564	117,432	**-**	-
Current income tax recoverable	10	**825**	879	604	**-**	-
Other current assets	17	**4,637**	5,099	3,105	**60**	82
		418,814	373,196	353,912	**68,725**	16,387
Non-current assets						
Available-for-sale financial assets	18	**231,976**	102,723	108,548	**12,116**	8,814
Loans to subsidiaries	19	**-**	-	-	**116,420**	21,814
Investments in associated companies	20	**5,375**	4,235	3,204	**-**	-
Investments in subsidiaries	21	**-**	-	-	**292,340**	301,978
Investment properties	22	**78,728**	63,684	56,555	**55,271**	45,631
Property, plant and equipment	23	**147,051**	126,443	109,420	**783**	70
Intangible assets	24	**-**	-	17	**-**	-
Deferred income tax assets	25	**1,851**	1,379	1,381	**-**	-
		464,981	298,464	279,125	**476,930**	378,307
Total assets		**883,795**	671,660	633,037	**545,655**	394,694
LIABILITIES						
Current liabilities						
Trade and other payables	26	**88,405**	86,372	71,178	**117,498**	69,788
Current income tax liabilities	10	**22,447**	3,088	2,822	**365**	404
Borrowings	27	**9,348**	10,808	26,857	**3,000**	5,000
		120,200	100,268	100,857	**120,863**	75,192
Non-current liabilities						
Borrowings	27	**8,911**	-	-	**-**	-
Provisions for other liabilities and charges	28	**2,336**	2,239	2,237	**-**	-
Deferred income tax liabilities	25	**13,755**	21,046	16,685	**2,748**	1,416
Other non-current liabilities		**32**	33	34	**-**	-
		25,034	23,318	18,956	**2,748**	1,416
Total liabilities		**145,234**	123,586	119,813	**123,611**	76,608
NET ASSETS		**738,561**	548,074	513,224	**422,044**	318,086
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital	29	**218,865**	218,568	218,568	**218,865**	218,568
Capital reserve	30	**6,066**	6,066	6,066	**-**	-
Other reserves	31	**193,937**	96,832	119,298	**8,090**	4,859
Retained profits		**263,991**	172,122	115,517	**195,089**	94,659
		682,859	493,588	459,449	**422,044**	318,086
Non-controlling interests		**55,702**	54,486	53,775	**-**	-
Total equity		**738,561**	548,074	513,224	**422,044**	318,086

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2012

	← Attributable to equity holders of the Company →										
	Share capital	Capital reserve	Property revaluation reserve	Fair value reserve	Foreign currency translation reserve	General reserve	Share-based payment reserve	Retained profits	Total	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2012											
Beginning of financial year											
- As previously reported	218,568	6,066	70,238	61,638	(36,675)	1,120	511	167,117	488,583	54,939	543,522
- Effect of adopting Amendments to FRS 12	-	-	-	-	-	-	-	5,005	5,005	(453)	4,552
- As restated	**218,568**	**6,066**	**70,238**	**61,638**	**(36,675)**	**1,120**	**511**	**172,122**	**493,588**	**54,486**	**548,074**
Effect of acquiring non-controlling interests in a subsidiary	-	-	-	-	-	(32)	-	-	(32)	(94)	(126)
Employee share-based compensation scheme											
- Value of employee services	-	-	-	-	-	-	239	-	239	-	239
- Issue of new shares	297	-	-	-	-	-	(297)	-	-	-	-
Dividends paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	(1,589)	(1,589)
Dividends paid to equity holders of the Company	-	-	-	-	-	-	-	(5,742)	(5,742)	-	(5,742)
Transfer to retained profits on realisation	-	-	(27,225)	-	-	-	-	27,225	-	-	-
Total comprehensive income for the year	-	-	1,435	128,168	(5,183)	-	-	70,386	194,806	2,899	197,705
End of financial year	**218,865**	**6,066**	**44,448**	**189,806**	**(41,858)**	**1,088**	**453**	**263,991**	**682,859**	**155,702**	**738,561**

An analysis of the movements in property revaluation reserve, fair value reserve, foreign currency translation reserve, general reserve and share-based payment reserve is presented in Note 31.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2012

	Attributable to equity holders of the Company										
	Share capital	Capital reserve	Property revaluation reserve	Fair value reserve	Foreign currency translation reserve	General reserve	Share-based payment reserve	Retained profits	Total	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2011											
Beginning of financial year											
- As previously reported	218,568	6,066	84,241	66,586	(32,649)	1,120	-	111,923	455,855	54,439	510,294
- Effect of adopting Amendments to FRS 12	-	-	-	-	-	-	-	3,594	3,594	(664)	2,930
- As restated	**218,568**	**6,066**	**84,241**	**66,586**	**(32,649)**	**1,120**	**-**	**115,517**	**459,449**	**53,775**	**513,224**
Effect of treasury shares in a subsidiary acquired from non-controlling interests	-	-	-	-	-	-	-	-	-	(2)	(2)
Employee share-based compensation scheme											
- Value of employee services	-	-	-	-	-	-	511	-	511	-	511
Dividends paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	(2,169)	(2,169)
Transfer to retained profits on realisation	-	-	(14,003)	-	-	-	-	14,003	-	-	-
Total comprehensive income for the year											
- As previously reported	-	-	-	(4,948)	(4,026)	-	-	41,191	32,217	2,671	34,888
- Effect of adopting Amendments to FRS 12	-	-	-	-	-	-	-	1,411	1,411	211	1,622
- As restated	-	-	-	(4,948)	(4,026)	-	-	42,602	33,628	2,882	36,510
End of financial year	**218,568**	**6,066**	**70,238**	**61,638**	**(36,675)**	**1,120**	**511**	**172,122**	**493,588**	**54,486**	**548,074**

An analysis of the movements in property revaluation reserve, fair value reserve, foreign currency translation reserve, general reserve and share-based payment reserve is presented in Note 31.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2012

	The Group	
	2012	2011
	$'000	$'000
		(Restated)
Cash flows from operating activities		
Net profit	**73,156**	46,793
Adjustments for:		
- Income tax expense	**16,487**	9,607
- Depreciation of property, plant and equipment	**9,820**	8,170
- Dividend income from available-for-sale financial assets	**(3,853)**	(3,720)
- Share-based payment expense	**239**	511
- Unrealised currency translation differences	**(1,508)**	(1,817)
- Property, plant and equipment written-off	**7**	17
- Fair value gains on investment properties - net	**(7,042)**	(7,978)
- Gain on disposal of property, plant and equipment	**(184)**	(512)
- Loss on disposal of investment properties	**8**	-
- Gain on liquidation of subsidiaries	**(176)**	(2,182)
- Write-off of intangible assets	**-**	17
- Impairment loss on available-for-sale financial assets	**-**	1,049
- Fair value gains on financial assets, at fair value through profit or loss	**(362)**	(1,044)
- Interest expense	**177**	197
- Interest income	**(340)**	(148)
- Write-back of allowance for foreseeable losses on development properties	**-**	(1,987)
- Provision for retirement benefits	**358**	292
- Impairment loss on property, plant and equipment	**90**	753
- Write-back of loan from an associated company	**-**	(1,155)
- Share of profit of associated companies	**(548)**	(871)
	86,329	45,992
Change in working capital		
- Trade and other receivables	**(42,529)**	(8,930)
- Inventories	**(4,606)**	(7,851)
- Development properties	**69,888**	855
- Other current assets	**638**	(1,572)
- Trade and other payables	**2,032**	16,423
Cash generated from operations	**111,752**	44,917
Income tax paid	**(4,952)**	(5,059)
Retirement benefits paid	**(193)**	(226)
Net cash provided by operating activities	**106,607**	39,632

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2012

	Note	The Group	
		2012	2011
		$'000	$'000
			(Restated)
Cash flows from investing activities			
Dividends received from available-for-sale financial assets		**3,853**	3,720
Dividends received from an associated company		**449**	-
Acquisition of interests in an associated company		**(1,196)**	-
Proceeds from disposal of investment properties		**1,566**	-
Proceeds from disposal of property, plant and equipment		**375**	540
Proceeds from disposal of financial assets, at fair value through profit or loss		**19,005**	38,423
Purchases of property, plant and equipment		**(43,631)**	(26,757)
Purchases of available-for-sale financial assets		**-**	(35)
Purchases of financial assets, at fair value through profit or loss		**(13,344)**	(30,656)
Interest received		**340**	148
Net cash used in investing activities		**(32,583)**	(14,617)
Cash flows from financing activities			
Dividends paid to non-controlling shareholders of a subsidiary		**(1,589)**	(2,169)
Dividends paid to equity holders of the Company		**(5,742)**	-
Acquisition of treasury shares in a subsidiary from non-controlling interests		**-**	(2)
Interest paid		**(177)**	(186)
Withdrawal of a fixed deposit pledged for borrowings		**-**	6,718
Repayments of borrowings		**(4,953)**	(19,000)
Proceeds from borrowings		**13,000**	3,000
Acquisition of non-controlling interests in a subsidiary		**(126)**	-
Net cash provided by/(used) in financing activities		**413**	(11,639)
Net increase in cash and cash equivalents		**74,437**	13,376
Cash and cash equivalents at the beginning of the financial year		**107,059**	93,683
Cash and cash equivalents at the end of the financial year	12	**181,496**	107,059

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

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

1. GENERAL INFORMATION

Yeo Hiap Seng Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 3 Senoko Way, Singapore 758057.

The principal activities of the Company are those of a management and investment holding company. The principal activities of the subsidiaries are shown in Note 42.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2012

On 1 January 2012, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of the Amendments to FRS 12, the effects of which are disclosed below.

The Group has adopted the Amendments to FRS 12 *Deferred Tax: Recovery of Underlying Assets* on 1 January 2012. The amended FRS 12 has introduced a presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

Previously, the Group accounted for deferred income tax on fair value gains on investment properties on the basis that the asset would be recovered through use. Upon adoption of the amendment, such deferred income tax is measured on the basis of recovery through sale unless the presumption is rebutted.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2012 (continued)

The effects on adoption are as follows:

	Increase / (Decrease) Consolidated balance sheet		
	31 December 2012	31 December 2011	1 January 2011
	$'000	$'000	$'000
Deferred income tax liabilities	**(5,502)**	(4,552)	(2,930)
Retained profits	**5,725**	5,005	3,594
Non-controlling interests	**(223)**	(453)	(664)

	Increase / (Decrease) Consolidated statement of comprehensive income for the financial year ended 31 December	
	2012	2011
	$'000	$'000
Income tax expense	**(950)**	(1,622)
Net profit attributable to:		
Equity holders of the Company	**720**	1,411
Non-controlling interests	**230**	211

The adoption of amended FRS 12 does not have any material impact on the basic and fully diluted earnings per share of the Group.

2.2 Revenue recognition

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, volume rebates and trade discounts, and after eliminating sales within the Group.

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

(a) *Sale of goods - consumer food and beverage products*

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

(b) *Revenue from sale of development properties*

Revenue from the sale of development properties is recognised using percentage of completion method based on the stage of completion as certified by the architects or quantity surveyors. In the case where the certificates are not available, the stage of completion is measured by reference to the development costs incurred to date to the estimated total costs for the project. No revenue is recognised on unsold units.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

(c) Royalty and interest income

Royalty fees are recognised on an accrual basis in accordance with the terms of the relevant agreements.

Interest income is recognised using the effective interest method.

(d) Dividend income

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

(e) Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries* (continued)

(ii) *Acquisitions* (continued)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share to the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to Note 2.7 for the accounting policy on goodwill.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.8 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in general reserve within equity attributable to the equity holders of the Company.

(c) *Associated companies*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisitions*

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) Associated companies (continued)

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its interests in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investment in associated companies are derecognised when the Group loses significant influence. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies in which significant influence is retained are recognised in profit or loss.

Please refer to Note 2.8 for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at revalued amounts less accumulated depreciation and accumulated impairment losses.

Fair values of land and buildings are determined by independent professional valuers every five years and whenever their carrying amounts are likely to differ materially from their revalued amounts when compared to the asset base of the Group. When an asset is revalued, any accumulated depreciation at the date of revaluation are eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised as a loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(a) Measurement (continued)

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to Note 2.9 on borrowing costs).

(b) Depreciation

No depreciation is provided on construction-in-progress and freehold land.

Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land (over term of lease)	50 - 99 years
Buildings on freehold and leasehold land	20 - 50 years
Plant and machinery, furniture and fittings	5 - 20 years
Computer equipment and software costs	3 - 7 years
Motor vehicles and trucks	5 - 10 years

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

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within 'Other gains - net'. Any amount in property revaluation reserve relating to that item is transferred to retained profits directly.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Development properties

Development properties refer to properties under development and completed properties held for sale.

Development properties are carried at cost less allowance for foreseeable losses. Cost capitalised includes cost of land and other directly related development expenditure, including borrowings costs, incurred in developing the properties.

Revenue and cost on development properties that have been sold are recognised using the percentage of completion method. The stage of completion is measured by reference to the physical surveys of construction work completed as certified by the architects or quantity surveyors. In the case where the certificates are not available, the stage of completion is measured by reference to the development costs incurred to date to the estimated total costs for the project. No revenue is recognised on unsold units. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

The aggregated costs incurred and the profit/loss recognised in each development property that has been sold are compared against progress billings up to the financial year-end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is included in “trade and other receivables”. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is included in “trade and other payables”.

2.6 Investment properties

Investment properties are land and buildings held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

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

2.7 Goodwill

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of associated companies represents the excess of the cost of the acquisition over the fair value of the Group’s share of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries and associated companies, the difference between net disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the properties under development and assets under construction. Borrowings costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.10 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

(b) *Intangible assets*
Property, plant and equipment
Investments in subsidiaries and associated companies

Intangible assets, property, plant and equipment and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to Note 2.4 for the treatment of revaluation decrease on property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of non-financial assets (continued)

(b) *Intangible assets*
Property, plant and equipment
Investments in subsidiaries and associated companies (continued)

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.11 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are presented as "cash and cash equivalents", "trade and other receivables" and "loans to subsidiaries" on the balance sheet.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose off the assets within 12 months after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the sale proceeds and its carrying amount is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is also reclassified to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) *Subsequent measurement*

Financial assets, both available-for-sale and at fair value through profit or loss, are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) *Impairment*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are recognised against the same line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(e) Impairment (continued)

(i) Loans and receivables (continued)

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.11(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.12 Financial guarantees

A financial guarantee contract is a contract that requires the issuers to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are represented as non-current liabilities.

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

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Fair value estimation

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets held by the Group are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as estimated discounted cash flows analysis, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates.

The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments.

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

2.16 Leases

(a) Finance leases when the Group is the lessor

The Group leases certain property, plant and equipment from non-related parties.

Leases of property, plant and equipment where the Group assumes substantially the risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases at the lower of the fair values of the leased assets and the present values of the minimum lease payments.

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

(b) Operating leases

(i) When the Group is the lessee

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

(ii) When the Group is the lessor

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.18 Income taxes

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

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred income tax is measured:

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

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss for the period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred income tax arising from a business combination is adjusted against goodwill on acquisition.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

2.20 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

As required by law, the companies in Singapore and certain overseas subsidiaries make fixed contributions to the state pension scheme of the respective countries. The Group's obligations in regard to defined contribution plans are limited to the amount of mandatory or contractual contributions to the funds and are recognised in the financial years in which they relate and due. The Group has no further payment obligations once the contributions have been paid.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Employee compensation (continued)

(b) *Defined benefit plan*

Post-employment benefits relate to retirement benefits given to employees in Malaysia and are a non-contributory unfunded retirement benefits scheme for employees who are eligible under a collective bargaining agreement.

The defined benefit liability recognised in the balance sheet is the present value of the defined benefit obligation at the end of the reporting date, less the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past service cost. The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting date.

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the reporting date, together with adjustments for actuarial gains / losses and past service cost.

The defined benefit obligation calculated using the projected unit credit method, is determined by independent actuaries once every 3 years, considering the estimated future cash flows using market yields at balance sheet date of the Malaysian Government securities which have currency and terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions, and are recognised in the profit or loss immediately as and when they arise.

Past service costs are recognised immediately in the profit or loss, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

(c) *Share-based compensation*

The Company operates an equity-settled, share-based compensation plan for the Group's employees with a share option plan component and a performance share plan component. The value of the employee services received in exchange for the grant of options on shares or shares is recognised as an expense with a corresponding increase in the share-based payment reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options on shares or shares granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under the plan which are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under the plan which are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based payment reserve over the remaining vesting period.

When the shares are issued, the proceeds received (net of transaction costs) and the related balance previously recognised in the share-based payment reserve is credited to share capital account when new ordinary shares are issued to the employees.

(d) *Termination benefits*

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after end of the reporting date are discounted to present value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Singapore Dollar, which is the Company's functional currency.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in profit and loss within "finance expenses". All other foreign exchange gains and losses impacting profit and loss are presented in profit or loss within "other gains - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rate at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.25 Dividend to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.26 Non-current assets held-for-sale

Non-current assets are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

(a) *Income taxes*

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated 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 recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

(b) *Impairment of available-for-sale financial assets*

The Group reviews its available-for-sale financial assets for objective evidence of impairment at least quarterly. Significant or prolonged decline in the fair value of the available-for-sale financial assets below its cost is objective evidence that the investments are impaired.

In considering whether the investments are impaired at the balance sheet date, the Directors evaluate various qualitative and quantitative factors which include amongst others the following:

(i) whether the fall in share prices are within the normal volatility of the investments; and

(ii) the period in which the share prices have fallen below costs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

4. REVENUE

	The Group	
	2012	2011
	$'000	$'000
Sale of goods	**398,471**	371,413
Sale of development properties	**164,070**	67,855
Royalty fees	**14**	12
Dividend income from available-for-sale financial assets	**3,853**	3,720
	566,408	443,000

5. OTHER INCOME

	The Group	
	2012	2011
	$'000	$'000
Interest income	**340**	148
Rental income	**2,068**	2,005
	2,408	2,153

6. OTHER GAINS - NET

	The Group	
	2012	2011
	$'000	$'000
Fair value gains on investment properties - net (Note 22)	**7,042**	7,978
Gain on disposal of property, plant and equipment	**184**	512
Loss on disposal of investment properties	**(8)**	-
Write-back of loan from an associated company	**-**	1,155
Gain on liquidation of subsidiaries	**176**	2,182
Write-back of allowance for foreseeable losses on development properties (Note 16(b))	**-**	1,987
Currency translation loss - net	**(1,796)**	(904)
Impairment loss on property, plant and equipment - net (Note 23)	**(90)**	(753)
Property, plant and equipment written-off	**(7)**	(17)
Impairment loss on available-for-sale financial assets (Note 18)	**-**	(1,049)
Fair value gains on financial assets, at fair value through profit or loss	**362**	1,044
Other miscellaneous income/(losses)	**107**	(17)
	5,970	12,118

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

7. EXPENSES BY NATURE

	The Group	
	2012	2011
	$'000	$'000
Fees on audit services paid/payable to		
- Auditor of the Company	**326**	316
- Other auditors*	**399**	361
Fees on non-audit services paid/payable to		
- Auditor of the Company	**77**	46
- Other auditors*	**157**	116
Depreciation of property, plant and equipment (Note 23)	**9,820**	8,170
Write-down of inventories - net (Note 15)	**1,464**	1,249
Impairment of trade receivables (Note 36(b)(ii))	**539**	7
Write-back of bad debts	**-**	(27)
Employee compensation (Note 8)	**55,100**	48,653
Cost of raw materials and trading goods recognised as expenses (included in cost of sales)	**201,921**	188,427
Cost of development properties recognised as expenses (included in cost of sales)	**89,143**	41,540
Advertising and promotion expenses	**36,576**	38,388
Transportation expense	**21,736**	19,796
Rental expense on operating leases	**6,813**	4,650
Utilities expense	**12,530**	11,891
Repairs and maintenance expenses	**7,433**	6,728
Other expenses	**41,480**	31,234
Total cost of sales, marketing and distribution costs and administrative expenses	**485,514**	401,545

** Includes the network of member firms of PricewaterhouseCoopers International Limited*

8. EMPLOYEE COMPENSATION

	The Group	
	2012	2011
	$'000	$'000
Wages and salaries	**44,347**	38,158
Employer's contribution to defined contribution plans including Central Provident Fund	**4,674**	4,122
Share-based payment expense (Note 31(b)(v))	**239**	511
Retirement benefits costs (Note 28)	**358**	292
Termination benefits	**75**	424
Other benefits	**5,407**	5,146
	55,100	48,653

9. FINANCE EXPENSES

	The Group	
	2012	2011
	$'000	$'000
Interest expense on bank borrowings	**177**	197

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

10. INCOME TAXES

(a) Income tax expense

	The Group 2012 $'000	The Group 2011 $'000 (Restated)
Tax expense attributable to profit is made up of:		
Current income tax		
- Singapore	**20,625**	1,671
- Foreign	**2,475**	3,578
	23,100	5,249
Deferred income tax	**(8,069)**	4,594
	15,031	9,843
Under/(Over) provision in prior financial years		
- Current income tax	**1,291**	(188)
- Deferred income tax	**165**	(48)
	16,487	9,607

The tax expense on the Group's profit before tax differs from the theoretical amount derived from using the Singapore standard rate of income tax as follows:

	The Group 2012 $'000	The Group 2011 $'000 (Restated)
Profit before income tax	**89,643**	56,400
Tax calculated at tax rate of 17% (2011: 17%)	**15,239**	9,588
Effects of:		
- Different tax rates in other countries	**606**	1,244
- Income not subject to tax	**(1,833)**	(4,196)
- Expenses not deductible for tax purposes	**1,171**	2,959
- Utilisation of previously unrecognised tax benefits	**(227)**	(740)
- Deferred income tax assets not recognised	**643**	988
- Recognition of previously unrecognised tax losses	**(568)**	-
Tax charge	**15,031**	9,843

(b) Movements in current income tax liabilities net of current income tax recoverable

	The Group 2012 $'000	The Group 2011 $'000	The Company 2012 $'000	The Company 2011 $'000
Beginning of financial year	**2,209**	2,218	**404**	320
Currency translation differences	**(26)**	(11)	**-**	-
Income tax paid	**(4,952)**	(5,059)	**(472)**	(379)
Tax expense	**23,100**	5,249	**607**	463
Under/(Over) provision in prior financial years	**1,291**	(188)	**(174)**	-
End of financial year	**21,622**	2,209	**365**	404
Representing:				
Current income tax recoverable	**(825)**	(879)	**-**	-
Current income tax liabilities	**22,447**	3,088	**365**	404
	21,622	2,209	**365**	404

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

10. INCOME TAXES (continued)

(c) Income tax expense on other comprehensive income/(losses)

The tax charge relating to each component of other comprehensive income/(losses) is as follows:

	The Group					
	2012			2011		
	Before Tax $'000	**Tax charge $'000**	**After tax $'000**	Before tax $'000	Tax charge $'000	After Tax $'000
Fair value gains/(losses) on available-for-sale financial assets	**129,539**	**-**	**129,539**	(4,576)	-	(4,576)
Revaluation gain on property, plant and equipment	**1,913**	**(478)**	**1,435**	-	-	-
Currency translation losses arising from consolidation	**(6,425)**	**-**	**(6,425)**	(3,525)	-	(3,525)
Reclassification of foreign currency translation reserve upon liquidation of subsidiaries	**-**	**-**	**-**	(2,182)	-	(2,182)
Other comprehensive income/(losses)	**125,027**	**(478)**	**124,549**	(10,283)	-	(10,283)

11. EARNINGS PER SHARE

(a) Basic earnings per share

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

	The Group	
	2012	2011 (Restated)
Net profit attributable to equity holders of the Company ($'000)	**70,386**	42,602
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**574,118**	573,920
Basic earnings per share (cents per share)	**12.26**	7.42

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares under a share award plan described in Note 2.20(c) with a grant made in March 2011.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

11. EARNINGS PER SHARE (continued)

(b) Diluted earnings per share (continued)

The assumed issue price of the shares under the share grant is the fair value of the shares at grant date for non-cash consideration in the form of services rendered by the grantees (mainly employees) to the Group over the vesting periods of one, two and three years in three equal tranches. It is assumed that the Group receives this consideration progressively from the grant date to the vesting date, over which it builds up a share-based payment reserve while recognising the additional employee compensation expense through an amortisation process. At 31 December 2012, the unamortised amount which represents the services yet to be received is assumed to be the remaining proceeds to be received for the number of shares granted. As the number of shares to be issued under the share grant is greater than the number of shares which would have been issued at fair value (the average market price for the financial year) for the remaining proceeds, the difference is the number of shares issued for no consideration which dilutes the earnings per share. The number of shares issued for no consideration is added to the weighted average number of shares outstanding during the financial year to arrive at a larger number of shares to calculate the diluted earnings per share, with the same net profit.

	The Group	
	2012	2011 (Restated)
Net profit attributable to equity holders of the Company ($'000)	**70,386**	42,602
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**574,118**	573,920
Adjustment for share awards ('000)	**281**	218
	574,399	574,138
Diluted earnings per share (cents per share)	**12.25**	7.42

12. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**181,496**	32,859	**7,808**	2,053
Fixed deposits with financial institutions	**-**	74,200	**-**	-
	181,496	107,059	**7,808**	2,053

As at 31 December 2011, included in cash at bank and on hand and fixed deposits with financial institutions of the Group were amounts totalling $78,216,000 held under the Housing Developers (Project Account) (Amendment) Rules 1997 and the Housing Developers (Project Account) Rules (1990 Ed), withdrawals from which must be in accordance with the said Rules.

13. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2012	2011
	$'000	$'000
Held for trading:		
Investment in quoted funds	**7,556**	13,106

The quoted funds are issued by financial institutions in Malaysia. These funds are invested in various fixed income instruments such as money market placements and bonds.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

14. TRADE AND OTHER RECEIVABLES - CURRENT

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Non-related parties	**106,533**	50,648	**-**	-
- Related parties	**123**	110	**-**	-
	106,656	50,758	**-**	-
Less: Allowance for impairment of receivables - non-related parties	**(1,369)**	(1,123)	**-**	-
Trade receivables – net	**105,287**	49,635	**-**	-
Other receivables				
- Non-related parties	**10,696**	24,069	**182**	267
- Subsidiaries	**-**	-	**64,741**	19,715
- Associated companies	**6,457**	6,457	**6,457**	6,457
- A related party	**38**	38	**38**	38
	17,191	30,564	**71,418**	26,477
Less: Allowance for impairment of receivables:				
- Subsidiaries	**-**	-	**(4,104)**	(5,768)
- Associated companies	**(6,457)**	(6,457)	**(6,457)**	(6,457)
Other receivables – net	**10,734**	24,107	**60,857**	14,252
Staff loans	**260**	10	**-**	-
	116,281	73,752	**60,857**	14,252

Other receivables from non-related parties, subsidiaries, associated companies and a related party are unsecured, interest-free and repayable on demand.

As at 31 December 2011, included in the Group's other receivables was an insurance recoverable of $7,300,000, comprising $7,100,000 on the compensation for damaged finished goods and the racking system and $200,000 on the compensation for other related incidental costs, due to the collapse of the racking system at Bukit Jelutong warehouse on 15 December 2011. The insurance compensation has been received in 2012.

Related parties refer to the related companies of the ultimate holding company and companies controlled by the shareholders of the Company's ultimate holding company (Note 37).

15. INVENTORIES

	The Group	
	2012	2011
	$'000	$'000
Raw materials	**13,636**	12,826
Work-in-progress	**553**	540
Finished/Trading goods	**45,154**	41,371
	59,343	54,737

The cost of inventories recognised as an expense and included in "cost of sales" amounts to $249,985,000 (2011: $232,856,000).

During the financial year, the Group wrote down inventories of $1,493,000 (2011: $1,251,000) and reversed $29,000 (2011: $2,000), being part of inventory write-down made in prior years, as the inventories were sold above the carrying amounts in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

16. DEVELOPMENT PROPERTIES

	The Group	
	2012	2011
	$'000	$'000
Properties under development (Note 16(a))	**-**	107,423
Completed properties held for sale (Note 16(b))	**48,676**	11,141
	48,676	118,564

(a) Properties under development

(i) Unsold properties under development

	The Group	
	2012	2011
	$'000	$'000
Land		
- Cost	**-**	28,045
- Revaluation surplus*	**-**	27,512
	-	55,557
Development expenditure	**-**	40,451
Property taxes, interest and other overheads	**-**	11,415
	-	107,423

* *Revaluation surplus on land was recognised prior to the transfer of land from property, plant and equipment to development properties in 2002 when the Group decided on the change in use of the land.*

(ii) Sold properties under development

	The Group	
	2012	2011
	$'000	$'000
Aggregated costs incurred and profits recognised to date on sold development properties	**-**	124,644
Less: Progress billings	**-**	(124,644)
Unbilled receivables (included in trade receivables)	**-**	-

During the financial year ended 31 December 2012, the construction of all properties under development was completed. Accordingly, the carrying amounts of unsold properties were re-classified to "completed properties held for sale" (Note 16(b)).

(b) Completed properties held for sale

	The Group	
	2012	2011
	$'000	$'000
Land	**22,490**	6,403
Development expenditure	**20,903**	3,068
Property taxes, interest and other overheads	**5,283**	1,670
	48,676	11,141
Less: Allowance for foreseeable losses	**-**	-
	48,676	11,141

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

16. DEVELOPMENT PROPERTIES (continued)

(b) Completed properties held for sale (continued)

Movements in allowance for foreseeable losses are as follows:

	The Group	
	2012	2011
	$'000	$'000
Beginning of financial year	**-**	1,987
Write-back of allowance during the financial year (Note 6)	**-**	(1,987)
End of financial year	**-**	-

The write-back of allowance for foreseeable losses in 2011 was due to the increase in the realisable values of completed properties held for sale and the sale of completed properties against which an allowance was previously held.

17. OTHER CURRENT ASSETS

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Deposits	**3,982**	3,958	**45**	34
Prepayments	**655**	1,141	**15**	48
	4,637	5,099	**60**	82

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**102,723**	108,548	**8,814**	8,568
Currency translation differences	**(286)**	(235)	**13**	-
Additions	**-**	35	**-**	35
Fair value gains/(losses) recognised in other comprehensive income/(losses) (Note 31(b)(ii))	**129,539**	(4,576)	**3,289**	658
Impairment loss (Note 6)	**-**	(1,049)	**-**	(447)
End of financial year	**231,976**	102,723	**12,116**	8,814

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

Available-for-sale financial assets are analysed as follows:

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Listed securities				
- Equity securities – Singapore	**208,341**	85,614	**-**	-
- Equity securities – Hong Kong	**3,579**	2,683	**1,907**	1,416
- Equity securities – United States	**19,693**	14,055	**9,846**	7,027
- Equity securities – Canada	**-**	7	**-**	7
	231,613	102,359	**11,753**	8,450
Unlisted securities	**363**	364	**363**	364
	231,976	102,723	**12,116**	8,814

19. LOANS TO SUBSIDIARIES

Loans to subsidiaries are treated as a long-term source of additional capital and financing within the Group. Accordingly, they are managed centrally and deemed to be quasi-equity loans representing an addition to the Company's net investments in the subsidiaries, except for those that are interest-bearing.

	The Company	
	2012	2011
	$'000	$'000
Loans to subsidiaries	**124,341**	30,064
Less: Allowance for impairment	**(7,921)**	(8,250)
	116,420	21,814

Movements in allowance for impairment are as follows:

	The Company	
	2012	2011
	$'000	$'000
Beginning of financial year	**8,250**	8,637
Impairment charge during the financial year	**852**	386
Loans written-off	**(982)**	(611)
Reversal of impairment charge during the financial year	**(199)**	(162)
End of financial year	**7,921**	8,250

Loans to subsidiaries are unsecured, repayable on demand but are not expected to be repaid within the next twelve months. Except for loans to subsidiaries amounting to $17,968,000 (2011: $7,747,000) which bear effective interest rate at 2.10% (2011: 1.96%) per annum, loans to subsidiaries are interest-free.

The carrying amounts of interest-bearing loans to subsidiaries approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

20. INVESTMENTS IN ASSOCIATED COMPANIES

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Equity investments at cost			**3,689**	3,689
Less: Allowance for impairment			**(3,689)**	(3,689)
			-	-
Beginning of financial year	**4,235**	3,204		
Currency translation differences	**(155)**	160		
Acquisition during the year	**1,196**	-		
Share of profit, net of tax	**548**	871		
Less: Dividend received	**(449)**	-		
End of financial year	**5,375**	4,235		

On 31 July 2012, the Group completed the acquisition of 1,500,000 ordinary shares of RM1.00 each in TM Foods Sdn. Bhd., a food manufacturer and supplier in Malaysia, representing 30% of the total issued and paid-up share capital of TM Foods Sdn. Bhd. for a total cash consideration of $1,196,000.

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

	The Group	
	2012	2011
	$'000	$'000
- Assets	**47,218**	47,257
- Liabilities	**64,547**	66,009
- Revenue	**222,186**	229,151
- Net profit	**2,143**	3,476

The Group has not recognised its share of losses of an associated company amounting to $2,000 (2011: $2,000) because the Group's cumulative share of unrecognised losses exceeds its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to this entity amount to $2,069,000 (2011: $2,085,000) at the balance sheet date.

Details of significant associated companies are included in Note 42.

21. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2012	2011
	$'000	$'000
Unquoted equity investments at cost		
- Subsidiaries engaged in property development, at cost less impairment (Note 21(a))	**133,582**	143,220
- Other subsidiaries, at cost less impairment (Note 21(b))	**158,758**	158,758
	292,340	301,978

Details of significant subsidiaries are included in Note 42.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

21. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Subsidiaries engaged in property development

	The Company	
	2012	2011
	$'000	$'000
Equity investments at cost	**148,117**	158,117
Less: Allowance for impairment	**(14,535)**	(14,897)
	133,582	143,220

Movements in allowance for impairment are as follows:

	The Company	
	2012	2011
	$'000	$'000
Beginning of financial year	**14,897**	15,738
Write-back of allowance during the financial year	**(186)**	(841)
Utilised during the financial year	**(176)**	-
End of financial year	**14,535**	14,897

(b) Other subsidiaries

	The Company	
	2012	2011
	$'000	$'000
Equity investments at cost	**178,214**	178,214
Less: Allowance for impairment	**(19,456)**	(19,456)
	158,758	158,758

Movements in allowance for impairment are as follows:

	The Company	
	2012	2011
	$'000	$'000
Beginning of financial year	**19,456**	29,589
Impairment charge during the financial year	**-**	713
Utilised during the financial year	**-**	(10,846)
End of financial year	**19,456**	19,456

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For the financial year ended 31 December 2012

22. INVESTMENT PROPERTIES

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**63,684**	56,555	**45,631**	33,000
Currency translation differences	**(2,604)**	(849)	**-**	-
Additions	**-**	-	**1,715**	5,631
Transfer from property, plant and equipment (Note 23)	**12,180**	-	**-**	-
Disposals	**(1,574)**	-	**-**	-
Net fair value gains recognised in profit or loss (Note 6)	**7,042**	7,978	**7,925**	7,000
End of financial year	**78,728**	63,684	**55,271**	45,631

Investment properties are carried at fair values at the balance sheet date as determined by independent professional valuers. Valuations are made annually on the basis of open market value. It is the intention of the Directors to hold the investment properties for the long term.

Certain investment properties are leased to non-related parties under operating leases (Note 35(b)).

An investment property of a subsidiary is mortgaged to a bank as security for certain borrowings (Note 27(a)).

During the current financial year, leasehold land and building of a subsidiary with a total carrying amount of $12,180,000 (2011: Nil) was transferred from property, plant and equipment to investment properties due to change in use of the property (Note 23).

The following amounts are recognised in profit or loss:

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Rental income	**1,810**	1,800	**1,565**	1,596
Direct operating expenses arising from:				
- investment properties that generate rental income	**(155)**	(149)	**(1,565)**	(1,498)
- investment properties that do not generate rental income	**(137)**	(101)	**(500)**	(478)

Rental income of the Company is primarily derived from a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

22. INVESTMENT PROPERTIES (continued)

Details of investment properties of the Group are as follows:

Location	Description and existing use	Approximate land area (in sq. metres)	Tenure	Carrying amount 2012 $'000	Carrying amount 2011 $'000
United States of America					
745 Epperson Drive City of Industry, California 91748	Office and warehouse	3,408	Freehold	**4,463**	4,644
Hong Kong					
7/F & 8/F Ever Gain Centre No. 28 On Muk Street Shatin New Territories Hong Kong	Office and warehouse	8,798	Leasehold expiring in year 2047	**34,874**	32,654
The People's Republic of China					
300 Kai Ming Road Shanghai Songjiang Industrial Zone, Songjiang, Shanghai	Office and warehouse	35,199	Leasehold expiring in year 2046	**12,180** (1)	-
Malaysia					
No.986 Jalan Perusahaan and No.988-990, Solok Perusahaan Tiga, Kawasan MIEL Prai Industrial Estate Prai, Pulau Pinang, Malaysia	Office and warehouse	7,980	Leasehold expiring in year 2071	**2,681**	2,595
Leong Sin Nam Farm, Jalan Ampang Tambun, Ampang Ipoh, Perak, Malaysia	Farming lands	1,048,718	17 lots freehold, 3 lots leasehold expiring in year 2045	**6,856**	5,028
Lot No.2987 & 2988, Jalan Bidor, Teluk Intan, Bidor, Perak, Malaysia	Industrial land	396,875	Leasehold expiring in year 2094	**3,467**	3,556
Lot 645-650, Sek 44, Kawasan Perusahaan Pengkalan Chepa II, Jalan Padang Tembak Kota Bahru, Kelatan, Malaysia	Office and warehouse	4,908	Leasehold expiring in year 2048	**597**	601
No.147A, Kawasan Perindustrian Semabu, Kuantan, Pahang, Malaysia	Office and factory	19,475	Leasehold expiring in year 2046	**-** (2)	1,083
No.9 & 11, Jalan Industri 3/6, Taman Perindustrian Temerloh, Mentakab, Pahang, Malaysia	Office and factory	4,047	Freehold	**-** (2)	532
40 1/4 Milepost, Jalan Air Itam – Johor Bahru, Simpang Renggam, Johor, Malaysia	Industrial land	420,209	Interest in perpetuity	**10,362**	9,810
Lot No.30, Jalan Upper Lanang, Sibu, Sarawak, Malaysia	Office and warehouse	6,107	Leasehold expiring in year 2029	**718**	716
Lot 4183, Jalan Kuching, Taman Tunku Industrial Area, Miri, Sarawak, Malaysia	Office and warehouse	8,858	Leasehold expiring in year 2054	**1,274**	1,286
Lot 71, Sedeo Industrial Estate, Phase 2, Jalan Kolombong, Kota Kinabalu, Sabah, Malaysia	Office and warehouse	5,235	Leasehold expiring in year 2034	**917**	892

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For the financial year ended 31 December 2012

22. **INVESTMENT PROPERTIES** (continued)

Details of investment properties of the Group are as follows:

Location	Description and existing use	Approximate land area (in sq. metres)	Tenure	Carrying amount 2012 $'000	2011 $'000
Lot 1632, Jalan Kidurong, Kidurong Light Industrial Estate, Bintulu, Sarawak, Malaysia	Industrial land	5,582	Leasehold expiring in year 2058	**339**	287
				78,728	63,684

Legend:

(1) Transferred from property, plant and equipment during 2012.

(2) Disposed during 2012.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

23. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Plant and machinery, furniture and fittings $'000	Computer equipment and software costs $'000	Motor vehicles and trucks $'000	Construction-in-progress $'000	Total $'000
The Group							
2012							
Cost or valuation							
Beginning of financial year							
Cost	-	-	148,688	13,271	2,955	21,403	186,317
Valuation	14,297	96,596	-	-	-	-	110,893
	14,297	96,596	148,688	13,271	2,955	21,403	297,210
Currency translation differences	(611)	(2,295)	(3,353)	(301)	(88)	(464)	(7,112)
Additions	181	1,445	13,636	732	439	27,198	43,631
Disposals	(13)	-	(8,039)	(1,226)	(520)	-	(9,798)
Revaluation gain (Note 31(b)(i))	-	1,913	-	-	-	-	1,913
Adjustment on revaluation	-	(6,314)	-	-	-	-	(6,314)
Transfer to investment properties (Note 22)	-	(12,180)	-	-	-	-	(12,180)
Reclassification/ Transfer	8	3,644	3,973	36	-	(7,661)	-
End of financial year	13,862	82,809	154,905	12,512	2,786	40,476	307,350
Representing:							
Cost	-	-	154,905	12,512	2,786	40,476	210,679
Valuation	13,862	82,809	-	-	-	-	96,671
	13,862	82,809	154,905	12,512	2,786	40,476	307,350
Accumulated depreciation							
Beginning of financial year	1,953	8,262	109,852	10,416	2,622	-	133,105
Currency translation differences	(163)	(863)	(2,412)	(265)	(74)	-	(3,777)
Disposals	(13)	-	(6,775)	(1,221)	(520)	-	(8,529)
Depreciation charge (Note 7)	648	2,180	4,675	2,193	124	-	9,820
Adjustment on revaluation	-	(3,801)	-	-	-	-	(3,801)
End of financial year	2,425	5,778	105,340	11,123	2,152	-	126,818
Valuation/Cost less accumulated depreciation at end of financial year	11,437	77,031	49,565	1,389	634	40,476	180,532
Accumulated impairment losses							
Beginning of financial year	110	18,950	18,602	-	-	-	37,662
Currency translation differences	(3)	(193)	(491)	-	-	-	(687)
Impairment (write-back)/ charge (Note 6)	-	(1,056)	1,146	-	-	-	90
Disposals	-	-	(1,071)	-	-	-	(1,071)
Adjustment on revaluation	-	(2,513)	-	-	-	-	(2,513)
End of financial year	107	15,188	18,186	-	-	-	33,481
Net book value at end of financial year	**11,330**	**61,843**	**31,379**	**1,389**	**634**	**40,476**	**147,051**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

23. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land and buildings	Leasehold land and buildings	Plant and machinery, furniture and fittings	Computer equipment and software costs	Motor vehicles and trucks	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group							
2011							
Cost or valuation							
Beginning of financial year							
Cost	-	-	147,896	11,096	2,834	2,449	164,275
Valuation	14,575	96,376	-	-	-	-	110,951
	14,575	96,376	147,896	11,096	2,834	2,449	275,226
Currency translation differences	(337)	156	(511)	(192)	3	32	(849)
Additions	59	64	4,828	2,548	227	19,031	26,757
Disposals	-	-	(3,565)	(226)	(109)	(3)	(3,903)
Reclassification/ Transfer	-	-	40	45	-	(106)	(21)
End of financial year	14,297	96,596	148,688	13,271	2,955	21,403	297,210
Representing:							
Cost	-	-	148,688	13,271	2,955	21,403	186,317
Valuation	14,297	96,596	-	-	-	-	110,893
	14,297	96,596	148,688	13,271	2,955	21,403	297,210
Accumulated depreciation							
Beginning of financial year	1,371	6,109	108,865	10,308	2,616	-	129,269
Currency translation differences	(69)	(122)	(529)	(181)	1	-	(900)
Disposals	-	-	(3,092)	(223)	(98)	-	(3,413)
Depreciation charge (Note 7)	651	2,275	4,626	515	103	-	8,170
Reclassification/ Transfer	-	-	(18)	(3)	-	-	(21)
End of financial year	1,953	8,262	109,852	10,416	2,622	-	133,105
Valuation/Cost less accumulated depreciation at end of financial year	12,344	88,334	38,836	2,855	333	21,403	164,105
Accumulated impairment losses							
Beginning of financial year	113	18,358	18,066	-	-	-	36,537
Currency translation differences	(3)	118	275	-	-	-	390
Impairment charge (Note 6)	-	474	279	-	-	-	753
Disposals	-	-	(18)	-	-	-	(18)
End of financial year	110	18,950	18,602	-	-	-	37,662
Net book value at end of financial year	12,234	69,384	20,234	2,855	333	21,403	126,443

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

23. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant and machinery, furniture and fittings $'000	Computer equipment and software costs $'000	Total $'000
The Company			
2012			
Cost			
Beginning of financial year	699	176	875
Additions	813	5	818
Disposals	(319)	(79)	(398)
End of financial year	1,193	102	1,295
Accumulated depreciation			
Beginning of financial year	429	106	535
Disposals	(319)	(79)	(398)
Depreciation charge	35	70	105
End of financial year	145	97	242
Cost less accumulated depreciation at end of financial year	1,048	5	1,053
Accumulated impairment losses			
Beginning and end of financial year	270	-	270
Net book value at end of financial year	**778**	**5**	**783**
2011			
Cost			
Beginning of financial year	699	112	811
Additions	-	66	66
Disposals	-	(2)	(2)
End of financial year	699	176	875
Accumulated depreciation			
Beginning of financial year	428	102	530
Disposals	-	(2)	(2)
Depreciation charge	1	6	7
End of financial year	429	106	535
Cost less accumulated depreciation at end of financial year	270	70	340
Accumulated impairment losses			
Beginning and end of financial year	270	-	270
Net book value at end of financial year	-	70	70

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2012

23. PROPERTY, PLANT AND EQUIPMENT (continued)

Details of properties of the Group under property, plant and equipment are as follows:

Location	Description and existing use	Approximate land area (in sq. metres)	Tenure	Carrying amount 2012 $'000	Carrying amount 2011 $'000
Singapore					
3 Senoko Way	Office, factory and warehouse	27,638	30 years leasehold with effect from April 1994 with an option to renew for a further 30 years	**28,972**	29,600
United States of America					
755 Epperson Drive City of Industry, California 91748	Office and warehouse	4,068	Freehold	**4,996**	5,497
The People's Republic of China					
286, 288 Chigang Road West Henan, Guangzhou	Office, factory and warehouse	30,872	Leasehold expiring in year 2043	**10,077**	10,754
300 Kai Ming Road Shanghai Songjiang Industrial Zone, Songjiang, Shanghai	Office, factory and warehouse	35,199	Leasehold expiring in year 2046	**-(1)**	9,843
Malaysia					
Lot No.66134 & 154475, Jalan Jelapang, Jelapang Industrial Area, Ipoh, Perak, Malaysia	Factory and trading depot	29,428	Leasehold expiring in year 2033 and 2048 respectively	**1,357**	1,499
Lot No.65644, Jalan Jelapang, Jelapang Industrial Area, Ipoh, Perak, Malaysia	Factory and trading depot	20,334	Leasehold expiring in year 2033	**1,176**	1,283
Lot No.154474, Jalan Jelapang, Jelapang Industrial Area, Ipoh, Perak, Malaysia	Factory and trading depot	6,100	Leasehold expiring in year 2048		
No. 7 Jalan Tandang, Petaling Jaya, Selangor, Malaysia	Office, factory and trading depot	11,635	Leasehold expiring in year 2058	**4,801**	5,113
No.121 & 191, Jalan Utas, Shah Alam, Selangor, Malaysia	Factory and trading depot	39,775	Leasehold expiring in year 2074 and 2073 respectively	**11,370**	6,787
Lot PTD 90047, 6th Miles, Jalan Kota Tinggi, Pandan, Johor Bahru, Johor, Malaysia	Office, warehouse, factory and trading depot	27,757	Interest in perpetuity subject to payment of annual rent	**6,334**	6,738
Lot 2050, Jalan Bintawa, Pending Industrial Estate, Kuching, Sarawak, Malaysia	Factory and trading depot	13,804	Leasehold expiring in year 2027	**1,023**	1,119
Lot No. 1347 & 1348 Jalan Swasta, Pending Industrial Estate, Kuching, Sarawak, Malaysia	Industrial building and land	29,368	Leasehold expiring in year 2027	**3,067**	3,385
				73,173	81,618

Legend:
(1) Transferred to investment properties during 2012.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

23. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Leasehold and freehold land and buildings of the Group were valued on the basis of open market value by independent professional valuers on 31 December 2008.

(b) If the leasehold and freehold land and buildings stated at valuation were included in the financial statements at cost less accumulated depreciation and accumulated impairment losses, their net book values at the end of the financial year would be:

	The Group	
	2012	2011
	$'000	$'000
Freehold properties	**988**	1,105
Leasehold properties	**57,574**	67,403

24. INTANGIBLE ASSETS

Composition:

	The Group	
	2012	2011
	$'000	$'000
Goodwill arising on consolidation (Note 24(a))	**-**	-
Other (Note 24(b))	**-**	-
	-	-

(a) Goodwill arising on consolidation

	The Group	
	2012	2011
	$'000	$'000
Cost		
Beginning and end of financial year	**5,361**	5,361
Accumulated impairment		
Beginning and end of financial year	**(5,361)**	(5,361)
Net book value	**-**	-

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified within the consumer food and beverage products business segment in the People's Republic of China.

The goodwill in the CGUs was fully impaired in 2008.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

24. INTANGIBLE ASSETS (continued)

(b) Other

	The Group	
	2012	2011
	$'000	$'000
Cost		
Beginning of financial year	**-**	17
Write-off	**-**	(17)
End of financial year	**-**	-

25. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities, and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
		(Restated)		
Deferred income tax assets				
- to be recovered within one year	**80**	531	**-**	-
- to be recovered after one year	**1,771**	848	**-**	-
	1,851	1,379	**-**	-
Deferred income tax liabilities				
- to be settled within one year	**920**	8,364	**-**	57
- to be settled after one year	**12,835**	12,682	**2,748**	1,359
	13,755	21,046	**2,748**	1,416

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

25. DEFERRED INCOME TAXES (continued)

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

Deferred income tax liabilities

	Accelerated tax depreciation $'000	Recognition of construction revenue $'000	Fair value gains - net $'000	Total $'000
The Group				
2012				
Beginning of financial year				
- As previously reported	**13,772**	**7,635**	**4,552**	**25,959**
- Effect of adopting Amendments to FRS 12	**-**	**-**	**(4,552)**	**(4,552)**
- As restated	**13,772**	**7,635**	**-**	**21,407**
Currency translation differences	**(366)**	**-**	**18**	**(348)**
(Credited)/Charged to profit or loss	**(1,520)**	**(7,635)**	**1,373**	**(7,782)**
Charged to equity (Note 31(b)(i))	**478**	**-**	**-**	**478**
End of financial year	**12,364**	**-**	**1,391**	**13,755**
2011				
Beginning of financial year				
- As previously reported	13,014	4,139	2,930	20,083
- Effect of adopting Amendments to FRS 12	-	-	(2,930)	(2,930)
- As restated	13,014	4,139	-	17,153
Currency translation differences	(256)	-	-	(256)
Charged to profit or loss				
- As previously reported	1,014	3,496	1,622	6,132
- Effect of adopting Amendments to FRS 12	-	-	(1,622)	(1,622)
- As restated	1,014	3,496	-	4,510
End of financial year	13,772	7,635	-	21,407

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

25. DEFERRED INCOME TAXES (continued)

Deferred income tax assets

	Unabsorbed capital allowances and unutilised tax losses $'000	Provisions $'000	Total $'000
The Group			
2012			
Beginning of financial year	**-**	**(1,740)**	**(1,740)**
Currency translation differences	**(7)**	**18**	**11**
(Credited)/Charged to profit or loss	**(1,325)**	**1,203**	**(122)**
End of financial year	**(1,332)**	**(519)**	**(1,851)**
2011			
Beginning of financial year	(139)	(1,710)	(1,849)
Currency translation differences	3	70	73
Charged/(Credited) to profit or loss	136	(100)	36
End of financial year	-	(1,740)	(1,740)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of $31,480,000 (2011: $38,657,000) and unrecognised capital allowances of $977,000 (2011: $971,000) at the balance sheet date with varying expiry dates which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. $6,543,000 tax losses will expire between 2015 to 2031 (2011: $10,045,000) tax losses will expire between 2014 to 2031) and $24,937,000 (2011: $28,612,000) tax losses do not have expiry date.

Deferred income tax liabilities of $3,654,000 (2011: $3,928,000) have not been recognised for the withholding and other taxes that will be payable on the earnings of overseas subsidiaries when remitted to the holding company. These unremitted earnings are permanently reinvested and amount to $12,179,000 (2011: $13,093,000) at the balance sheet date.

Deferred income tax liabilities

	Accelerated tax depreciation $'000
The Company	
2012	
Beginning of financial year	**1,416**
Charged to profit or loss	**1,332**
End of financial year	**2,748**
2011	
Beginning of financial year	238
Charged to profit or loss	1,178
End of financial year	1,416

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

26. TRADE AND OTHER PAYABLES - CURRENT

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Trade payables - Non-related parties	**26,901**	24,389	**-**	-
Other payables				
- Non-related parties	**10,138**	7,957	**183**	271
- Subsidiaries	**-**	-	**113,475**	67,106
	10,138	7,957	**113,658**	67,377
Accruals for operating expenses	**51,366**	54,026	**3,840**	2,411
	88,405	86,372	**117,498**	69,788

Other payables to non-related parties and subsidiaries are unsecured, interest-free and repayable on demand.

27. BORROWINGS

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Current bank borrowings	**9,348**	10,808	**3,000**	5,000
Non-current bank borrowings	**8,911**	-	**-**	-
Total borrowings	**18,259**	10,808	**3,000**	5,000

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

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
6 months or less	**8,148**	10,808	**3,000**	5,000
6 to 12 months	**1,200**	-	**-**	-
1 to 5 years	**8,911**	-	**-**	-
	18,259	10,808	**3,000**	5,000

NOTES TO THE FINANCIAL STATEMENTS

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27. **BORROWINGS** (continued)

(a) Secured liabilities

Included in bank borrowings are the following secured liabilities:

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Current bank borrowings	**3,948**	5,808	**-**	-

Current bank borrowings of a subsidiary of $3,948,000 (2011: $5,808,000) are secured by a first mortgage over an investment property of a subsidiary with a carrying amount of $34,874,000 (2011: $32,654,000) (Note 22).

(b) Fair value of non-current borrowings

The fair value of the non-current bank borrowing is as follows:

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Non-current bank borrowings	**8,510**	-	**-**	-

The fair value above is determined from cash flow analysis, discounted at market borrowing rate of an equivalent instrument at the balance sheet date which the Directors expect to be available to the Group at 2.56% per annum.

28. **PROVISIONS FOR OTHER LIABILITIES AND CHARGES**

	The Group	
	2012	2011
	$'000	$'000
Provision for retirement benefits	**2,336**	2,239

Movements in provision for retirement benefits are as follows:

	The Group	
	2012	2011
	$'000	$'000
Beginning of financial year	**2,239**	2,237
Currency translation differences	**(68)**	(64)
Provision made (Note 8)	**358**	292
Provision utilised	**(193)**	(226)
End of financial year	**2,336**	2,239

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

28. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (continued)

The amount recognised in the Group's balance sheet is analysed as follows:

	The Group	
	2012	2011
	$'000	$'000
Present value of unfunded obligations/liabilities recognised in the balance sheet	**2,336**	2,239

The retirement benefit plan of a subsidiary is not funded. There are no plan assets or actual returns on plan assets.

As of 31 December 2012, the provision for retirement benefits consists of non-contributory unfunded retirement benefits scheme for employees who are eligible under a collective bargaining agreement.

The current service and interest cost recognised in profit or loss in respect of the provision for retirement benefits amounted to $235,000 and $123,000 (2011: $166,000 and $126,000) respectively.

The principal actuarial assumptions used are discount rate at 5.0% (2011: 5.9%) per annum and expected rate of salary increases at 5.0% (2011: 6.0%) per annum.

The latest actuarial valuation of the plan was carried out at 14 November 2012 and the Directors are of the view that any changes in the principal actuarial assumptions applied in the valuation report at the reporting date are insignificant and therefore, the actuarial valuation will not differ materially from its carrying value.

29. SHARE CAPITAL

	Number of ordinary shares	*Amount*
	Issued share capital	**Share Capital**
	'000	**$'000**
2012		
Beginning of the financial year	**573,920**	**218,568**
Shares issued	**202**	**297**
End of financial year	**574,122**	**218,865**
2011		
Beginning and end of financial year	573,920	218,568

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

YHS Share Incentive Plan

The YHS Share Incentive Plan (the "Plan") is an omnibus share incentive scheme which amalgamates a share option plan component and a performance share plan component. Participants will be selected at the sole discretion of the Remuneration Committee from eligible categories of persons comprising (i) employees and directors of the Group, (ii) employees and directors of associated companies, and (iii) associates (being employees of companies within the Far East Organization) who spend more than half of their time performing services out-sourced by the Company to the associates' employer. Persons who are the Company's controlling shareholders or their associates (as those terms are defined in the Listing Manual of the Singapore Exchange Securities Trading Limited) will not be eligible to participate in the Plan. The aggregate number of new shares which may be issued pursuant to options and/or awards granted under the Plan on any date, when added to the number of new shares issued and issuable in respect of all options and awards granted under the Plan shall not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company. Unless earlier terminated or extended with the approval of the members of the Company, the Plan will continue in force, at the discretion of the Committee, for a maximum period of 10 years commencing on the date of its adoption.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

29. SHARE CAPITAL (continued)

Under the share option plan component, an option granted pursuant to the Plan represents a right to acquire ordinary shares in the Company at the acquisition price per share applicable to the option. The acquisition price per share is fixed at the time of the grant of the option and may be set at the market price, or at a discount to the market price, or at the market price subject to adjustment with a discount if prescribed performance conditions are met, or at a premium to the market price. Any discount given must not exceed 20% of the market price of a share.

Under the performance share plan component, an award granted represents a contingent right to receive fully paid ordinary shares in the Company, their equivalent cash value or combinations thereof, free of charge, provided that prescribed performance targets (if any) are met and upon expiry of the prescribed vesting periods.

Subject to the Plan size and the individual and collective limits applicable to associates under the Plan, the number of shares that will be comprised in an option or award, and the terms thereof, including any vesting or other conditions, will be determined by the Committee at its sole discretion having regard various factors such as (but not limited to) the participant's capability, responsibilities, skill sets, and the objective desired to be achieved through the grant.

A grant of awards was made pursuant to the Plan on 21 March 2011. The fair value per share awarded was based on the market price per share at grant date and the shares shall be issued in three equal tranches over a three-year period.

The following table sets out the movements in awards granted pursuant to the Plan and their fair values at grant date.

	2012	2011
Number of ordinary shares under award		
Beginning of financial year	**606,000**	-
Granted during the year	**-**	621,000
Share issued during the year	**(202,000)**	-
Forfeited during the year	**(28,000)**	(15,000)
End of financial year	**376,000**	606,000
Fair value per award based on market price per share at grant date	**$1.47**	$1.47

30. CAPITAL RESERVES

Composition:

	The Group	
	2012	2011
	$'000	$'000
Capital reserve arising on consolidation	**2,352**	2,352
Share of capital reserve of an associated company	**3,714**	3,714
	6,066	6,066

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For the financial year ended 31 December 2012

31. OTHER RESERVES

(a) Composition:

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Property revaluation reserve	**44,448**	70,238	**-**	-
Fair value reserve	**189,806**	61,638	**7,637**	4,348
Foreign currency translation reserve	**(41,858)**	(36,675)	**-**	-
General reserve	**1,088**	1,120	**-**	-
Share-based payment reserve	**453**	511	**453**	511
	193,937	96,832	**8,090**	4,859

(b) Movements:

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
(i) *Property revaluation reserve*				
Beginning of financial year	**70,238**	84,241	**-**	-
Revaluation gain on property, plant and equipment (Note 23)	**1,913**	-	**-**	-
Tax on revaluation gain (Note 10(c))	**(478)**	-	**-**	-
	1,435	-	**-**	-
Transfer to retained profits on realisation	**(27,225)**	(14,003)	**-**	-
End of financial year	**44,448**	70,238	**-**	-
(ii) *Fair value reserve*				
Beginning of financial year	**61,638**	66,586	**4,348**	3,690
Fair value gains/(losses) on available-for-sale financial assets (Note 18)	**129,539**	(4,576)	**3,289**	658
Less: Non-controlling interests	**(1,371)**	(372)	**-**	-
	128,168	(4,948)	**3,289**	658
End of financial year	**189,806**	61,638	**7,637**	4,348

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

31. **OTHER RESERVES** (continued)

(b) Movements: (continued)

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
(iii) *Foreign currency translation reserve*				
Beginning of financial year	**(36,675)**	(32,649)	**-**	-
Net currency translation differences of financial statements of foreign subsidiaries and associated companies (Note 10(c))	**(6,425)**	(3,525)	**-**	-
Less: Non-controlling interests	**1,242**	1,681	**-**	-
	(5,183)	(1,844)	**-**	-
Reclassification to profit or loss upon liquidation of subsidiaries (Note 10(c))	**-**	(2,182)	**-**	-
End of financial year	**(41,858)**	(36,675)	**-**	-
(iv) *General reserve*				
Beginning of financial year	**1,120**	1,120	**-**	-
Effect of acquiring non-controlling interests in a subsidiary	**(32)**	-	**-**	-
End of financial year	**1,088**	1,120	**-**	-
(v) *Share-based payment reserve*				
Beginning of financial year	**511**	-	**511**	-
Employee share-based compensation scheme - value of employee services (Note 8)	**239**	511	**239**	511
Issue of new shares	**(297)**	-	**(297)**	-
End of financial year	**453**	511	**453**	511

Other reserves are non-distributable.

32. **DIVIDEND**

	The Group	
	2012	2011
	$'000	$'000
Ordinary dividends paid		
Final dividend paid in respect of the previous financial year of 1 cent (2011: Nil) per share	**5,742**	-

The directors have proposed a final dividend of 1 cent per ordinary share, tax exempt (1-tier) (2011: 1 cent per ordinary share, tax exempt (1-tier)) amounting to $5,743,000 (2011:$5,472,000) for approval by shareholders at the forthcoming annual general meeting to be convened for the financial year ended 31 December 2012.

These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

33. EVENT AFTER THE BALANCE SHEET DATE

On 30 May 2012, the Board of Directors of Yeo Hiap Seng Limited ("YHSL" or the "Company") announced that YHS (Singapore) Pte. Ltd. ("YHSS"), a wholly-owned subsidiary of the Company, has, by way of a letter dated 30 May 2012 to Yeo Hiap Seng (Malaysia) Berhad ("YHSM") notified YHSM of its intention to privatise YHSM by way of a selective capital reduction and repayment exercise ("SCR") pursuant to Section 64 of the Companies Act, 1965 of Malaysia (the "Malaysian Companies Act"). YHSM is listed on Bursa Malaysia Securities Berhad ("Bursa Securities") and as at 30 May 2012, YHSS holds 93,373,249 ordinary shares of par value RM1.00 each in the capital of YHSM ("YHSM Shares") representing approximately 61.147 per cent of the issued and paid-up share capital of YHSM.

The SCR involves YHSM undertaking a selective capital reduction and a corresponding capital repayment to all the shareholders of YHSM other than YHSS (the "Entitled YHSM Shareholders"), whose names appear in the record of depositors as at the close of business on an entitlement date to be determined at a later date, save for 1,000,000 YHSM Shares which are then held by YHSS.

Under the SCR, the Entitled YHSM shareholders, whose names appear on YHSM's Register of Members and/or Record of Depositors as at the entitlement date shall be entitled to receive a capital repayment of RM3.60 in cash for each existing YHSM Share held before the bonus issue. YHSS shall waive their entitlements to the repayment of capital pursuant to the SCR. The capital repayment has been made on 11 January 2013.

YHSM has been de-listed and removed from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") with effect from 4 February 2013.

The effects of the SCR exercise will be reflected in the financial statements for the financial year ended 31 December 2013. The estimated financial effect is as follows:

	2013 $'000
Capital repayment to non-controlling shareholders	85,121
Less: Carrying amount of non-controlling interests	(55,702)
Excess of capital repayment over carrying amount of non-controlling interests recognised in general reserve	29,419

34. CONTINGENT LIABILITIES

(a) On 1 February 2010, the Jakarta High Court had decided in favour of YHSM and its subsidiary, PT YHS Indonesia, regarding a suit filed by PT Kharisma Inti Persada ("the Plaintiff"), claiming for approximately $32 million (Rupiah 219.9 billion) for an alleged breach of an alleged agreement and an alleged distributor's appointment. YHSM had on 23 March 2010 received a formal notification from the Central Jakarta District Court that the Plaintiff had filed an appeal against the Jakarta High Court's decision and YHSM had, on 5 April 2010, filed a counter memorandum to the Court.

On 3 July 2012, YHSM had received a formal notification from the Central Jakarta District Court that the Jakarta Supreme Court had rejected the Plaintiff's appeal and decided the case in favour of YHSM and PT YHS Indonesia.

(b) In 2003, a legal action for an alleged breach of agreement with regard to contract packing arrangement was brought by FY Sdn Bhd ("the Plaintiff"), a company incorporated in Malaysia, against YHSM, a subsidiary of the Group, claiming for damages of approximately $2.6 million (RM6.2 million) with interest and cost thereon.

On 10 March 2010, the High Court of Shah Alam vide the proceedings under Civil Suit no. MT3-22-936-2003 and granted judgement against YHSM in favour of the Plaintiff, for the alleged breach of an agreement. The High Court did not award the quantum of damages and ordered that damages be assessed before the Registrar of the High Court. YHSM filed an appeal with the Court of Appeal on 28 June 2010. The Court of Appeal upon hearing on 27 March 2012, granted judgement in favour of YHSM and allowed YHSM's appeal with costs. On 2 April 2012, the Plaintiff withdrew its application for assessment of damages at the High Court.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

34. **CONTINGENT LIABILITIES** (continued)

(b) On 26 April 2012, the Plaintiff filed an application for leave to appeal to the Federal Court. On 28 February 2013, the Federal Court dismissed the Plaintiff's application. The decision is final and conclusive.

As at 31 December 2012, no provision (2011: no provision) has been made in respect of the contingent liabilities in (a) and (b) above.

35. **COMMITMENTS**

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

The Group leases land, warehouses, plant and machinery, vending machines and office equipment from non-related parties under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

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

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Not later than one year	**4,329**	2,141	**604**	572
Between one and five years	**8,820**	3,873	**2,416**	2,289
Later than five years	**3,774**	4,150	**3,774**	4,150
	16,923	10,164	**6,794**	7,011

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

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

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

	The Group		The Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Not later than one year	**3,196**	1,140	**82**	114
Between one and five years	**8,520**	1,146	**25**	107
Later than five years	**831**	-	**-**	-
	12,547	2,286	**107**	221

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

35. COMMITMENTS (continued)

(c) Other commitments

Other commitments contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	The Group	
	2012	2011
	$'000	$'000
Capital commitments in respect of purchase of property, plant and equipment approved and contracted for	**13,043**	20,634
Commitment in respect of property development expenditure approved and contracted for	**-**	2,947
	13,043	23,581

36. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forwards and foreign currency borrowings to manage certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

(a) Market risk

(i) Currency risk

The Group operates in a number of countries with dominant operations in Singapore, Malaysia and the People's Republic of China. Sale and purchase transactions between the companies in the Group are mainly denominated in Singapore Dollar.

Whenever possible, in their respective dealings with third parties, the companies in the Group would use their respective functional currencies, to minimise foreign currency risk.

Currently, the Group will try to manage its currency exposures by having natural hedges between its foreign currency receivables and payables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. **FINANCIAL RISK MANAGEMENT** (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure is as follows:

	SGD $'000	CAN $'000	USD $'000	HKD $'000	RMB $'000	RM $'000	Other $'000	Total $'000
At 31 December 2012								
Financial assets								
Cash and cash equivalents	158,525	-	10,254	645	1,219	8,099	2,754	181,496
Trade and other receivables	73,648	239	8,089	510	1,095	23,991	8,709	116,281
Intra-group balances	160,375	21	14,354	1,708	11,934	-	-	188,392
Other financial assets	3,250	-	4	19	19	672	18	3,982
	395,798	260	32,701	2,882	14,267	32,762	11,481	490,151
Financial liabilities								
Borrowings	(14,311)	-	-	(3,948)	-	-	-	(18,259)
Intra-group balances	(160,375)	(21)	(14,354)	(1,708)	(11,934)	-	-	(188,392)
Other financial liabilities	(33,817)	(1)	(3,210)	(502)	(10,407)	(34,734)	(5,734)	(88,405)
	(208,503)	(22)	(17,564)	(6,158)	(22,341)	(34,734)	(5,734)	(295,056)
Net financial assets/ (liabilities)	187,295	238	15,137	(3,276)	(8,074)	(1,972)	5,747	195,095
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(185,305)	2	(7,217)	3,312	8,180	1,972	(5,226)	
Currency exposure	**1,990**	**240**	**7,920**	**36**	**106**	**-**	**521**	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. **FINANCIAL RISK MANAGEMENT** (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

The Group's currency exposure is as follows (continued):

	SGD $'000	CAN $'000	USD $'000	HKD $'000	RMB $'000	RM $'000	Other $'000	Total $'000
At 31 December 2011								
Financial assets								
Cash and cash equivalents	96,435	-	2,146	1,277	2,051	3,853	1,297	107,059
Trade and other receivables	22,836	95	6,674	511	687	36,627	6,322	73,752
Intra-group balances	174,176	21	25,012	3,281	16,117	76	-	218,683
Other financial assets	3,244	-	4	18	123	549	20	3,958
	296,691	116	33,836	5,087	18,978	41,105	7,639	403,452
Financial liabilities								
Borrowings	(5,000)	-	-	(5,808)	-	-	-	(10,808)
Intra-group balances	(174,176)	(21)	(25,012)	(3,281)	(16,117)	(76)	-	(218,683)
Other financial liabilities	(38,887)	(1)	(3,096)	(613)	(6,597)	(32,462)	(4,716)	(86,372)
	(218,063)	(22)	(28,108)	(9,702)	(22,714)	(32,538)	(4,716)	(315,863)
Net financial assets/ (liabilities)	78,628	94	5,728	(4,615)	(3,736)	8,567	2,923	87,589
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(73,949)	1	(2,665)	4,713	3,736	(8,567)	(3,462)	
Currency exposure	4,679	95	3,063	98	-	-	(539)	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

The Company's currency exposure is as follows:

	USD $'000	HKD $'000	RMB $'000
At 31 December 2012			
Financial assets			
Cash and cash equivalents	15	36	-
Other receivables	-	-	3,733
Loans to subsidiaries	6,240	-	-
	6,255	36	3,733
Financial liabilities			
Other financial liabilities	(710)	(257)	(7)
	(710)	(257)	(7)
Currency exposure	**5,545**	**(221)**	**3,726**
At 31 December 2011			
Financial assets			
Cash and cash equivalents	7	-	-
Other receivables	212	-	2,280
Loans to subsidiaries	6,585	-	-
	6,804	-	2,280
Financial liabilities			
Other financial liabilities	(748)	(270)	(6)
	(748)	(270)	(6)
Currency exposure	6,056	(270)	2,274

Legend:

SGD - Singapore Dollar
CAN - Canadian Dollar
USD - United States Dollar
HKD - Hong Kong Dollar
RMB - Chinese Renminbi
RM - Malaysian Ringgit

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

If the USD, RMB, HKD and CAN had changed against the SGD by 5% (2011: 7%), 2% (2011: 6%), 5% (2011: 6%) and 0.1% (2011: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position would have been as follows:

	Increase/(Decrease)	
	2012	2011
	Profit after tax	Profit after tax
	$'000	$'000
The Group		
USD against SGD		
- strengthened	**322**	174
- weakened	**(322)**	(174)
RMB against SGD		
- strengthened	**2**	-
- weakened	**(2)**	-
HKD against SGD		
- strengthened	**1**	5
- weakened	**(1)**	(5)
CAN against SGD		
- strengthened	**-***	4
- weakened	**-***	(4)
The Company		
USD against SGD		
- strengthened	**230**	352
- weakened	**(230)**	(352)
RMB against SGD		
- strengthened	**58**	111
- weakened	**(58)**	(111)
HKD against SGD		
- strengthened	**(9)**	(13)
- weakened	**9**	13

*: less than $1,000

The above currency risk analysis is not applicable to Malaysian Ringgit as the net financial assets/(liabilities) in this currency are recorded in the respective entities' functional currencies, resulting in no currency exposure.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Price risk

The Group is exposed to securities price risk arising from equity investments which are classified as available-for-sale and investment in quoted funds at fair value through profit or loss. These securities are mainly equity securities listed in Singapore, Hong Kong and the United States. The Group is not exposed to commodity price risk. The Group diversifies its portfolio to manage its price risk.

If prices of securities listed in Singapore, Hong Kong, United States and Malaysia had changed by 2% (2011: 9%), 5% (2011: 1%), 3% (2011: 10%) and 1% (2011: 1%) respectively with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would have been:

	Increase/(Decrease)			
	2012		2011	
	Profit after tax	**Other comprehensive income**	Profit after tax	Other comprehensive income
	$'000	**$'000**	$'000	$'000
The Group				
Listed in Singapore				
- increased by	**-**	**4,167**	-	7,705
- decreased by	**-**	**(4,167)**	-	(7,705)
Listed in Hong Kong				
- increased by	**-**	**179**	-	27
- decreased by	**-**	**(179)**	-	(27)
Listed in United States				
- increased by	**-**	**591**	-	1,406
- decreased by	**-**	**(591)**	-	(1,406)
Listed in Malaysia				
- increased by	**76**	**-**	131	-
- decreased by	**(76)**	**-**	(131)	-
The Company				
Listed in Hong Kong				
- increased by	**-**	**95**	-	14
- decreased by	**-**	**(95)**	-	(14)
Listed in United States				
- increased by	**-**	**295**	-	703
- decreased by	**-**	**(295)**	-	(703)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. **FINANCIAL RISK MANAGEMENT** (continued)

(a) Market risk (continued)

(iii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group obtains financing primarily through bank borrowings. The exposure of the Group and the Company to cash flow interest rate risks arises mainly from variable-rate borrowings. The Group's policy is to obtain the most favourable interest rates available.

Borrowings of the Group and the Company at variable rates on which effective hedges have not been entered into are denominated mainly in SGD, RM and HKD. If the SGD, RM and HKD interest rates had increased/decreased by 0.10% (2011: 0.10%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by $15,000 (2011: $9,000) and $2,000 (2011: $4,000) for the Group and the Company respectively as a result of higher/lower interest expense on these borrowings.

Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's borrowings (Note 27).

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

To minimise credit risk for trade receivables, management ensures that proper credit evaluation is done on potential customers, and that proper approvals have been obtained for the determination of credit limits. Management monitors the status of outstanding debts and ensures that follow-up action is taken to recover the overdue amounts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

The credit risk for trade receivables is as follows:

	The Group	
	2012	2011
	$'000	$'000
By geographical areas		
Singapore	**70,318**	19,468
Malaysia	**20,277**	18,550
China and Hong Kong	**1,425**	1,113
North America	**3,722**	2,452
Indonesia	**3,429**	2,799
Europe	**3,093**	3,179
Other countries	**3,023**	2,074
	105,287	49,635
By types of customers		
Consumer food and beverage products		
Related parties	**123**	110
Non-related parties:		
- Supermarkets, minimart chains, provision shops and gas stations	**19,315**	20,383
- Hotels, bars/pubs, restaurants, food courts and coffee shops	**5,471**	5,965
- Wholesalers and distributors	**27,685**	21,715
- Vending sales	**180**	141
- Other	**278**	241
	53,052	48,555
Property development		
Non-related parties:		
- Individuals	**52,235**	1,080
	105,287	49,635

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables, which are neither past due nor impaired, are assessed by historical information about counterparty default rates monitored by key management, are as follows:

	The Group	
	2012	2011
	$'000	$'000
New customers with less than six months experience	**52,790**	2,059
Existing customers with no defaults in the past	**23,188**	20,689
Existing customers with some defaults in the past, but all defaults were fully recovered	**-**	-
	75,978	22,748

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

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

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

	The Group	
	2012	2011
	$'000	$'000
Past due less than three months	**27,689**	25,083
Past due three to six months	**1,440**	1,160
Past due over six months	**180**	644
	29,309	26,887

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

	The Group	
	2012	2011
	$'000	$'000
Trade receivables overdue and impaired	**1,369**	1,123
Less: Allowance for impairment	**(1,369)**	(1,123)
	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. **FINANCIAL RISK MANAGEMENT** (continued)

(b) Credit risk (continued)

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

	The Group	
	2012	2011
	$'000	$'000
Beginning of financial year	**1,123**	1,216
Currency translation differences	**(27)**	(22)
Allowance made (Note 7)	**539**	7
Allowance utilised	**(266)**	(78)
End of financial year	**1,369**	1,123

(c) Liquidity risk

The Group manages the liquidity risk by maintaining sufficient cash and cash equivalents to finance the Group's operations. In addition to funds generated from its operations, the Group also relies on adequate amount of committed credit facilities and bank borrowings for its working capital requirements.

The table below analyses the maturity profile of financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than one year	**Between one and five years**	**Total**
	$'000	**$'000**	**$'000**
The Group			
At 31 December 2012			
Trade and other payables	**(88,405)**	**-**	**(88,405)**
Borrowings	**(9,636)**	**(9,181)**	**(18,817)**
Other non-current liabilities	**-**	**(32)**	**(32)**
	(98,041)	**(9,213)**	**(107,254)**
At 31 December 2011			
Trade and other payables	(86,372)	-	(86,372)
Borrowings	(10,922)	-	(10,922)
Other non-current liabilities	-	(33)	(33)
	(97,294)	(33)	(97,327)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. **FINANCIAL RISK MANAGEMENT** (continued)

(c) Liquidity risk (continued)

	Less than one year $'000
The Company	
At 31 December 2012	
Other payables	**(117,498)**
Borrowings	**(3,040)**
	(120,538)
At 31 December 2011	
Other payables	(69,788)
Borrowings	(5,060)
	(74,848)

(d) Capital risk

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

Management monitors capital based on a gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Where cash holding exceeds debt, net debt is considered zero and hence no gearing. Total capital employed is calculated as equity plus net debt.

The gearing ratios as at 31 December 2012 and 31 December 2011 were as follows:

	The Group		The Company	
	2012 $'000	2011 $'000 (Restated)	**2012 $'000**	2011 $'000
Net debt	**-**	-	**112,690**	72,735
Total equity	**738,561**	548,074	**422,044**	318,086
Total capital employed	**738,561**	548,074	**534,734**	390,821
Gearing ratio	**Nil**	Nil	**21%**	19%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial year ended 31 December 2011 and 2012.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

36. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 $'000	Level 2 $'000	Total $'000
The Group			
2012			
Assets			
Financial assets, at fair value through profit or loss	**7,556**	**-**	**7,556**
Available-for-sale financial assets	**231,613**	**363**	**231,976**
	239,169	**363**	**239,532**
2011			
Assets			
Financial assets, at fair value through profit or loss	13,106	-	13,106
Available-for-sale financial assets	102,359	364	102,723
	115,465	364	115,829
The Company			
2012			
Assets			
Available-for-sale financial assets	**11,753**	**363**	**12,116**
2011			
Assets			
Available-for-sale financial assets	8,450	364	8,814

The fair values of financial assets traded in active markets are based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These investments are included in Level 1.

The fair value of financial assets that are not traded in an active market is determined using observable market data. These investments are included in Level 2.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

37. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Company's immediate and ultimate holding company is Far East Organisation Pte. Ltd., incorporated in Singapore.

38. RELATED PARTY TRANSACTIONS

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

(a) Sales and purchases of goods and services

	The Group	
	2012	2011
	$'000	$'000
Amount billed by Far East Orchard Limited Group:		
- Purchase of services	**(2)**	-
- Rental expense	**-**	(155)
- Professional fees	**-**	(16)
Amount billed to/(by) other related parties:		
- Sales of goods and services	**235**	287
- Professional fees	**(246)**	(340)
- Sales commission and marketing fees	**(330)**	(481)
Amount billed to/(by) Sino Land Company Limited Group:		
- Sales of goods and services	**7**	11
- Purchases of services	**(10)**	(5)
- Rental expense	**-**	(117)
Professional fees paid/payable to Chang See Hiang & Partners	**-**	(5)

Far East Orchard Limited is a fellow subsidiary of the Company.

Sino Land Company Limited is a shareholder of the Company.

Chang See Hiang & Partners is a law firm owned by Mr. Chang See Hiang, a non-executive, independent director of the Company.

Other related parties comprise of companies that are controlled or significantly influenced by the Group's key management personnel or the shareholders of the Company's ultimate holding company.

Outstanding balances at 31 December 2012, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 14 and 26 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

38. RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel compensation

The key management personnel compensation is as follows:

	The Group	
	2012	2011
	$'000	$'000
Wages and salaries	**4,239**	3,967
Employer's contribution to defined contribution plans including Central Provident Fund	**183**	261
Other benefits	**119**	856
	4,541	5,084

Included in the above is total compensation to directors of the Company amounting to $3,400,000 (2011: $2,021,000).

39. SEGMENT INFORMATION

Management has determined the operating segments based on the reports that are used to make strategic decisions as reviewed by the Chief Executive Officer ("CEO").

The CEO considers the business from both geographic and business segment perspectives. Geographically, management manages and monitors the business in the four primary geographic areas: Singapore, Malaysia, the People's Republic of China and North America.

Based on segment information reported to the CEO, the Group is organised into three main business segments:

- Consumer food and beverage products
- Property development
- Other

Other operations of the Group mainly comprise property and equity investment holding.

Inter-segment transactions are recorded at their transacted price which is generally at arm's length. Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, investment properties, intangible assets, inventories, receivables and operating cash, and exclude current income tax recoverable, deferred income tax assets and investments in associated companies. Segment liabilities comprise operating liabilities and exclude items such as current income tax liabilities, deferred income tax liabilities and bank borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

39. SEGMENT INFORMATION (continued)

The segment information provided to the CEO for the reportable segments for the year ended 31 December 2012 is as follows:

	Consumer food and beverage products $'000	Property development $'000	Other $'000	Elimination $'000	The Group $'000
Year ended 31 December 2012					
Revenue					
- External sales	398,511	164,070	3,827	-	566,408
- Inter-segment sales	-	-	4,209	(4,209)	-
	398,511	164,070	8,036	(4,209)	566,408
Profit from operation	9,066	68,096	12,110	-	89,272
Share of profit of associated companies	548	-	-		548
Segment profit	9,614	68,096	12,110	-	89,820
Finance expense					(177)
Profit before income tax					89,643
Income tax expense					(16,487)
Net profit					**73,156**
Segment assets	403,983	255,274	499,790	(283,303)	875,744
Associated companies	5,375	-	-	-	5,375
Unallocated assets					2,676
Consolidated total assets					**883,795**
Segment liabilities	205,312	22,031	157,829	(294,399)	90,773
Unallocated liabilities					54,461
Consolidated total liabilities					**145,234**
Other segment items					
Additions to property, plant and equipment	43,611	-	20	-	43,631
Revaluation gain on property, plant and equipment	1,913	-	-	-	1,913
Loss on disposal of investment properties	-	-	8	-	8
Gain on liquidation of subsidiaries	-	-	(176)	-	(176)
Interest income	(97)	(8)	(235)	-	(340)
Depreciation	9,563	-	257	-	9,820
Fair value gains on investment properties - net	-	-	(7,042)	-	(7,042)
Impairment loss on property, plant and equipment	90	-	-	-	90
Property, plant and equipment written-off	7	-	-	-	7
Net foreign exchange loss	1,294	-	502	-	1,796

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

39. **SEGMENT INFORMATION** (continued)

	Consumer food and beverage products $'000	Property development $'000	Other $'000	Elimination $'000	The Group $'000
Year ended 31 December 2011 (Restated)					
Revenue					
- External sales	371,452	67,855	3,693	-	443,000
- Inter-segment sales	-	-	3,898	(3,898)	-
	371,452	67,855	7,591	(3,898)	443,000
Profit from operation	14,692	24,840	16,194	-	55,726
Share of profit of associated companies	871	-	-	-	871
Segment profit	15,563	24,840	16,194	-	56,597
Finance expense					(197)
Profit before income tax					56,400
Income tax expense					(9,607)
Profit					**46,793**
Segment assets	288,931	300,464	206,851	(131,079)	665,167
Associated companies	4,235	-	-	-	4,235
Unallocated assets					2,258
Consolidated total assets					**671,660**
Segment liabilities	130,726	24,503	77,080	(143,665)	88,644
Unallocated liabilities					34,942
Consolidated total liabilities					**123,586**
Other segment items					
Additions to property, plant and equipment	20,931	-	5,826	-	26,757
Gain on liquidation of subsidiaries	(2,201)	-	19	-	(2,182)
Interest income	(131)	(14)	(3)	-	(148)
Depreciation	7,206	-	964	-	8,170
Fair value gains on investment properties - net	-	-	(7,978)	-	(7,978)
Write-back of allowance for foreseeable losses on development properties	-	(1,987)	-	-	(1,987)
Impairment loss on property, plant and equipment	753	-	-	-	753
Property, plant and equipment written-off	17	-	-	-	17
Impairment of available-for-sale financial assets	-	-	1,049	-	1,049
Net foreign exchange loss	753	-	151	-	904
Write-back of loan from an associated company	-	-	(1,155)	-	(1,155)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

39. **SEGMENT INFORMATION** (continued)

Geographical information

The Group's three business segments operate in four main geographical areas:

- Singapore - the Company is headquartered and has operations in Singapore. The operations in this area are principally investment holding, manufacture, sale, distribution and export of beverages, sauces, canned food and provision of vending services and property development.
- Malaysia - the operations in this area are principally production, marketing and sale of beverages and food products.
- People's Republic of China - the operations in this area are principally manufacture and distribution of beverages.
- North America - the operations in this area are principally sale of beverages and food products.
- Other countries - the operations include marketing of Yeo's products and distribution of food and beverages.

With the exception of Singapore and Malaysia, no other individual country contributed more than 10% of consolidated sales. Sales are based on the country in which the customer is located. Non-current assets, comprising investments in associated companies, investment properties, property, plant and equipment and intangible assets, are shown by the geographical area where the assets are located.

	Revenue		Non-current assets	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Singapore	**290,210**	188,432	**49,784**	48,243
Malaysia	**195,462**	179,899	**104,314**	74,484
China and Hong Kong	**22,545**	23,904	**67,476**	61,349
North America	**15,539**	15,015	**9,580**	10,286
Other countries	**42,652**	35,750	**-**	-
	566,408	443,000	**231,154**	194,362

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

40. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2013 or later periods and which the Group has not early adopted:

- *FRS 110 Consolidated Financial Statements* (effective for annual periods beginning on or after 1 January 2014)

  FRS 110 replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation – Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Group has yet to assess the full impact of FRS 110 and intends to apply the standard from 1 January 2014.

- *FRS 112 Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after 1 January 2014)

  FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities. The Group has yet to assess the full impact of FRS 112 and intends to adopt the standard from 1 January 2014.

- *FRS 113 Fair Value Measurement* (effective for annual periods beginning on or after 1 January 2013)

  FRS 113 provides consistent guidance across IFRSs on how fair value should be determined and which disclosures should be made in the financial statements. The Group has yet to assess the full impact of FRS 113 and intends to adopt the standard from 1 January 2013.

41. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Yeo Hiap Seng Limited on 18 March 2013.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2012

42. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP

Name of company/ Country of incorporation	Principal activities	Country of business	Equity holding 2012 %	Equity holding 2011 %
Significant subsidiaries held by the Company				
YHS (Singapore) Pte Ltd (Singapore) (1)	Investment holding, manufacture, sale, distribution and export of beverages, sauces, canned food and provision of vending services	Singapore	**100**	100
YHS Dunearn Pte Ltd (Singapore) (1)	Property development	Singapore	**100**	100
Yeo Hiap Seng (Shanghai) Co., Ltd (People's Republic of China) (3)	Manufacture and distribution of beverages	People's Republic of China	**100**	100
Significant subsidiaries held by subsidiaries				
Yeo Hiap Seng (Guangzhou) Food & Beverages Ltd (People's Republic of China) (2)	Manufacture and distribution of beverages	People's Republic of China	**100**	100
Yeo Hiap Seng (Guangdong) Food & Beverages Ltd (People's Republic of China) (2)	Manufacture and distribution of beverages	People's Republic of China	**100**	100
Yeo Hiap Seng (Hong Kong) 2000 Pte Limited (Hong Kong) (2)	Distribution of beverages and canned food	Hong Kong	**100**	100
Ranko Way Limited (Hong Kong) (2)	Property holding	Hong Kong	**100**	100
YHS Trading (USA) Inc. (USA) (3)	Distribution of beverages and canned food	USA	**100**	100
YHS (USA) Inc. (USA) (3)	Owns and leases fixed assets	USA	**100**	100
Yeo Hiap Seng (Malaysia) Berhad (Malaysia) (2)	Production, marketing and sale of beverages and food products	Malaysia	**61.2**	60.7
Bestcan Food Technological Industrial Sendirian Berhad (Malaysia) (2)	Production of instant noodles	Malaysia	**61.2**	60.3

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

42. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP (continued)

Name of company/ Country of incorporation	Principal activities	Country of business	Equity holding 2012 %	Equity holding 2011 %
Significant subsidiaries held by subsidiaries (continued)				
Yeo Hiap Seng (Sarawak) Sendirian Berhad (Malaysia) (2)	Production of sauces and non-alcoholic beverages	Malaysia	**61.2**	60.7
Yeo Hiap Seng Trading Sendirian Berhad (Malaysia) (2)	Distribution of food and beverages	Malaysia	**61.2**	60.7
Yeo Hiap Seng (Perak) Sendirian Berhad (Malaysia) (2)	Investment holding	Malaysia	**61.2**	60.7
PT YHS Indonesia (Indonesia) (2)	Distribution of food and beverages	Indonesia	**61.2**	60.7
Significant associated companies held by subsidiaries				
Langfang Yili Dairy Products Co., Ltd (People's Republic of China) (3)	Manufacture and sale of packaged dairy milk and other related products	People's Republic of China	**25**	25
TM Foods Sdn. Bhd. (Malaysia) (3)	Manufacturing and trading of canned food	Malaysia	**30**	-

Legend:

(1) Audited by PricewaterhouseCoopers LLP, Singapore.
(2) Audited by PricewaterhouseCoopers firms outside Singapore.
(3) Audited by other firms of auditors. The names of the audit firms are as follows:

Companies	Name of audit firm
Yeo Hiap Seng (Shanghai) Co., Ltd	Shinewing Certified Public Accountants, Shanghai
YHS Trading (USA) Inc. YHS (USA) Inc.	MOSS-ADAMS LLP Certified Public Accountants, a member of Moores Rowland International, a professional association of independent accounting firm
Langfang Yili Dairy Products Co., Ltd	BDO China Li Xin Da Hua Certified Public Accountants
TM Foods Sdn. Bhd.	Lim Chong & Co

ANALYSIS OF SHAREHOLDINGS

As at 15 March 2013

Issued and Fully Paid-up Capital	:	S$219,141,791.64
No. of Shares Issued	:	574,310,439
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share
Treasury Shares	:	Nil

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 999	2,136	36.00	791,618	0.14
1,000 - 10,000	3,394	57.20	10,018,116	1.74
10,001 - 1,000,000	386	6.51	13,849,545	2.41
1,000,001 & above	17	0.29	549,651,160	95.71
Total	5,933	100.00	574,310,439	100.00

TOP TWENTY SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Shares
Far East Organisation Pte Ltd	309,973,933	53.97
Far East Hospitality Services Pte Ltd	63,888,889	11.12
Transurban Properties Pte Ltd	56,342,854	9.81
HSBC (Singapore) Nominees Pte Ltd	31,403,913	5.47
Sino Land Company Limited	24,661,978	4.29
DBS Vickers Securities (S) Pte Ltd	15,323,435	2.67
Citibank Nominees Singapore Pte Ltd	12,500,253	2.18
DBS Nominees Pte Ltd	11,455,770	1.99
Bank of East Asia Nominees Pte Ltd	8,146,498	1.42
The Hain Celestial Group, Inc	5,371,738	0.94
Maybank Kim Eng Securities Pte Ltd	2,399,161	0.42
BNP Paribas Pte Bank Nominees Pte Ltd	1,818,141	0.32
United Overseas Bank Nominees Pte Ltd	1,697,930	0.30
Daiwa (Malaya) Private Limited	1,486,652	0.26
Paramount Assets Investments Pte Ltd	1,104,300	0.19
OCBC Securities Private Ltd	1,054,629	0.18
Raffles Nominees (Pte) Ltd	1,021,086	0.18
OCBC Nominees Singapore Pte Ltd	663,450	0.12
Lee Pineapple Company Pte Ltd	552,150	0.10
Estate of Khoo Teck Puat Deceased	532,758	0.09
Total	551,399,518	96.02

ANALYSIS OF SHAREHOLDINGS

As at 15 March 2013

SUBSTANTIAL SHAREHOLDERS

	Name of Substantial Shareholder	Direct Interest No. of Shares	% of Total Issued Shares	Deemed Interest No. of Shares	% of Total Issued Shares
1.	Far East Organisation Pte. Ltd. ("FEO")	309,973,933	53.99	-	-
2.	Far East Hospitality Services Pte Ltd ("FEHS")	63,888,889	11.13	-	-
3.	Philip Ng Chee Tat ("PN") [1]	-	-	63,888,889	11.13
4.	Transurban Properties Pte. Ltd. ("TPPL")	56,342,854	9.81	-	-
5.	Glory Realty Co. Private Ltd. ("Glory") [2]	-	-	56,342,854	9.81
6.	Madam Tan Kim Choo @ Teng Kim Choo ("Madam Tan") [3]	-	-	398,524,800	69.41
7.	The Estate of Mr. Ng Teng Fong (Deceased) (the "Estate") [4]	-	-	390,978,765	68.10
8.	PepsiCo, Inc. ("PepsiCo") [5]	-	-	-	-
9.	The Concentrate Manufacturing Company of Ireland ("CMCI") [5]	-	-	-	-

Notes:

1. PN, through his interest in FEHS, is deemed to have an interest in FEHS's shareholding in the Company.

2. Glory, through its interest in TPPL, is deemed to have an interest in TPPL's shareholding in the Company.

3. Madam Tan's deemed interest in shares in the Company include her interests through FEO, FEHS and Sino Land Company Limited ("Sino Land").

4. The Estate's deemed interest in shares in the Company include its interests through FEO, Glory and Sino Land.

5. (i) Pursuant to undertakings dated 1 July 2011 executed by Jelco Properties Pte Ltd ("Jelco") and FEO in favour of PepsiCo and CMCI (in consideration of PepsiCo and CMCI entering into exclusive bottling appointments with the Company effective as of 1 July 2011) whereby Jelco and FEO agreed to provide PepsiCo and CMCI with preferential rights, in the event, *inter alia*, that Jelco and FEO cease collectively to own 51% of the capital of the Company for the time being, to acquire from Jelco and FEO shares in the Company to be transferred, upon the respective terms of such undertakings.

   (ii) As at the date hereof, the above preferential rights have not been exercised.

6. Based on information available to the Company as at 15 March 2013, approximately 20.80% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-seventh Annual General Meeting of the Company will be held in The Auditorium, Yeo Hiap Seng Limited, 3 Senoko Way, Singapore 758057 on Wednesday, 24 April 2013, at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2012 and the reports of the Directors and Auditors thereon.

2. To declare a first and final one-tier tax exempt dividend of $0.01 per ordinary share for the financial year ended 31 December 2012.

3. To approve the payment of $890,787 as Directors' fees for the financial year ended 31 December 2012. (2011: $927,000)

4. (i) To re-elect Mr. Chang See Hiang, a Director who retires by rotation pursuant to Articles 97 and 98 of the Articles of Association of the Company.

   (ii) To re-appoint the following Directors:
   (a) Mr. Ngiam Tong Dow; and
   (b) Mr. S. Chandra Das,
   each of whom is over 70 years of age, 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 of the Company.

5. To re-appoint PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "That Dato' Mohamed Nizam bin Abdul Razak be and is hereby appointed as a director of the Company."

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "That Encik Razman Hafidz bin Abu Zarim be and is hereby appointed as a director of the Company."

8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "That Dato' N. Sadasivan a/l N.N. Pillay be and is hereby appointed as a director of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50, to hold office until the next Annual General Meeting of the Company."

9. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "That authority be and is hereby given to the Directors of the Company to:

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

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

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

   (ii) (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 while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

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

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

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

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

(3) 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 for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

10. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "Companies Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares of the Company ("Shares") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the Singapore Exchange Securities Trading Limited ("SGX-ST") and/or any other stock exchange on which the Shares may for the time being be listed and quoted ("Other Exchange"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(b) unless varied or revoked by the Company in General Meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

NOTICE OF ANNUAL GENERAL MEETING

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"Maximum Limit" means that number of Shares representing 10% of the issued Shares (excluding any Shares held as treasury shares) as at the date of the passing of this Resolution provided however that notwithstanding the Share Purchase Mandate may enable purchases or acquisitions of up to 10% of the issued Shares (excluding any Shares held as treasury shares) to be carried out as aforesaid, the Company shall ensure, pursuant to Rule 723 of the Listing Manual of the SGX-ST, that there will be a public float of not less than 10% in the issued Shares at all times;

"Maximum Price" in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase of a Share, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase of a Share, 120% of the Average Closing Price,

where:

"Average Closing Price" is the average of the closing market prices of a Share over the last five Market Days on which the Shares were transacted on the SGX-ST or, as the case may be, Other Exchange, before the date of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to an Off-Market Purchase, as deemed to be adjusted for any corporate action that occurs after the relevant five-day period;

"date of the making of the offer" means the date on which the Company makes an offer for the purchase or acquisition of Shares from shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"Market Day" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution."

11. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"That the Directors be and are hereby authorised to grant options and/or awards in accordance with the provisions of the YHS Share Incentive Plan (the "Plan") and allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the Plan and/or such number of fully paid shares in the Company as may be required to be issued pursuant to the vesting of awards under the Plan, provided that the aggregate number of new shares to be issued pursuant to options granted (or to be granted) under the Plan and the vesting of awards granted (or to be granted) under the Plan shall not exceed 10% of the total number of issued shares excluding treasury shares in the capital of the Company from time to time."

NOTICE OF ANNUAL GENERAL MEETING

12. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

    "That pursuant to Section 161 of the Companies Act, Cap. 50, authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of shares in the Company as may be required to be allotted and issued pursuant to the Yeo Hiap Seng Limited Scrip Dividend Scheme."

BY ORDER OF THE BOARD

Joanne Lim Swee Lee
Company Secretary

Singapore, 8 April 2013

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be deposited at the registered office of the Company at 3 Senoko Way, Singapore 758057 not less than 48 hours before the meeting.

Additional information relating to items of Ordinary and Special Business

Item 4(i) – Subject to his re-election, Mr. Chang See Hiang, who is an independent Director, will join the Nominating Committee as a member and concurrently, cease to be a member of the Audit Committee.

Item 4(i) – A second Director, Mr. Irwin David Simon, retires by rotation and has decided not to seek re-election. Mr. Irwin will step down from the Board as a non-executive Director at the conclusion of the Annual General Meeting.

Item 4(i) – A third Director, Mr. Yap Ng Seng, retires by rotation and has decided not to seek re-election. Mr. Yap will step down from the Board as an executive Director at the conclusion of the Annual General Meeting.

Item 4(ii)(a) – Subject to his re-appointment, Mr. Ngiam Tong Dow, who is an independent Director, will continue to serve as chairman of the Audit Committee. Mr. Ngiam will relinquish his chairmanship but remain as a member of the Nominating Committee.

Item 4(ii)(b) – Subject to his re-appointment, Mr. S. Chandra Das, who is an independent Director, will serve as chairman of the Nominating Committee and continue as a member of the Audit Committee. In addition, Mr. Das will relinquish his chairmanship but remain as a member of the Remuneration Committee.

Items 6, 7 and 8 – The Board of Directors of the Company, with the recommendation of the Nominating Committee, is pleased to nominate Dato' Mohamed Nizam bin Abdul Razak, Encik Razman Hafidz bin Abu Zarim and Dato' N. Sadasivan a/l N.N. Pillay for appointment as additional directors of the Company. Each gentleman brings with him a wealth of experience in the private sector and relevant industry knowledge, and, subject to his appointment as a director of the Company (as detailed below), will augment the independent component of the Board's membership.

The Ordinary Resolution in item 6, if passed, will effect the appointment of Dato' Mohamed Nizam bin Abdul Razak as an additional director of the Company. Consequent upon his being appointed as a Director, Dato' Mohamed Nizam bin Abdul Razak will join the Nominating Committee as a member. The profile of Dato' Mohamed Nizam bin Abdul Razak is set out on page 11 of the Annual Report.

The Ordinary Resolution in item 7, if passed, will effect the appointment of Encik Razman Hafidz bin Abu Zarim as an additional director of the Company. Consequent upon his being appointed as a Director, Encik Razman Hafidz bin Abu Zarim will join the Audit Committee as a member. The profile of Encik Razman Hafidz bin Abu Zarim is set out on page 11 of the Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

The Ordinary Resolution in item 8, if passed, will effect the appointment of Dato' N. Sadasivan a/l N.N. Pillay as an additional director of the Company. As Dato' N. Sadasivan a/l N.N. Pillay is above 70 years of age, his appointment is subject to shareholders' approval pursuant to Section 153(6) of the Companies Act, Cap. 50. Consequent upon his being appointed as a Director, Dato' N. Sadasivan a/l N.N. Pillay will join the Remuneration Committee as a member. The profile of Dato' N. Sadasivan a/l N.N. Pillay is set out on page 11 of the Annual Report.

Item 9 – The Ordinary Resolution, if passed, will authorise the Directors from the date of this Annual General Meeting up to the next Annual General Meeting, to issue shares in the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, for such purposes as they consider would be in the interests of the Company, up to a number not exceeding 50 per cent. of the issued shares excluding treasury shares, of which up to 20 per cent. may be issued other than on a *pro rata* basis to shareholders. The aggregate number of shares which may be issued shall be calculated based on the total number of issued shares excluding treasury shares in the capital of the Company at the time that the Ordinary Resolution is passed, after adjusting for the conversion or exercise of any convertible securities and share options or vesting of share awards that have been issued or granted (provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual) and which are outstanding or subsisting at the time that the Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

Item 10 – The Ordinary Resolution, if passed, will empower the Directors to exercise the power of the Company to purchase or acquire its issued ordinary shares, until the date of the next Annual General Meeting. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its shares. The amount of financing required for the Company to purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, whether the shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of shares purchased or acquired, and the consideration paid at the relevant time. Purely for illustrative purposes only, the financial effects of an assumed purchase or acquisition by the Company of 57,431,043 shares on 15 March 2013 representing approximately 10% of the issued shares (excluding treasury shares) as at that date, at a purchase price equivalent to the Maximum Price per share, in the case of a market purchase and an off-market purchase respectively, based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2012 and certain assumptions, are set out in Paragraph 2.7 of the Company's letter to shareholders dated 8 April 2013.

Item 11 – The Ordinary Resolution, if passed, will empower the Directors to grant option and/or awards under the YHS Share Incentive Plan, and to allot and issue shares pursuant to the exercise of options and/or the vesting of awards granted pursuant to this Plan provided that the aggregate number of new shares to be issued pursuant to this Plan does not exceed 10% of the total number of issued shares excluding treasury shares in the capital of the Company from time to time.

Item 12 – The Ordinary Resolution, if passed, will authorise the Directors to issue shares in the Company pursuant to the Yeo Hiap Seng Limited Scrip Dividend Scheme to participating shareholders who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

PROXY FORM
ANNUAL GENERAL MEETING

YEO HIAP SENG LIMITED

(Registration No: 195500138Z)
(Incorporated in Singapore)

IMPORTANT
1. For investors who have used their CPF monies to buy Yeo Hiap Seng Limited shares, this Annual Report is forwarded to them at the request of the 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.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We (Name) ________________ (NRIC/ Passport/UEN No.) ________________

of (Address) ________________________________

being a member/members of Yeo Hiap Seng Limited (the "Company") hereby appoint the Chairman of the Meeting (Note 1) or:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

(Note 1: Please delete as applicable. If no names are inserted in the blank box(es) above, the Chairman of the Meeting will be treated as appointed.)

as my/our proxy/proxies to vote for me/us on my/our behalf at the Fifty-seventh Annual General Meeting of the Company to be held on 24 April 2013 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions	To be used on a show hands		To be used in the event of a poll	
		For (Note 2)	Against (Note 2)	No. of Votes For (Note 3)	No. of Votes Against (Note 3)
1.	Adoption of Audited Financial Statements and Reports				
2.	Payment of first and final dividend				
3.	Approval of Directors' fees				
4.	(i) Re-election of Mr. Chang See Hiang as Director				
	(ii) (a) Re-appointment of Mr. Ngiam Tong Dow as Director				
	(b) Re-appointment of Mr. S. Chandra Das as Director				
5.	Re-appointment of PricewaterhouseCoopers LLP as Auditors				
6.	Appointment of Dato' Mohamed Nizam bin Abdul Razak as Director				
7.	Appointment of Encik Razman Hafidz bin Abu Zarim as Director				
8.	Appointment of Dato' N. Sadasivan a/l N.N. Pillay as Director				
9.	Approval of Share Issue Mandate				
10.	Approval of Renewal of Share Purchase Mandate				
11.	Approval of Issue of Shares pursuant to the YHS Share Incentive Plan				
12.	Approval of Issue of Shares pursuant to the Yeo Hiap Seng Limited Scrip Dividend Scheme				

(Note 2: Please indicate your vote "For" or "Against" with a tick (√) within the box provided.)
(Note 3: If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.)

Dated this ___________ day of _________________ 2013.

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES TO PROXY FORM

Total number of Shares held	

Affix
Postage
Stamp

Yeo Hiap Seng Limited
3 Senoko Way,
Singapore 758057

Fold along the dotted line

Fold along the dotted line

Notes:

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

2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register <u>and</u> registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 3 Senoko Way, Singapore 758057 not less than 48 hours before the time set for the Meeting.

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

7. Where an instrument appointing a proxy or proxies 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 or proxies, failing which the instrument may be treated as invalid.

General

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