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Financial Year 2008
Annual Report

Yeo Hiap Seng Limited

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"For 2009, the Group will strive to maintain its competitive edge and build the YEO's brand equity in Malaysia domestic market, to establish its presence in the new Middle Eastern market, and to accelerate its growth in the Indonesian market."

Philip Ng Chee Tat
Chairman

CHAIRMAN'S STATEMENT

FINANCIAL OVERVIEW

For the financial year ended 31 December 2008, revenue for the Group decreased by $22.61 million or 5.2% to $414.36 million. Food and beverage revenue increased by $35.46 million or 9.6% to $406.07 million, mainly from improved sales in Singapore, Malaysia and Indonesia. Property development revenue was $6.33 million, down from $64.98 million in 2007.

Net cash generated by operating activities of the Group decreased by $83.32 million during the year largely due to lower collection of sales proceeds from its development properties, as the "Gardenvista" project had obtained Certificate of Statutory Completion in 2007. In addition, the property division generated negative cashflow of $2.50 million in 2008 due to the construction activities of its "Jardin" project which commenced construction in the third quarter of 2008.

In compliance with Singapore Financial Reporting Standards, the Group conducted an assessment of the carrying value of our assets during the year under review and made an impairment loss of $19.67 million. As a result, net loss after tax and minority interest for the year was $4.60 million, down from a positive $2.53 million the year before.

FOOD & BEVERAGE

The Food & Beverage Division had 9.6% year-on-year revenue growth.

YHS Singapore performed well with 4.3% year-on-year revenue growth, mainly contributed by YEO's Asian soft drinks and H-TWO-O isotonic drinks. We continued to clinch new accounts and strengthen our trade relationships.

To generate consumer interest and to meet the demand for value pack during the festive season, we introduced YEO's PET 1.225 litre chrysanthemum tea and winter melon drinks and the 1.5 litre H-TWO-O isotonic drinks. We also launched the YEO's pomelo barley drink and YEO's apple juice primarily targeted at the younger consumers to encourage healthier beverage consumption. In addition, we introduced two variants of YEO's organic soy, original and oats, as well as YEO's black bean soy and green bean soy.

We continue to build brand equity and loyalty in the traditional Asian market in Europe, America and Australia, and strengthen Yeo's presence in the mainstream markets in these territories.

In January 2008, our YEO's sauces were listed in more than 400 stores in TESCO supermarkets in the United Kingdom. For the first time, YEO's products were also listed into Walmart & Sam's Club in Mexico.

Our China operations came under severe pressure in the year under review due to unpredictable and extreme weather conditions, and escalating raw material prices. The milk melamine scandal in China has resulted in more stringent export requirements but it has helped us to grow the sales of our soy products within China. We have launched the organic original soy milk, organic soy milk with oats and green bean soy in China.

Our subsidiary in Malaysia recorded revenue of RM 568.84 million, which was 19.4% higher than the previous year. The Indonesian market, with sales improvement of 32%, will continue to play a key role in driving top-line growth. The Group also turnaround from a loss of RM 13.60 million the year before to a net profit of RM 2.24 million in 2008, due mainly to better cost management and focus on building core brands and products. Several new value-added products under YEO's Asian Drinks, YEO's SoyRich and JUSTEA

(cont'd)

CHAIRMAN'S STATEMENT

were launched in 2008. As a further attestation to the high quality of our soy products which use only premium 100% non-GMO Canadian soy beans, YEO's became the first company in Malaysia and first global food & beverage brand outside of Canada to feature the internationally recognized Canada Brand icon on our soy bean drinks. For 2009, the Group will strive to maintain its competitive edge and build the YEO's brand equity in Malaysia domestic market, to establish its presence in the new Middle Eastern market, and to accelerate its growth in the Indonesian market.

PROPERTY

There was no new project launch during the year. At year-end, we have a total of 142 unsold units left, mainly in "Jardin". A higher net profit of $10.22 million was reported for the year under review due mainly to $36.96 million higher income tax credit, partially offset by $15.83 million lower gross profit generated by lower sales during the year and additional allowance for foreseeable losses.

DIVIDEND

The Directors do not recommend any dividend in respect of the financial year ended 31 December 2008.

PROSPECT STATEMENT

In the wake of the global economic slowdown, we can expect softer demand and pricing for both our food & beverage and property development products.

In the food & beverage segment, the Group will focus on improving operational efficiency and cost management measures to stay competitive.

As for the Property Division, the Group will continue to drive sales of the remaining unsold units, mainly in "Jardin", which commenced construction in September 2008.

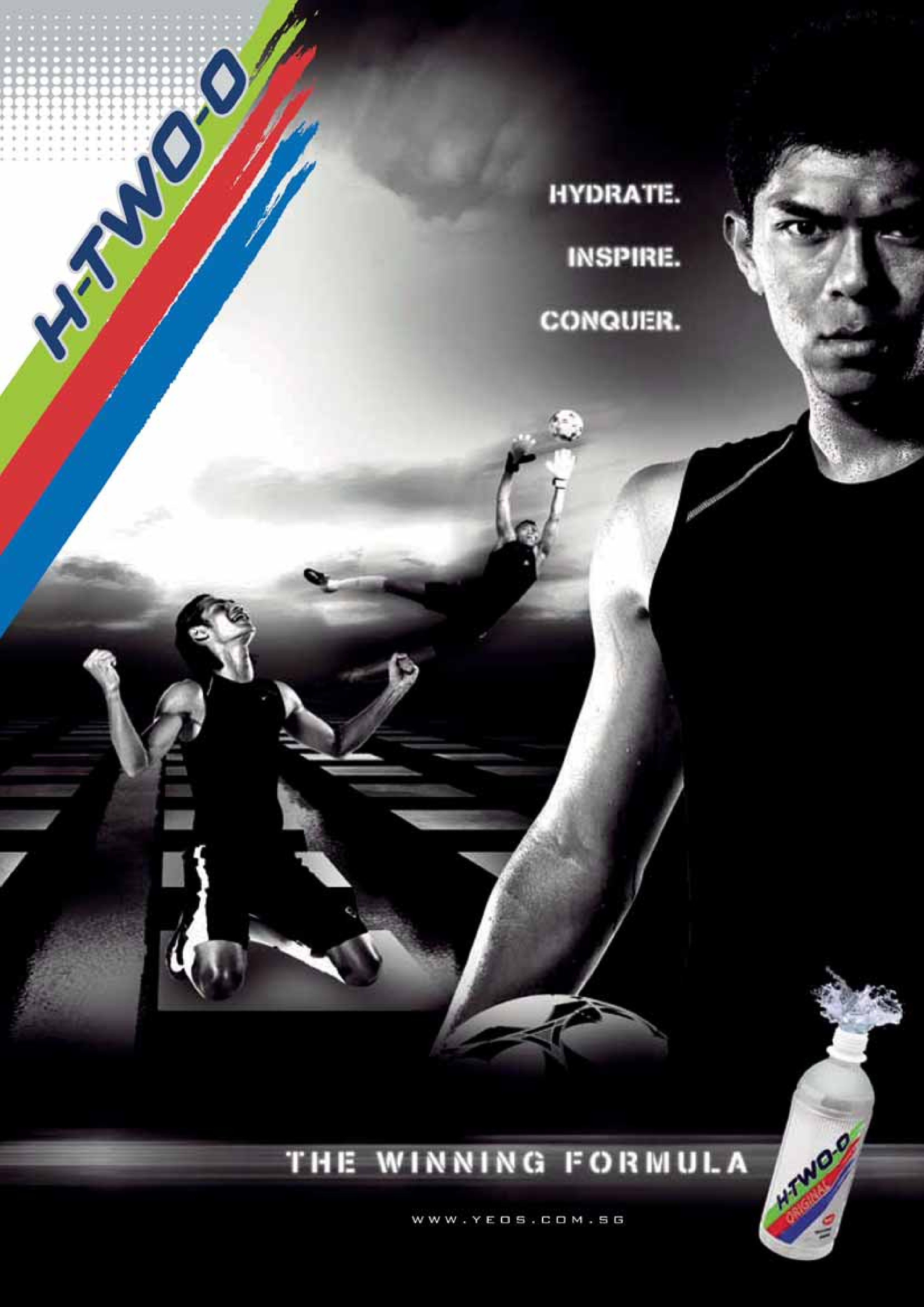
NOTE OF THANKS

There were some changes to our Board of Directors during the year. On behalf of the Board, I would like to express our thanks to Mr. Marcel Bertaud who stepped down in September 2008 to pursue other career opportunities.

We warmly welcome new Directors, Dr. Tan Chin Nam and Mr. Koh Boon Hwee to the Board. Mr. Koh is also appointed Chairman of the Executive Committee and director on Yeo Hiap Seng (Malaysia) Berhad, the Company's listed subsidiary in Malaysia. We look forward to their active participation in the years ahead.

I also wish to thank our customers, our business associates and our shareholders for their support. To all our staff worldwide, I wish to thank them all for their effort and dedication. Their commitment and understanding during the difficult times faced by the Group are instrumental to our continued success.

Philip Ng Chee Tat
Chairman
18 March 2009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THE WINNING FORMULA
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PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT

MR. NG CHEE TAT PHILIP, 50

Chairman & Chief Executive Officer

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

Mr. Ng Chee Tat Philip was first appointed to the YHS Board on 4 August 1994 as alternate director to Mr. Lim Hong Keat and subsequently resigned on 11 February 1995. He was re-appointed on 20 June 1996. From 1 July 2002, he assumed an executive role when appointed Managing Director & Chief Executive Officer. Subsequently, from 1 July 2003, he was appointed Chairman of the Board. From 1 May 2007, he was re-designated Chairman & Chief Executive Officer. He was last re-elected as a director on 23 April 2008.

Since 1986, Mr. Ng has been a consultant for Hong Kong and China projects of the Sino Group in Hong Kong with duties of planning and guiding development activities. He was also the Director and Chief Executive Officer of the project management and construction arm of the Sino Group. In 1991, he was appointed Chief Executive Officer of Far East Organization responsible for overseeing and directing the Group's business activities. Currently, he is also the Chairman of listed company Orchard Parade Holdings Limited and Yeo Hiap Seng (Malaysia) Berhad and a director of various companies. In addition, he sits on various committees and statutory boards in Singapore. He is also the Non-resident Ambassador of The Republic of Singapore to The Republic of Chile.

Mr. Ng holds a degree in Civil Engineering from King's College, London University, Master of Science in Technology & Policy, and Master in City Planning from the Massachusetts Institute of Technology.

MR. S. CHANDRA DAS, 69

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
Chairman of Investment Committee

Mr. S. Chandra Das has served as and lead independent Director on the YHS Board from 1 November 2005. He was last re-elected as a director of the Company on 23 April 2008. Mr. Das is the Managing Director of NUR Investment & Trading Pte Ltd and Singapore's Non-resident Ambassador to Turkey. He 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 and Chairman of NTUC Fairprice Co-operative Ltd from 1993 to 2005.

Currently Mr. Das hold Directorships in various private and public listed companies. He also serves as Pro-Chancellor of Nanyang Technological University (NTU). Mr. Das received his Bachelor of Arts degree (with honours) from the University of Singapore in 1965. He served as a Member of Parliament in Singapore from 1980 to 1996.

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.

MR. TJONG YIK MIN, 56

President & Chief Operating 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. Mr. Tjong joined YHS as its President & Chief Operating Officer on 22 July 2002. He is currently a Chief Operating Officer and an Executive Director of Far East Organization. He was made Deputy Chairman of Yeo Hiap Seng (Malaysia) Berhad on 23 January 2003. Mr. Tjong was last re-elected as a director of the Company on 30 April 2007.

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, Permanent Secretary, Ministry of Communications, Director of Internal Security Department and Chairman of Civil Aviation Authority of Singapore. He is currently a director of Genting International 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.

PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT

MR. OW TIN NYAP, 55

Executive Director

Member of Board of Directors
Member of Executive Committee

Mr. Ow Tin Nyap served as a non-independent director on the YHS Board from 1 June 2005. He was concurrently appointed Deputy President of YHS and Managing Director & Chief Executive Officer of Yeo Hiap Seng (Malaysia) Berhad on 1 June 2005. He is currently an Executive Director of Far East Organization. He was last re-elected as a director of the Company on 23 April 2008.

Mr. Ow has extensive experience in the fast moving consumer goods industry. Prior to joining YHS, Mr. Ow's last held position was as Chairman of Danone Group of Companies in the ASEAN Region for water/beverages, dairy and biscuits. His career in Danone spans over 7 years from 1998, where he first joined as Vice President for ASEAN Biscuits division. In 2001, he relocated and served as the President Director and Chief Executive Officer of the Aqua Group and as President Director of Danone Biscuits Indonesia.

Before Danone, he was Sara Lee Corporation's General Manager for Malaysia's Household and Body Care division in 1993. He moved up the ranks to Managing Director (Malaysia and Singapore) in 1994, to President for Malaysia, Singapore, Indo-China and Thailand in 1995/1996 and added the Coffee and Bakery businesses to his portfolio in 1998. Previously, he was also employed in various management & marketing positions in Boustead, Rothmans & Pall Mall, Johnson & Johnson and Bristol Myers.

In recognition of his achievements and leadership, Mr. Ow has been conferred with several awards from the companies he served, notably the Global Innovation Award in 1999 & 2000, Global Social Responsibility Award in 2000 and the inaugural Global CEO Recognition Award for the Most Dynamic Organization in 2004 from Danone, as well as the prestigious President's Awards in 1994 & 1995 and Record Performance Awards in 1996 & 1997 from Sara Lee Corporation. Mr. Ow completed his secondary schooling in Saint David's High School with a Malaysian Certificate of Education.

MR. CHANG SEE HIANG, 55

Non-independent
Non-executive Director

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

Mr. Chang See Hiang has served as a non-independent director on the YHS Board since 9 November 1995. He was last re-elected as a Director of the Company on 30 April 2007.

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 a Director of Jardine Cycle & Carriage Limited, MCL Land Limited, Parkway Holdings Limited and STT Communications Ltd.

MR. CHIN YOKE CHOONG, 57

Independent
Non-executive Director

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

Mr. Chin Yoke Choong was appointed independent, non-executive director on YHS Board on 15 May 2006 and was last re-elected on 30 April 2007.

Mr. Chin serves as a Board member of several listed companies including Oversea-Chinese Banking Corporation Ltd, Neptune Orient Lines Limited and Sembcorp Industries Ltd. He is also the Chairman of the Singapore Totalisator Board and a Board member of the Competition Commission of Singapore and Singapore Labour Foundation. Mr. Chin was Chairman of Urban Redevelopment Authority of Singapore from 1 April 2001 to 31 March 2006 and Managing Partner of KPMG Singapore from 1992 until his retirement in September 2005.

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 registered member of the Institute of Certified Public Accountants of Singapore.

PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT

MR. IRWIN DAVID SIMON, 50

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 26 April 2006.

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.

MR. LIM HONG KEAT, 81

Non-independent
Non-executive Director

Member of Board of Directors

Mr. Lim Hong Keat has served as a non-independent director on the YHS Board from 4 August 1994. He was last re-elected as a director of the Company on 23 April 2008.

He was formerly the Chief Executive of Metal Box Limited. Mr. Lim also served as the Vice President of the Singapore National Employers Federation. Other past appointments include as a Director of POSB, a member in the Economic Development Board, the National Wages Council and the National Productivity Council. He was also the Chairman of the Singapore International Chamber of Commerce and the Singapore Manufacturers' Association. Mr. Lim was awarded The Public Service Medal in 1992.

MR. NGIAM TONG DOW, 71

Independent
Non-executive Director

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

Mr. Ngiam Tong Dow has served as an independent director on the YHS Board from 18 February 2002. He was last re-elected as a director of the Company on 23 April 2008.

Mr. Ngiam is currently a Director of the United Overseas Bank Ltd and Singapore Press Holdings Limited. 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 also 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), and Temasek Holdings.

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

PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT

DR. TAN CHIN NAM, 58

Independent
Non-executive Director

Member of Board of Directors

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 23 April 2008.

Dr. Tan had 33 years of distinguished service in the Singapore Civil Service holding various key appointments before completing his term as a Public Sector Leader at the end of 2007. He is Chairman of the Media Development Authority of Singapore. He is also Chairman of the Board of Temasek Management Services, Senior Adviser of the Salim Group, Senior Adviser of Hexagon Development Advisers and Director of the Stamford Land Corporation Ltd, PSA International Pte Ltd and Raffles Education Corporation Ltd.

Dr. Tan began his career in the Civil Service with the Ministry of Defence where he held key positions in systems and information technology. He was actively involved in the National Computerisation Programme which led to the formation of the National Computer Board ("NCB"). He was NCB's first Chief Executive from 1982 and 1986 and was appointed its Chairman between 1987 and 1994. He assumed the position of Managing Director of the Economic Development Board between 1986 and 1994. Dr. Tan was Chief Executive of the Singapore Tourism Board ("STB") from 1994 to 1997. He was Permanent Secretary of the Ministry of Manpower from 1998 to 2001 and Chairman of the National Library Board from September 1995 to December 2002. He was Permanent Secretary of the Ministry of Information, Communications and the Arts from 2006 to 2007 and Chairman of the Media Development Authority since 2003.

Dr. Tan is Singapore's Governor to the Asia-Europe Foundation since October 2004. He is Chairman of the Resource and Advisory Panel for one-north (Science Hub Development). He is also a member of the Board of Trustees of Bankinter's Foundation for Innovation.

Dr. Tan held four Public Administration Medals comprising bronze, silver, gold and gold (bar) conferred by the Government of Singapore and two honorary doctorate degrees.

MR. KOH BOON HWEE, 58

Non-independent
Non-executive Director

Member of Board of Directors
Chairman of Executive Committee

Mr. Koh Boon Hwee was appointed non-independent, non-executive director on YHS Board on 1 January 2009.

Mr. Koh became Chairman of DBS on 1 January 2006. He joined DBS as a Director on 15 June 2005.

He 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 also the Chairman of the Singapore Telecom Group (SingTel) and its predecessor organisations from 1986 to 2001. He was appointed Chairman of Singapore Airlines Limited in July 2001, a post which he held until 31 December 2005.

Mr. Koh is also Executive Director of MediaRing Ltd and Chairman and Director of Sunningdale Tech Ltd. He serves on the boards of Temasek Holdings Pte Ltd and Agilent Technologies, Inc. in the United States. Mr. Koh also contributes actively to non-profit organisations, and is the current Chairman of the Board of Trustees of Nanyang Technological University, a Director of the Singapore Harvard Foundation and the Hewlett Foundation in the United States.

Mr. Koh has obtained Bachelor of Science in Mechanical Engineering (1st Class Hons) in Imperial College, University of London and Master in Business Administration (with Distinction) in Harvard Business School.

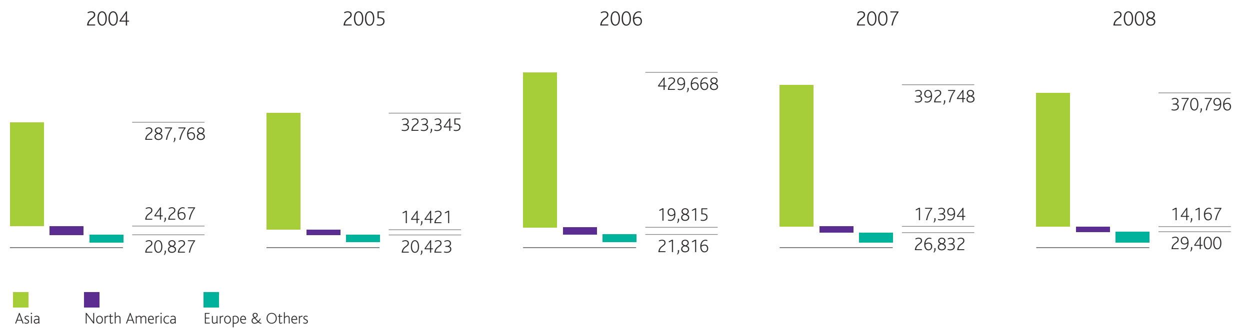
FINANCIAL HIGHLIGHTS

5-YEAR STATISTICAL RECORD OF THE GROUP

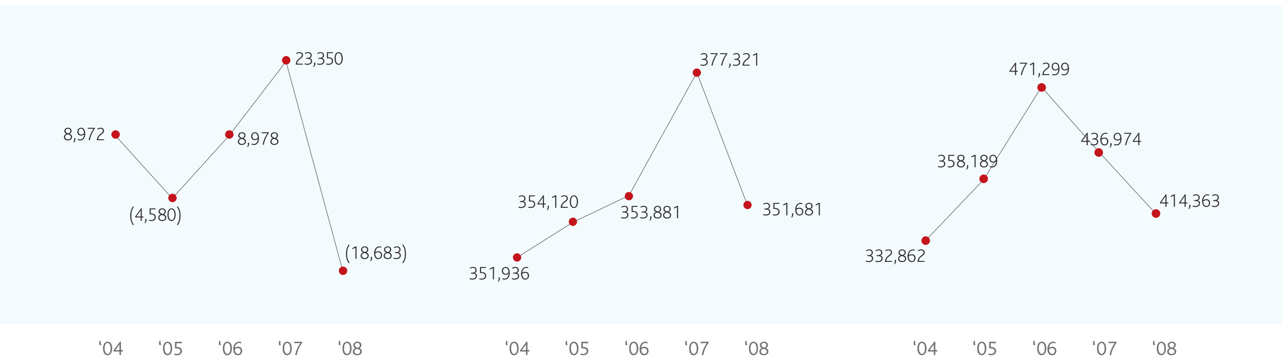
Unit: S$'000	2004	2005	2006	2007	2008
TURNOVER BY GEOGRAPHICAL SEGMENTS					
North America	24,267	14,421	19,815	17,394	14,167
Asia	287,768	323,345	429,668	392,748	370,796
Europe & Others	20,827	20,423	21,816	26,832	29,400
Total Group Turnover	332,862	358,189	471,299	436,974	414,363
Pre-tax profit/(loss)	8,972	(4,580)	8,978	23,350	(18,683)
Net tangible assets*	351,936	354,120	353,881	377,321	351,681

*Figures do not include interests of minority shareholders

TURNOVER BY GEOGRAPHICAL SEGMENTS



PRE-TAX PROFIT/(LOSS) · NET TANGIBLE ASSETS · GROUP TURNOVER



REPORT ON CORPORATE GOVERNANCE

18 March 2009

YHS is committed to maintaining high standards of corporate governance within the Group in order to protect and enhance long-term shareholder value. YHS has in place several self-regulatory and monitoring mechanisms. Pursuant to Rule 710 of the Listing Manual of the Singapore Exchange Securities Trading Limited, this Report describes the Company's corporate governance practices with specific references to the principles of the Code of Corporate Governance 2005 (the "Code"). For ease of reference, the relevant principle of the Code under discussion is identified in italics.

BOARD OF DIRECTORS

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

YHS 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, set strategic aims, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

ii. monitoring and approving the Group's key operational initiatives, annual budget, major investment and funding decisions;

iii. ensuring that the adequacy of internal controls and risk management of the Group is regularly reviewed and evaluated;

iv. approving the nominations of Board directors and appointments to the various Board committees;

v. reviewing management performance, setting values and standards, and ensuring that obligations to shareholders and others are understood and met; and

vi. assuming responsibility for corporate governance.

Each Board member is expected to act in good faith and in the interests of the Company.

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, for 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, equity or contractual joint ventures with initial investment value exceeding S$10 million and diversification into new businesses.

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 Company's 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.

The Board conducts regular scheduled meetings. Ad-hoc meetings are convened when warranted by circumstances. The Company's Articles of Association ("AA") allow a board meeting to be conducted by way of conference telephone.

REPORT ON CORPORATE GOVERNANCE

The attendance of the directors at meetings of the Board, Audit Committee, Nominating Committee and Remuneration Committee during the financial year was as follows:

JANUARY TO DECEMBER 2008	BOARD			AUDIT			NOMINATING			REMUNERATION		
	A	B	C	A	B	C	A	B	C	A	B	C
EXECUTIVE DIRECTOR												
Philip Ng Chee Tat	C	5	5	-	-	-	M	1	1	-	-	-
Tjong Yik Min	M	5	5	-	-	-	-	-	-	-	-	-
Ow Tin Nyap	M	5	5	-	-	-	-	-	-	-	-	-
NON-EXECUTIVE DIRECTOR												
S. Chandra Das	DC	5	5	M	5	5	M	1	1	C	2	2
Chang See Hiang	M	5	5	M	5	4	-	-	-	M	2	2
Chin Yoke Choong	M	5	4	M	5	5	-	-	-	M	2	2
Irwin David Simon	M	5	3	-	-	-	-	-	-	-	-	-
Lim Hong Keat	M	5	4	-	-	-	-	-	-	-	-	-
Ngiam Tong Dow	M	5	5	C	5	5	C	1	1	-	-	-
Tan Chin Nam	M	5	5	-	-	-	-	-	-	-	-	-
Koh Boon Hwee(1)	M	-	-	-	-	-	-	-	-	-	-	-

Notes:
A: Position held as at 18 March 2009 either as Chairman (C), Deputy Chairman (DC) or Member (M)
B: Number of meetings held during the financial year/period from 1 January 2008 (or date of appointment, where applicable) to 31 December 2008
C: Number of meetings attended during the financial year/period from 1 January 2008 (or date of appointment, where applicable) to 31 December 2008
(1): Appointed as a director on 1 January 2009

Newly appointed directors are briefed on the Group's businesses and provided with a familiarisation tour, when necessary. 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 YHS.

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. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Presently, the Board comprises eleven directors, of whom five are non-executive and independent, three are non-executive and non-independent and three are executive directors.

The five non-executive and independent directors are Mr. S. Chandra Das, Mr. Chin Yoke Choong, Mr. Irwin David Simon, Mr. Ngiam Tong Dow and Dr. Tan Chin Nam. The three non-executive and non-independent directors are Mr. Chang See Hiang, Mr. Koh Boon Hwee and Mr. Lim Hong Keat. The executive directors are Mr. Philip Ng Chee Tat, Mr. Tjong Yik Min and Mr. Ow Tin Nyap. Brief biographical details of each director are set out in the "Profile of the Board of Directors & Management" section of the annual report.

The independence of each director is reviewed annually by the nominating committee ("NC"). Following a review, the NC is of the view that:

i. no individual or small group of individuals dominate the Board's decision making process;

ii. the current board size is adequate for the Group's present operations; and

REPORT ON CORPORATE GOVERNANCE

iii. the current Board comprise persons who as a group, provide core competencies necessary to meet the Group's needs.

All non-executive directors actively participate in formulating strategies and reviewing management performance.

Principle 3: *There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.*

Currently, the Chairman of the Board, Mr. Philip Ng Chee Tat, is also the Chief Executive Officer of the Company. Mr. Philip Ng Chee Tat is the son of the substantial shareholders of the Company, Mr. Ng Teng Fong and Mdm. Tan Kim Choo, and the son-in-law of Mr. Lim Hong Keat, a non-executive director.

As Chairman, Mr. Philip Ng Chee Tat bears responsibility for the workings of the Board. The Chairman leads the Board to ensure the effectiveness on all aspects of its role and sets its agenda. 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 board meeting agenda 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 meeting. As Chief Executive Officer, Mr. Ng bears executive responsibility for the workings of the Group.

Mr. Philip Ng Chee Tat has been a director of the Company since June 1996 and Chief Executive Officer since July 2002 and is closely associated with the Group's success. The Board is of the view that the current structure is adequate given that Mr. Philip Ng Chee Tat has been able to effectively and competently execute the responsibilities of both the Chairman and Chief Executive Officer positions, and 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. Shareholders with concerns may contact him directly, when contact through the normal channels via the Chairman & Chief Executive Officer or other management personnel has failed to provide satisfactory resolution, or when such contact is inappropriate. The Board looks forward to Mr. Philip Ng Chee Tat's continual contributions to bring the Group to the next level of growth.

Principle 6: *In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.*

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 financial performance, position and prospects. In relation to budgets, any material variance between projections and actual results are disclosed and explained. In addition, all relevant information on material events and transactions are circulated to directors as and when they arise.

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.

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.

REPORT ON CORPORATE GOVERNANCE

BOARD COMMITTEES

NOMINATING COMMITTEE

Principle 4:	*There should be a formal and transparent process for the appointment of new directors to the Board.*

The NC comprises three directors, namely, Mr. Ngiam Tong Dow, Mr. S. Chandra Das and Mr. Philip Ng Chee Tat. Mr. Ngiam Tong Dow (Chairman of NC) and Mr. S. Chandra Das are independent directors. The principal roles of the NC are:

i. 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;

ii. evaluating the performance of the Board and the contribution of each director; and

iii. re-nominating directors and determining annually the independence of directors.

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.

New directors are appointed by way of a board resolution, after the NC approves their nominations. Such new directors must submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company. The Company's AA requires one-third of the Board, or if their number is not a multiple of three, the number nearest to one-third and not less, to retire by rotation at each AGM. The NC considers the present guidelines adequate and do not recommend any change to the Company's AA. By law, Directors who reach the age of 70 years are also required to retire and stand for re-election every year at the annual general meeting.

Internal guidelines for addressing the competing time commitments faced by directors serving on multiple boards are stipulated in the YHS Corporate Governance Policies Manual and reviewed by the NC. In the event that any director should breach these guidelines, the NC will assess the appropriateness of such arrangement on a case by case basis, having regard to the fact that such multiple representations benefit the Group as these directors are able to bring with them greater experience and knowledge obtained from other board representations.

Principle 5:	*There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.*

The responsibilities of the NC also include assessing annually the independence of directors and evaluating the performance of the Board and the Chairman of the Board based on a set of criteria. The assessment criteria include the Board's performance against established performance objectives, contribution to ensuring effective risk management, response to problems and crisis, and adequacy of Board and committees' meetings held to enable proper consideration of issues.

AUDIT COMMITTEE

Principle 11:	*The Board should establish an Audit Committee with written terms of reference, which clearly set out its authority and duties.*
Principle 12:	*The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.*
Principle 13:	*The company should establish an internal audit function that is independent of the activities it audits.*

The Audit Committee ("AC") comprises four non-executive directors, namely, Mr. Ngiam Tong Dow, Mr. S. Chandra Das, Mr. Chang See Hiang and Mr. Chin Yoke Choong. Mr. Ngiam Tong Dow (Chairman of AC), Mr. S. Chandra Das and Mr. Chin Yoke Choong are independent

REPORT ON CORPORATE GOVERNANCE

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.

The AC performs the following main functions:

i. reviewing with the independent auditor their audit plan, evaluation of internal accounting controls, audit report, significant financial reporting issues and judgements, and any matters which the independent auditor wishes to discuss;

ii. reviewing with the internal auditors, the scope and results of internal audit procedures and their evaluation of the overall internal control system;

iii. reviewing quarterly reports to the Singapore Exchange Securities Trading Limited and year-end annual financial statements of the Group prior to submission to the Board;

iv. making recommendations to the Board on the appointment of the independent auditor, the audit fee and any questions of resignations or dismissal;

v. reviewing and approves the appointment, replacement, reassignment, or the dismissal of the head of internal audit;

vi. recommending to the Board the appointment, re-appointment or change of the independent auditor, taking into consideration (where applicable) the scope and results of the audit and its cost effectiveness, its remuneration and engagement terms; and

vi. performing any other functions which may be agreed by the AC and the Board.

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

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 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 retain professional advice at the Company's expense.

The AC has been given a copy of and noted the guidance, case studies and best practices taken from industry in the Guidebook for Audit Committees in Singapore issued by the Audit Committee Guidance Committee.

The AC has conducted an annual review of the volume of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the independent auditor before confirming their re-nomination.

The AC will meet the independent auditor, and with the internal auditors, without the presence of management, at least annually. The AC assesses, at least annually, the adequacy of the internal audit function.

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

The Company's independent auditor, PricewaterhouseCoopers LLP ("PwC") carry out, in the course of their statutory audit, an assessment of the Company's risks of material misstatement and the relevant controls, including financial, operational and compliance controls and risk management policies and systems established by management. Material non-compliance and internal control weaknesses noted during their audit, and their recommendations, are reported to the AC.

REPORT ON CORPORATE GOVERNANCE

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

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. GIA follows up on PwC's recommendations as part of its role in the review of the Company's internal control systems. The AC has reviewed the Company's risk assessment, and based on GIA's reports and management controls in place, it is satisfied that there are adequate internal controls in the Company.

REMUNERATION COMMITTEE

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.*

Principle 8: *The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.*

Principle 9: *Each company should provide clear disclosure of its remuneration policy, 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 executives, and performance.*

The Remuneration Committee ("RC") comprises three non-executive directors, namely, Mr. S. Chandra Das, Mr. Chang See Hiang and Mr. Chin Yoke Choong. Mr. S. Chandra Das (Chairman of RC) and Mr. Chin Yoke Choong are independent directors. All three 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 Committee requires external professional advice, such professionals would be engaged at the Company's expense.

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; and

iii. reviewing executive directors' and senior management's remuneration packages annually and determining appropriate adjustments.

Executive directors 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 Chairman & Chief Executive Officer do not receive any remuneration from the Company. The remuneration of the other executive directors includes a fixed salary and contractual bonus. Currently, certain executive directors have dual employment contract with a substantial shareholder or its related company and remuneration received therein are reported separately to the RC. All the service contracts do not have onerous removal clauses.

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 pay competitive fees to attract, motivate and retain these directors are taken into account. The Chairman and members of the AC receive additional fees to take into account the nature of their responsibilities and the greater frequency of meetings. Such fees are subject to the approval of the shareholders as a lump sum payment at the AGM.

REPORT ON CORPORATE GOVERNANCE

The Company adopts a remuneration policy for staff that is primarily performance based. Remuneration comprises a fixed component and a variable component. The fixed component consists of a base salary and an annual wage supplement. The variable component is in the form of a variable bonus that is linked to the Company and individual performance. The bonus pool is determined by the achievement of certain key financial performance indicators that have been approved by the RC and the Board at the beginning of the year. The executive directors will evaluate the extent to which such indicators have been achieved based on the Company's performance, and recommend for the approval of the RC and the Board, the bonus pool for distribution to the staff.

The Company currently does not have any long-term incentive scheme.

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.

A breakdown, showing the level and mix of directors' remuneration for the financial year 2008 is as follows:

Directors' Remuneration	Remuneration Bands $	Fees %	Fixed Salary[1] %	Variable Bonus[2] %	Benefits in kind & Others %
Mr. Philip Ng Chee Tat	-	-	-	-	-
Mr. S. Chandra Das	Below $250,000	100%	-	-	-
Mr. Tjong Yik Min	$500,000 to $749,999	-	86.98	9.80	3.22
Mr. Ow Tin Nyap	$500,000 to $749,999	-	78.90	-	21.10
Mr. Chang See Hiang	Below $250,000	100%	-	-	-
Mr. Lim Hong Keat	Below $250,000	100%	-	-	-
Mr. Koh Boon Hwee[3]	Below $250,000	-	-	-	-
Mr. Chin Yoke Choong	Below $250,000	100%	-	-	-
Mr. Irwin David Simon	Below $250,000	100%	-	-	-
Mr. Ngiam Tong Dow	Below $250,000	100%	-	-	-
Dr. Tan Chin Nam	Below $250,000	100%	-	-	-

Notes:
1. Fixed salary is inclusive of annual wage supplement, contractual bonuses and central provident fund contributions
2. Variable bonus is inclusive of central provident fund contributions
3. Appointed Director on 1 January 2009

The range of gross remuneration received by the top 5 executives of the Group (excluding executive directors and executives who have resigned during the year under review) is as follows:

Remuneration Bands	No. of Executives
$250,000 to $499,999	5

The Chairman & Chief Executive Officer, Mr. Philip Ng Chee Tat is the son of substantial shareholders of the Company, Mr. Ng Teng Fong and Mdm. Tan Kim Choo, and son-in-law of Mr. Lim Hong Keat, a non-executive director. Save for the aforementioned, there are no employees of the Group who are the immediate family members of any of the directors or the Chief Executive Officer and whose remuneration exceeds $150,000 in the financial year 2008.

REPORT ON CORPORATE GOVERNANCE

EXECUTIVE COMMITTEE

The Executive Committee comprises five members, namely Mr. Koh Boon Hwee (Chairman), Philip Ng Chee Tat, Mr. S. Chandra Das, Mr. Tjong Yik Min and Mr. Ow Tin Nyap. The Executive Committee acts for the Board to supervise the day-to-day management of the Group's businesses and affairs within the limits of authority delegated by the Board.

The Board empowers the Executive Committee to decide on operational matters within certain limits of authority but retains control over major policies and decisions affecting the Group. This delegation of authority improves the operational efficiency of the Board. This committee of the Board held four meetings during the financial year.

INVESTMENT COMMITTEE

The Investment Committee comprises four members, namely Mr. S. Chandra Das, Mr. Chang See Hiang, Mr. Chin Yoke Choong and Mr. Ngiam Tong Dow. The Investment Committee is responsible for managing the Company's portfolio of securities and meets on an ad-hoc basis. During the financial year, the Committee held one meeting.

COMMUNICATION WITH SHAREHOLDERS

Principle 10:	*The Board should present a balanced and understandable assessment of the company's performance, position and prospects.*
Principle 14:	*Companies should engage in regular, effective and fair communication with shareholders.*
Principle 15:	*Companies should encourage greater shareholder participation at Annual General Meetings and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

The Company strives for timeliness and transparency in its disclosures to shareholders and the public. In addition to regular dissemination of information through SGXNET, the Company also responds 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. Effective financial year 2003, the Company adopted quarterly reporting to shareholders. Financial results and other price sensitive public announcements are presented by the Company in a balanced and understandable assessment of the Group's performance, position and prospects. Members of the board, senior management and the independent auditor are in attendance at AGMs and EGMs. At general meetings, shareholders are given the opportunity to air their views and ask questions regarding the Company. Resolutions to be tabled at general meetings are separate unless they are interdependent and linked, and the reasons and material implications are explained.

The Company's AA allows a member of the Company to appoint one or two proxies to attend and vote in place of the member. Having regard to the current shareholders' profile, 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.

RISK MANAGEMENT POLICIES & PROCESSES

Risk management is primarily the responsibility of the management under the supervision and direction of the Board and its sub-committees. GIA reviews the implementation of the policies and procedures adopted and reports its finding to the AC to provide check and balance.

The identification and management of financial risks are set out in Note 36 to the financial statements of this 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 that oversees and monitors product integrity and manufacturing processes across the Group;

REPORT ON CORPORATE GOVERNANCE

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. 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 and commercially justifiable. The Group will monitor and judiciously lock in raw material prices where appropriate and possible in order to contain raw material cost; and

iv. loss of capacity and hence revenue due to force majeure. The Group uses risk financing in the insurance market to mitigate the risk of significant losses and regularly reviews the various insurance policies maintained to ensure adequate coverage.

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 and its Malaysia listed subsidiary.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the 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)	
	2008 $'000	2007 $'000
Far East Management (Private) Limited		
Project management, sales, marketing & administrative expenses	-	378
Professional fees for services received	433	394
Far East Organization Group		
Sale of goods and services	201	189
Chang See Hiang & Partners		
Professional fees for services rendered	104	-

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Philip Ng Chee Tat
Chairman & Chief Executive Officer

Mr. S. Chandra Das
Deputy Chairman
Lead Independent Director

Mr. Tjong Yik Min
President & Chief Operating Officer

Mr. Ow Tin Nyap
Executive Director

Mr. Chang See Hiang
Non-executive Director

Mr. Lim Hong Keat
Non-executive Director

Mr. Koh Boon Hwee
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. Philip Ng Chee Tat
Member

REMUNERATION COMMITTEE

Mr. S. Chandra Das
Chairman

Mr. Chang See Hiang
Member

Mr. Chin Yoke Choong
Member

EXECUTIVE COMMITTEE

Mr. Koh Boon Hwee
Chairman

Mr. Philip Ng Chee Tat
Member

Mr. S. Chandra Das
Member

Mr. Tjong Yik Min
Member

Mr. Ow Tin Nyap
Member

INVESTMENT COMMITTEE

Mr. S. Chandra Das
Chairman

Mr. Chang See Hiang
Member

Mr. Chin Yoke Choong
Member

Mr. Ngiam Tong Dow
Member

REGISTERED OFFICE

3 Senoko Way
Singapore 758057

Tel : (65) 6752 2122
Fax : (65) 6752 3122

SHARE REGISTRAR

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

Tel : (65) 6593 4848
Fax : (65) 6593 4847

INDEPENDENT AUDITOR

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

Partner-in-charge :

Mr. Kyle Lee
Appointment : 2007

CONTENTS

DIRECTORS' REPORT

for the financial year ended 31 December 2008

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2008 and the balance sheet of the Company as at 31 December 2008.

DIRECTORS

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

Philip Ng Chee Tat
S. Chandra Das
Tjong Yik Min
Ow Tin Nyap
Chang See Hiang
Chin Yoke Choong
Irwin David Simon
Koh Boon Hwee (appointed on 1 January 2009)
Lim Hong Keat
Ngiam Tong Dow
Tan Chin Nam

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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 and related corporations, except as follows:

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2008	At 1.1.2008 or date of appointment if later	At 31.12.2008	At 1.1.2008 or date of appointment if later
Yeo Hiap Seng (Malaysia) Berhad				
(Ordinary shares of RM1.00 each)				
Ow Tin Nyap	18,000	18,000	24,000	24,000

No other director had an interest in any shares or debentures of the Company or related corporations either at the beginning or at the end of the financial year.

DIRECTORS' REPORT

for the financial year ended 31 December 2008

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

(b) The directors' interests in the share capital of the Company and related corporations as at 21 January 2009 were the same as those as at 31 December 2008.

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.

SHARE OPTION

On 15 December 2005, the Company issued a share option to a shareholder to subscribe for unissued shares of the Company for an amount up to US$6,000,000 ("Call Option"). The issue price per share ("Call Option Issue Price") shall be determined by reference to the volume weighted average market price per share for five trading days preceding the date of the First Call Option Notice ("Five Day VWAP"). The Call Option Issue Price shall be equal to a 10 percent discount to the Five Day VWAP save that the issue price may not be fixed at a discount of more than 10 percent to the weighted average price for trades on the SGX-ST on the date of the Call Option Notice in accordance with the Listing Rules.

The Call Option is exercisable from 12 September 2006 and expired on 12 September 2007. In 2007, 4,044,800 new ordinary shares of the Company were issued at S$2.25 each for a consideration of US$6,000,000 upon the exercise and completion of the Call Option on 20 May 2007.

On 22 April 2007, the Company granted a further call option ("Further Call Option") to the shareholder to subscribe such number of shares such that the shareholder will, in aggregate, hold up to 5 percent of the issued shares of the Company as at the date of the exercise of this Further Call Option. The issue price per share ("Further Call Option Issue Price") shall be determined by reference to the volume weighted average market price per share for five trading days preceding the date of the Further Option Notice ("Five Day VWAP"). The Further Call Option Issue Price shall be equal to a 10 percent discount to the Five Day VWAP save that the issue price may not be fixed at a discount of more than 10 percent to the weighted average price for trades on the SGX-ST on the date of the Further Call Option Notice in accordance with the Listing Rules.

The Further Call Option is exercisable during the period commencing on later of (i) 20 May 2008 and (ii) execution of the Joint Venture and Business Cooperation Agreement (as defined in the Subscription Agreement dated 3 August 2005) and expiring on 20 May 2009 ("Further Call Option Period") provided that the Further Call Option Period shall immediately terminate when the last Joint Venture and Business Cooperation Agreement is terminated or expires.

The number of unissued ordinary shares of the Company under the Further Call Option outstanding at the end of the financial year was as follows:

	No. of unissued ordinary shares under option at 31 December 2008	Exercise price	Exercise period
Further Call Option	24,552,000	Five Day VWAP	20.5.2008 – 20.5.2009

DIRECTORS' REPORT

for the financial year ended 31 December 2008

AUDIT COMMITTEE

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 and the independent auditor's report thereon. The Audit Committee has presented a report to the Board in respect of:

(i) the co-operation given by the Company's officers and whether the Audit Committee in the course of carrying out its duties, was obstructed or impeded by management;

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

(iii) compliance with legal and other regulatory requirements;

(iv) 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;

(v) the review of independent auditor's audit plan, audit report and the evaluation of the system of internal accounting controls with the independent auditor; 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.

INDEPENDENT AUDITOR

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

On behalf of the directors

TJONG YIK MIN
Director

OW TIN NYAP
Director

18 March 2009

STATEMENT BY DIRECTORS

for the financial year ended 31 December 2008

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 28 to 102 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 2008 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	OW TIN NYAP Director

18 March 2009

INDEPENDENT AUDITOR'S REPORT

to the members of Yeo Hiap Seng Limited

We have audited the accompanying financial statements of Yeo Hiap Seng Limited (the "Company") and its subsidiaries (the "Group") set out on pages 28 to 102, which comprise the balance sheets of the Company and of the Group as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion,

(a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) 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 auditor, have been properly kept in accordance with the provisions of the Act.

INDEPENDENT AUDITOR'S REPORT

to the members of Yeo Hiap Seng Limited

Without qualifying our opinion, we draw attention to Note 18 to the financial statements which states,

"Included in negative fair value reserve are fair value losses amounting to $41,082,000 on shares of two quoted equity investments in the food and beverage segment ("F&B investments") for which the acquisitions are for long term and strategic purposes. The cost of acquisition of the F&B investments is $76,920,000.

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

(a) whether the fall in share prices are within the normal volatility of the investments; and
(b) the period in which the share prices have fallen below costs.

Taking into account such consideration, the Directors are of the opinion that the investments are not impaired and consequently, cumulative fair value losses amounting to $41,082,000 as at 31 December 2008 on the F&B investments are taken to equity and no impairment losses have been recognised in the income statement.

The Group will continue to review its portfolio of quoted equity investments every quarter to ascertain if the investments are impaired and which will require the Group to take the cumulative fair value losses to the income statement as an impairment loss."

In forming our opinion, we have considered the adequacy of the disclosure of this matter in the financial statements.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 18 March 2009

CONSOLIDATED INCOME STATEMENT

for the financial year ended 31 December 2008

	Note	The Group 2008 $'000	The Group 2007 $'000
Revenue	4	**414,363**	436,974
Cost of sales		**(282,224)**	(303,959)
Gross profit		**132,139**	133,015
Other income	5	**2,948**	3,158
Other (losses)/gains - net	6	**(16,884)**	13,307
Expenses			
- Marketing and distribution		**(103,078)**	(99,601)
- Administrative		**(29,882)**	(23,852)
- Finance	9	**(1,921)**	(3,497)
Share of (loss)/profit of associated companies		**(2,005)**	820
(Loss)/profit before income tax		**(18,683)**	23,350
Income tax credit/(expense)	10	**13,732**	(23,057)
Net (loss)/profit		**(4,951)**	293
Attributable to:			
Equity holders of the Company		**(4,599)**	2,531
Minority interests		**(352)**	(2,238)
		(4,951)	293
(Loss)/earnings per share (expressed in cents per share)			
- Basic	11	**(0.80)**	0.44
- Diluted	11	**(0.80)**	0.44

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

BALANCE SHEETS

as at 31 December 2008

		The Group		The Company	
		2008	2007	**2008**	2007
	Note	**$'000**	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	**67,127**	84,306	**576**	725
Trade and other receivables	13	**87,048**	94,652	**15,102**	27,309
Inventories	14	**50,820**	53,335	**-**	-
Development properties	15	**125,410**	127,372	**-**	-
Current income tax recoverable	10	**2,207**	1,254	**1,395**	37
Other current assets	16	**3,092**	1,633	**96**	72
		335,704	362,552	**17,169**	28,143
Assets held for sale	17	**192**	369	**-**	-
		335,896	362,921	**17,169**	28,143
Non-current assets					
Available-for-sale financial assets	18	**51,788**	99,543	**17,108**	36,683
Loans to subsidiaries	19	**-**	-	**40,846**	40,575
Investments in associated companies	20	**2,223**	4,280	**-**	-
Investments in subsidiaries	21	**-**	-	**400,857**	400,857
Investment properties	22	**51,884**	54,325	**34,000**	34,000
Property, plant and equipment	23	**139,852**	123,865	**9**	10
Goodwill	24	**-**	5,361	**-**	-
Deferred income tax assets	29	**3,807**	4,839	**-**	-
		249,554	292,213	**492,820**	512,125
Total assets		**585,450**	655,134	**509,989**	540,268
LIABILITIES					
Current liabilities					
Trade and other payables	25	**88,874**	94,635	**272,042**	273,762
Current income tax liabilities	10	**1,215**	30,133	**-**	-
Borrowings	26	**65,810**	56,606	**36,300**	39,000
Provisions for other liabilities and charges	28	**946**	977	**-**	30
		156,845	182,351	**308,342**	312,792

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

BALANCE SHEETS

as at 31 December 2008

		The Group		The Company	
		2008	2007	**2008**	2007
	Note	**$'000**	$'000	**$'000**	$'000
Non-current liabilities					
Loans from subsidiaries	19	**-**	-	**47,476**	47,271
Borrowings	26	**-**	18,003	**-**	-
Provisions for other liabilities and charges	28	**2,510**	2,484	**-**	-
Deferred income tax liabilities	29	**16,841**	12,423	**-**	1,935
Other non-current liabilities		**37**	3	**-**	-
		19,388	32,913	**47,476**	49,206
Total liabilities		**176,233**	215,264	**355,818**	361,998
NET ASSETS		**409,217**	439,870	**154,171**	178,270
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	30	**218,568**	218,568	**218,568**	218,568
Capital reserves	31	**10,145**	10,145	**-**	-
Revaluation and other reserves	32	**12,221**	40,040	**(2,021)**	12,338
Retained earnings/(accumulated losses)		**110,747**	113,929	**(62,376)**	(52,636)
		351,681	382,682	**154,171**	178,270
Minority interests		**57,536**	57,188	**-**	-
Total equity		**409,217**	439,870	**154,171**	178,270

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2008

	Note	Attributable to equity holders of the Company					Minority interests	Total equity
		Share capital	Capital reserves	Revaluation and other reserves	Retained earnings	Total		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2008		218,568	10,145	40,040	113,929	382,682	57,188	439,870
Revaluation gain on property, plant and equipment	32(b)(i)	-	-	14,771	-	14,771	7,023	21,794
Fair value loss on available-for-sale financial assets	32(b)(ii)	-	-	(38,467)	-	(38,467)	(645)	(39,112)
Deferred tax adjustment	32(b)(i)	-	-	68	-	68	-	68
Transfer from reserve on realisation	32(b)(i)	-	-	(1,417)	1,417	-	-	-
Liquidation of subsidiary	32(b)(iii)	-	-	12	-	12	-	12
Currency translation differences	32(b)(iii)	-	-	(2,668)	-	(2,668)	(2,679)	(5,347)
Net (losses)/gains recognised directly in equity		-	-	(27,701)	1,417	(26,284)	3,699	(22,585)
Net loss		-	-	-	(4,599)	(4,599)	(352)	(4,951)
Total recognised (losses)/gains		**-**	**-**	**(27,701)**	**(3,182)**	**(30,883)**	**3,347**	**(27,536)**
Effect of treasury shares in a subsidiary acquired from minority interests		-	-	-	-	-	(2)	(2)
Effect of acquisition of minority interests in a subsidiary		-	-	(118)	-	(118)	(117)	(235)
Dividend paid		-	-	-	-	-	(2,880)	(2,880)
Balance at 31 December 2008		**218,568**	**10,145**	**12,221**	**110,747**	**351,681**	**57,536**	**409,217**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2008

	Note	Attributable to equity holders of the Company					Minority interests	Total equity
		Share capital	Capital reserves	Revaluation and other reserves	Retained earnings	Total		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2007		209,468	10,145	54,408	91,466	365,487	59,768	425,255
Revaluation gain on property, plant and equipment	32(b)(i)	-	-	12,230	-	12,230	2,466	14,696
Fair value loss on available-for-sale financial assets	32(b)(ii)	-	-	(7,007)	-	(7,007)	(351)	(7,358)
Deferred tax adjustment	32(b)(i)	-	-	666	-	666	431	1,097
Transfer from reserve on realisation	32(b)(i)	-	-	(19,923)	19,932	9	6	15
Currency translation differences	32(b)(iii)	-	-	202	-	202	275	477
Net (losses)/gains recognised directly in equity		-	-	(13,832)	19,932	6,100	2,827	8,927
Net profit/(loss)		-	-	-	2,531	2,531	(2,238)	293
Total recognised (losses)/gains		**-**	**-**	**(13,832)**	**22,463**	**8,631**	**589**	**9,220**
Issue of shares	30	9,100	-	-	-	9,100	-	9,100
Effect of treasury shares in a subsidiary acquired from minority interests		-	-	(52)	-	(52)	(165)	(217)
Effect of acquisition of minority interests in a subsidiary		-	-	(484)	-	(484)	-	(484)
Dividend paid		-	-	-	-	-	(3,004)	(3,004)
Balance at 31 December 2007		**218,568**	**10,145**	**40,040**	**113,929**	**382,682**	**57,188**	**439,870**

An analysis of the movements in each category within "Revaluation and other reserves" is presented in Note 32.

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

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 31 December 2008

	2008 $'000	2007 $'000
Cash flows from operating activities		
Net (loss)/profit	**(4,951)**	293
Adjustments for:		
- Income tax (credit)/expense	**(13,732)**	23,057
- Depreciation of property, plant and equipment	**9,896**	10,148
- Dividend income from available-for-sale financial assets	**(1,589)**	(1,088)
- Unrealised currency translation (gains)/losses	**(3,385)**	784
- Property, plant and equipment written-off	**1,023**	53
- Fair value losses/(gains) on investment properties - net	**1,258**	(2,956)
- Gain on disposal of property, plant and equipment	**(69)**	(284)
- (Gain)/loss on disposal of assets held for sale	**(78)**	9
- Gain on liquidation of subsidiary	**(21)**	-
- Impairment loss on goodwill	**5,361**	-
- Impairment loss/(write back of impairment loss) on available-for-sale financial assets	**7,138**	(42)
- Interest expense	**1,921**	3,497
- Interest income	**(845)**	(1,853)
- Allowance/(write back of allowance) for foreseeable losses on development properties - net	**2,033**	(10,379)
- Allowance for impairment in associated company	**47**	-
- Provision for retirement benefits	**299**	3
- Write back of provision for restructuring cost	**(30)**	-
- Revaluation loss on property, plant and equipment	**5,499**	-
- Impairment loss on property, plant and equipment	**409**	-
- Share of loss/(profit) of associated companies	**2,005**	(820)
Operating cash flow before working capital change	**12,189**	20,422
Change in working capital		
- Trade and other receivables	**7,604**	27,132
- Inventories	**2,515**	4,288
- Development properties	**(71)**	43,598
- Other current assets	**(1,459)**	(1,436)
- Trade and other payables	**(6,707)**	(12,827)
Cash generated from operations	**14,071**	81,177
Income tax paid	**(16,613)**	(366)
Restructuring costs paid	**(1)**	(10)
Retirement benefits paid	**(151)**	(176)
Net cash (used in)/provided by operating activities	**(2,694)**	80,625

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

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 31 December 2008

	Note	2008 $'000	2007 $'000
Cash flows from investing activities			
Dividends received from associated companies		**-**	1,247
Dividends received from available-for-sale financial assets		**1,589**	1,088
Proceeds from disposal of property, plant and equipment		**187**	905
Proceeds from disposal of assets held for sale		**427**	68
Renovation of investment property		**(12)**	-
Purchase of minority interest share in a subsidiary		**(235)**	(484)
Purchases of property, plant and equipment		**(2,980)**	(5,581)
Purchase of available-for-sale financial assets		**(174)**	(81,943)
Interest received		**845**	1,853
Net cash used in investing activities		**(353)**	(82,847)
Cash flows from financing activities			
Dividends paid to minority shareholders of a subsidiary		**(2,880)**	(3,004)
Issue of share capital		**-**	9,100
Purchases of treasury shares in a subsidiary from minority interests		**(1)**	(217)
Interest paid		**(2,060)**	(2,908)
Repayments of finance lease liabilities		**(6)**	(6)
Repayments of borrowings		**(57,758)**	(59,500)
Proceeds from borrowings		**48,573**	60,960
Net cash (used in)/provided by financing activities		**(14,132)**	4,425
Net (decrease)/increase in cash and cash equivalents		**(17,179)**	2,203
Cash and cash equivalents at beginning of financial year		**84,306**	82,103
Cash and cash equivalents at end of financial year	12	**67,127**	84,306

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

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

1. GENERAL

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

The Company is listed on the Singapore Exchange.

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 43.

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.

There are no new or amended Standards and Interpretations effective in 2008 which are relevant to 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 future economic benefits will flow to the entity 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 customer and the customer has 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 architects' 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

(b) Revenue from sale of development properties (continued)

The impact on the financial statements, had revenue on the development projects been recognised using the completed contract method is set out in Note 15.

(c) Royalty, management fees and interest income

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

Management fees are recognised as the services are performed.

Interest income is recognised on a time-proportion basis 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

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

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest. Please refer to Note 2.7 for the accounting policy on goodwill on acquisition of subsidiaries.

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 companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries* (continued)

Minority interests are that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. They are measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority interest in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority interest are attributed to the equity holders of the Company, unless the minority interest has a binding obligation to, and is able to, make good the losses. When the subsidiary subsequently reports profits, the profits applicable to the minority interest are attributed to the equity holders of the Company until the minority interest's share of losses previously absorbed by the equity holders of the Company has been recovered.

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 minority interests*

The Group applies a policy of treating transactions with minority interests as transactions with equity holders, in which gain or loss is recognised directly in equity rather than in the income statement.

Changes in the Group's interest in a subsidiary that do not result in a loss of control is accounted for by adjusting the carrying amounts of minority interests to reflect changes in the Group's interest in the subsidiary's net assets. The difference between the amount of adjustment to minority interests and the fair value of the consideration paid or received, if any, is recognised in equity.

(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 between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Investments in associated companies in the consolidated balance sheet includes goodwill (net of any accumulated impairment losses) identified on acquisition. Please refer to Note 2.7 for the Group's accounting policy on goodwill.

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.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) *Associated companies* (continued)

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. Where necessary, adjustments are made to the financial statements of associated companies to ensure consistency of accounting policies with those of the Group.

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 stated at revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at revalued amount 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 an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset. Revaluation gains are taken to the property revaluation reserve, unless they offset previous revaluation losses of the same asset that were taken to the income statement. Revaluation losses are taken to the property revaluation reserve, to the extent that they offset previous revaluation gains of the same asset that were taken to the property revaluation reserve. Other revaluation gains or losses are taken to the income statement.

(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, including borrowing costs incurred for construction-in-progress.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation

No depreciation is provided on construction-in-progress and freehold land. Leasehold land and buildings are amortised evenly over the term of the lease.

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. The estimated useful lives are as follows:

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

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement 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 expense is recognised in the income statement when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement. Any amount in property revaluation reserve relating to that asset is transferred to retained earnings directly.

2.5 Development properties

Development properties are stated at cost less allowance for foreseeable losses and booking fees. Cost capitalised includes cost of land and other directly related development expenditure, including borrowings costs, incurred in developing the properties. Allowance is made in full for any foreseeable losses.

Revenue and cost on development properties that have been sold prior to completion are recognised using the percentage of completion method. The stage of completion is measured by reference to the physical surveys of construction work completed. 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 on sold units is compared against progress billings up to the 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investment properties

Investment properties of the Group are held for long-term rental yields and capital appreciation and are not occupied by the Group. Investment properties are initially recognised at cost and subsequently carried at fair value. Changes in fair values are recognised in the income statement.

The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to the income statement. The cost of maintenance, repairs and minor improvement is charged to the income statement when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the income statement.

2.7 Goodwill

Goodwill represents the excess of the cost of an acquisition of subsidiaries, joint ventures or associated companies over the fair value of the Group's share of identifiable net assets and contingent liabilities of the acquired subsidiaries, joint ventures or associated companies at the date of acquisition.

Goodwill on subsidiaries and joint ventures 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, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

2.8 Investments in subsidiaries, joint ventures and associated companies

Investments in subsidiaries, joint ventures and associated companies are stated at cost less accumulated impairment losses in the Company's balance sheet.

On disposal of investments in subsidiaries, joint ventures and associated companies, the difference between net disposal proceeds and the carrying amount of the investment is taken to the income statement.

2.9 Borrowing costs

Borrowing costs are recognised in the income statement using the effective interest method except for those costs that are directly attributable to borrowings acquired specifically for the construction or development of properties. The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investments of these borrowings, are capitalised in the cost of the properties under development.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of non-financial assets

(a) *Goodwill*

Goodwill is tested annually for impairment, as well as when there is any indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in associated company is tested for impairment as part of the investment, rather than separately.

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 in the income statement when the carrying amount of CGU, including the goodwill, exceeds the recoverable amount of the CGU. 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 the income statement and is not reversed in a subsequent period.

(b) *Property, plant and equipment*
Investments in subsidiaries, joint ventures and associated companies

Property, plant and equipment and investments in subsidiaries, joint ventures and associated companies are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the 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 the income statement, 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.

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 assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, 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 in the income statement, a reversal of that impairment is also recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets

(a) *Classification*

The Group classifies financial assets as loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(i) 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 included in current assets, except those maturing more than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables consist of cash and cash equivalents, trade and other receivables and loans to subsidiaries on the balance sheet.

(ii) 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 included in non-current assets unless management intends to dispose off the assets within 12 months after the balance sheet date.

(b) *Recognition and derecognition*

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 sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the income statement. Any amount in the fair value reserve relating to that asset is also taken to the income statement.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in fair values of available-for-sale financial assets are recognised in the fair value reserve within equity.

Loans and receivables are carried at amortised cost using the effective interest method less impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(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.

An allowance for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

(ii) Available-for-sale financial assets

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. The cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement is transferred from the fair value reserve within equity to the income statement. Impairment losses recognised in the income statement on equity investments are not reversed through the income statement.

2.12 Financial guarantees

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

Financial guarantee contracts are initially recognised at their fair values plus transaction costs in the balance sheet.

Financial guarantee contracts are subsequently amortised to the income statement 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 guarantee contracts shall be carried at the expected amount payable to the bank.

Intragroup transactions are eliminated on consolidation.

2.13 Trade and other payables

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are presented as current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the balance sheet date are presented as non-current borrowings in the balance sheet.

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 forward currency contracts are determined using actively quoted forward currency rates at the balance sheet date.

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, are also used to determine the fair values of the financial instruments.

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

The Group leases certain property, plant and equipment from third parties.

Leases of property, plant and equipment where the Group assumes substantially the risks and rewards of ownership 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 charge and the reduction of the outstanding lease liability. The finance charge is recognised in the income statement and allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Leases (continued)

(b) Operating leases

(i) When the Group is the lessee

Leases of property, plant and equipment where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in the income statement on a straight-line basis over the period of the lease.

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

(ii) When the Group is the lessor

Leases of investment properties and property, plant and equipment 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 the income statement on a straight-line basis over the lease term.

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 costs of completion and 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, associated companies and joint ventures, 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Income taxes (continued)

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.

Current and deferred income taxes are recognised as income or expense in the income statement 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 tax on temporary differences arising from the revaluation gains and losses on land and buildings and fair value gains and losses on available-for-sale financial assets are charged or credited directly to equity in the same period the temporary differences arise.

2.19 Provisions

Provisions are recognised when the Group has a 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 a reliable estimate of the amount can be made.

Provisions for restructuring costs/termination benefits

Provisions for restructuring costs/termination benefits include only the direct expenditures arising from a restructuring that are necessarily entailed by the restructuring and are not associated with the Group's ongoing activities. A constructive obligation is recognised when the Group,

(i) has a detailed formal plan identifying the businesses and locations affected; the location, function and approximate number of employees who will be compensated for termination of their services; the expenditures that will be undertaken; and when the plan will be implemented; and

(ii) has either started to implement the plan or announced the main features of the plan to those affected.

2.20 Employee compensation

(a) Defined contribution plan

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Employee compensation (continued)

(b) Defined benefit plan

For companies in Malaysia, post employment benefits relates to retirement benefits given to employees and is a non-contributory unfunded retirement benefits scheme for employees who are eligible under a collective bargaining agreement.

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet 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 outflows 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. The amount of net actuarial gains and losses recognised in the income statement is determined using the corridor method and is charged or credited to income over the average remaining service lives of the related employees participating in the defined benefit plan.

(c) Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

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 prevailing at the dates of the transactions. Currency translation gains and losses 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 the income statement, except for currency translation differences on net investment in foreign entities denominated in the functional currencies of the Company or its subsidiaries, which are included in the foreign currency translation reserve within equity in the consolidated financial statements. Those currency translation differences are transferred to the income statement as part of the gain or loss on disposal of the foreign operation.

Currency translation differences on non-monetary items whereby the gains or losses are recognised directly in equity, such as equity investments classified as available-for-sale financial assets and property, plant and equipment are included in the fair value reserve and property revaluation reserve respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Currency translation (continued)

(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 date of the balance sheet;

(ii) Income and expenses are translated at average exchange rate (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 the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the date of the balance sheet. For acquisitions prior to 1 January 2005, the exchange rates at the dates of acquisition were used.

(d) Consolidation adjustments

On consolidation, currency translation differences arising from the net investment in foreign operations (including those monetary items forming part of the net investment denominated in the functional currencies of the Company and its subsidiaries) are taken to the foreign currency translation reserve. When a foreign operation is disposed off, such currency translation differences are recognised in the income statement as part of the gain or loss on disposal.

2.22 Segment reporting

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

2.23 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Share capital and treasury shares

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

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

2.25 Dividend to Company's shareholders

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

2.26 Assets held for sale

Assets held for sale are stated 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 in the income statement. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in the income statement.

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.

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.10. The recoverable amounts of cash-generating-units (CGUs) in which goodwill is attached to have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 24).

If, for example, the management's estimated gross margin at 31 December 2008 is lowered by 3%, the carrying amounts of property, plant and equipment in the CGUs will be reduced by $1,304,000 and goodwill will remain fully impaired.

If, for example, the management's estimated pre-tax discount rate applied to the discounted cash flows at 31 December 2008 is raised by 2%, the carrying amounts of the property, plant and equipment in the CGUs will be reduced by $793,000 and goodwill will remain fully impaired.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(ii) *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 income tax and deferred income tax provisions in the period in which such determination is made.

(iii) *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. See further disclosure in Note 18 on the Group's assessment of impairment on the available-for-sale financial assets.

4. REVENUE

	The Group	
	2008	2007
	$'000	$'000
Sale of goods	**406,423**	370,890
Sale of development properties	**6,326**	64,978
Royalty fees	**25**	18
Dividend income from available-for-sale financial assets	**1,589**	1,088
	414,363	436,974

5. OTHER INCOME

	The Group	
	2008	2007
	$'000	$'000
Interest income	**845**	1,853
Rental income	**2,103**	1,305
	2,948	3,158

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

6. OTHER (LOSSES)/GAINS - NET

	The Group	
	2008	2007
	$'000	$'000
Fair value (losses)/gains on investment properties - net (Note 22)	**(1,258)**	2,956
Gain on disposal of property, plant and equipment	**69**	284
Gain/(loss) on disposal of assets held for sale	**78**	(9)
(Allowance)/write back of allowance for foreseeable losses on development properties - net	**(2,033)**	10,379
Currency translation loss - net	**(1,213)**	(2,293)
Revaluation loss on property, plant and equipment (Note 23)	**(5,499)**	-
Impairment loss on property, plant and equipment (Note 23)	**(409)**	-
Property, plant and equipment written-off	**(1,023)**	(53)
(Impairment loss)/write back of impairment loss on available-for-sale financial assets (Note 18)	**(7,138)**	42
Other miscellaneous income	**1,542**	2,001
	(16,884)	13,307

7. EXPENSES BY NATURE

	The Group	
	2008	2007
	$'000	$'000
Auditors' remuneration paid/payable to		
- Auditor of the Company	**300**	300
- Other auditors*	**500**	387
Other fees paid/payable to		
- Auditor of the Company	**261**	185
- Other auditors*	**525**	595
Depreciation of property, plant and equipment (Note 23)	**9,896**	10,148
Impairment loss on goodwill (Note 24)	**5,361**	-
Write down of inventories - net	**2,878**	3,964
Impairment of trade receivables (Note 36(b)(ii))	**411**	452
Write off/(write back) of bad debts	**373**	(2)
Employee compensation (Note 8)	**51,671**	47,606
Cost of raw materials and trading goods recognised as expenses (included in cost of sales)	**223,384**	204,637
Cost of development properties recognised as expenses (included in cost of sales)	**3,692**	46,516
Advertising and promotion expenses	**31,170**	30,209
Transportation expense	**15,517**	15,174
Rental expense on operating leases	**5,584**	5,100
Other expenses	**63,661**	62,141
Total cost of sales, marketing and distribution costs and administrative expenses	**415,184**	427,412

** Include PricewaterhouseCoopers firms outside Singapore*

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

8. EMPLOYEE COMPENSATION

	The Group	
	2008	2007
	$'000	$'000
Wages and salaries	**40,811**	38,069
Employer's contribution to defined contribution plans including Central Provident Fund	**5,137**	4,662
Retirement benefits costs (Note 28(b))	**299**	3
Termination benefits	**1**	86
Other benefits	**5,423**	4,786
	51,671	47,606

9. FINANCE EXPENSES

	The Group	
	2008	2007
	$'000	$'000
Interest expenses		
- Bank borrowings	**1,920**	3,496
- Finance lease liabilities	**1**	1
	1,921	3,497

10. INCOME TAXES

(a) Income tax (credit)/expense

	The Group	
	2008	2007
	$'000	$'000
Tax (credit)/expense attributable to (loss)/profit is made up of:		
Current income tax		
- Singapore	**259**	2,803
- Foreign	**1,768**	838
	2,027	3,641
Deferred income tax	**1,026**	(923)
	3,053	2,718
(Over)/under provision in prior financial years		
- Current income tax	**(15,244)**	22,220
- Deferred income tax	**(1,541)**	(1,881)
	(13,732)	23,057

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

10. INCOME TAXES (continued)

(a) Income tax (credit)/expense (continued)

The tax (credit)/expense on results differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	The Group	
	2008	2007
	$'000	$'000
(Loss)/profit before income tax	**(18,683)**	23,350
Tax calculated at a tax rate of 18% (2007: 18%)	**(3,363)**	4,203
Effects of:		
- Change in Singapore tax rate	**-**	45
- Different tax rates in other countries	**248**	(937)
- Income not subject to tax	**(233)**	(559)
- Expenses not deductible for tax purposes	**6,663**	2,264
- Utilisation of previously unrecognised tax benefits	**(2,633)**	(2,692)
- Deferred income tax assets not recognised	**2,448**	394
- Tax calculated on share of results of associated companies	**(77)**	-*
	3,053	2,718

* Below $1,000

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

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**28,879**	3,641	**(37)**	580
Currency translation differences	**(41)**	(257)	**-**	-
Income tax paid	**(16,613)**	(366)	**(2,311)**	(671)
Tax expense on results for the current financial year	**2,027**	3,641	**953**	234
(Over)/under provision in prior financial years	**(15,244)**	22,220	**-**	(180)
End of financial year	**(992)**	28,879	**(1,395)**	(37)
Representing:				
Current income tax recoverable	**(2,207)**	(1,254)	**(1,395)**	(37)
Current income tax liabilities	**1,215**	30,133	**-**	-
	(992)	28,879	**(1,395)**	(37)

10. INCOME TAXES (continued)

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

In 2001, the Group paid income tax of $6,825,000 in relation to The Sterling residential development project. The tax paid was based on the revalued amount of land when the developer's licence was obtained in April 1997 and excluded any tax effect on the revaluation surplus amounting to $128,800,000 on the land prior to April 1997. Under the advice of tax counsel, the Directors are of the opinion that the revaluation surplus of $128,800,000 is capital accretion and therefore should not be subject to income tax. On the same basis, the Directors are of the opinion that the revaluation surplus of the land for the Gardenvista and Jardin residential development projects prior to obtaining the developer's licence for the Gardenvista project in October 2002 amounting to $86,547,000 is also capital accretion.

In 2004, the Inland Revenue Authority of Singapore ("IRAS") expressed its view that some of the revaluation surpluses for the development projects may not be considered capital accretion. In February 2006, the IRAS reiterated its view that part of the revaluation surplus of $128,800,000 on the land for The Sterling project would not be considered capital accretion and requested for information in order to bring its assessments up to date. The Group, through its legal counsel, made legal submissions to IRAS on 9 June 2006.

The IRAS raised a protective assessment on the Group on 19 December 2007 to preserve its position by treating $108,200,000 of the revaluation surplus of $128,800,000 as a taxable gain. The tax payable under the protective assessment was $23,296,422. Based on legal advice, the Directors maintained their view that the amount of $108,200,000 of the revaluation surplus was capital accretion. However in accordance with the relevant accounting standard, the Directors considered it prudent to make provision for the tax raised by the protective assessment in the financial statements for the financial year ended 31 December 2007. This was done entirely without admission of the correctness of the protective assessment. The Group applied for and obtained a standover without penalty of the tax raised under the protective assessment, and continued to negotiate to resolve the matter with the IRAS.

On 25 April 2008, the Group reached a settlement with the IRAS. The Group and IRAS agreed that the additional tax payable for The Sterling development project was $12,965,669 and that no additional tax would be payable for the Gardenvista and Jardin residential projects. The agreement with the IRAS constituted a full and final settlement of the tax issue.

Accordingly, the Group has written back excess tax provision of $11,831,000 pertaining to the above matter in the financial statements for the financial year ended 31 December 2008.

11. EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

	The Group	
	2008	2007
Net (loss)/profit attributable to equity holders of the Company ($'000)	**(4,599)**	2,531
Weighted average number of ordinary shares in issue for calculation of basic (loss)/earnings per share ('000)	**573,920**	571,698
Basic (loss)/earnings per share (cents per share)	**(0.80)**	0.44

11. EARNINGS PER SHARE (continued)

(b) Diluted (loss)/earnings per share

For the purpose of calculating diluted (loss)/earnings per share, (loss)/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: share option (Note 30).

For the share option, the weighted average number of shares in issue is adjusted as if share option that is dilutive was exercised. The number of shares that could have been issued upon the exercise of dilutive share option less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration, with no adjustment to the net (loss)/profit (numerator).

	The Group	
	2008	2007
Net (loss)/profit attributable to equity holders of the Company ($'000)	**(4,599)**	2,531
Weighted average number of ordinary shares in issue for calculation of basic (loss)/earnings per share ('000)	**573,920**	571,698
Adjustment for share option ('000)	**2,456**	6,874
	576,376	578,572
Diluted (loss)/earnings per share (cents per share)	**(0.80)**	0.44

12. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**23,124**	35,086	**367**	539
Fixed deposits with financial institutions	**44,003**	49,220	**209**	186
	67,127	84,306	**576**	725

Included in fixed deposits and cash at bank and on hand of the Group are amounts totalling $29,759,000 (2007: $28,908,000) 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. TRADE AND OTHER RECEIVABLES - CURRENT

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Trade receivables				
- non-related parties	**84,504**	92,217	**-**	-
- related parties	**64**	80	**-**	-
Less: Allowance for impairment of receivables				
- non-related parties	**(2,441)**	(3,208)	**-**	-
Trade receivables - net	**82,127**	89,089	**-**	-
Other receivables				
- non-related parties	**4,814**	5,429	**75**	51
- subsidiaries	**-**	-	**26,352**	38,583
- associated companies	**7,333**	7,350	**6,981**	6,981
- a related party	**38**	38	**38**	38
	12,185	12,817	**33,446**	45,653
Less: Allowance for impairment of receivables				
- subsidiaries	**-**	-	**(11,363)**	(11,363)
- associated companies	**(7,333)**	(7,350)	**(6,981)**	(6,981)
Other receivables - net	**4,852**	5,467	**15,102**	27,309
Staff loans	**69**	96	**-**	-
	87,048	94,652	**15,102**	27,309

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

Related parties refer to the related companies of the shareholders as well as related companies of the ultimate holding company.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

14. INVENTORIES

	The Group	
	2008	2007
	$'000	$'000
Finished/trading goods	**37,595**	39,879
Raw materials	**12,799**	13,180
Work-in-progress	**426**	276
	50,820	53,335

The cost of inventories recognised as an expense and included in "cost of sales" amounts to $263,671,000 (2007: $242,266,000).

During the financial year, the Group wrote down inventories of $3,663,000 (2007: $6,736,000) and reversed $785,000 (2007: $2,772,000), being part of inventory write-down made in prior years as the inventories were sold above the carrying amounts in 2008.

15. DEVELOPMENT PROPERTIES

	The Group	
	2008	2007
	$'000	$'000
Properties under development (Note 15(a))	**101,219**	109,606
Completed properties held for sale (Note 15(b))	**24,191**	17,766
	125,410	127,372

(a) Properties under development

	The Group	
	2008	2007
	$'000	$'000
(i) Land		
- Cost	**45,132**	50,649
- Revaluation surplus*	**44,272**	46,416
	89,404	97,065
Development expenditure	**2,741**	3,360
Property taxes, interest and other overheads	**9,074**	9,181
	101,219	109,606

* 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.

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for the financial year ended 31 December 2008

15. **DEVELOPMENT PROPERTIES** (continued)

(a) Properties under development (continued)

Movements in allowance for foreseeable losses are as follows:

	The Group	
	2008	2007
	$'000	$'000
Beginning of financial year	**-**	5,290
Write back during the financial year	**-**	(5,290)
End of financial year	**-**	-

The write back of allowance for foreseeable losses in 2007 was due to increase in valuation of the unsold properties.

(ii) Sold units

	The Group	
	2008	2007
	$'000	$'000
Aggregated costs incurred	**5,865**	227,584
Add: Recognised profit to date	**4,296**	7,260
Less: Progress billings	**(10,161)**	(234,245)
Unbilled receivables (included in trade receivables)	**-**	599

(iii) Security for bank borrowings

Properties under development are mortgaged to a bank to secure a bank loan of $10,000,000 (2007: $18,000,000) (Note 26(a)).

(iv) The Group recognised profit from the sale of development properties using the percentage of completion method. If the completed contract method had been adopted, these items will be affected as follows:

	The Group Increase/(Decrease)	
	2008	2007
	$'000	$'000
Balance sheets as at 31 December		
Retained earnings	**(3,538)**	-
Development properties at beginning of year	**4,713**	-
Development properties at end of year	**5,865**	4,713
Income statements		
Revenue	**(1,092)**	(9,069)
Net (loss)/profit for the year	**(60)**	(3,598)

15. DEVELOPMENT PROPERTIES (continued)

(b) Completed properties held for sale

		The Group	
		2008	2007
		$'000	$'000
(i)	Land		
	- Cost	**17,041**	13,134
	- Revaluation surplus*	**1,590**	-
		18,631	13,134
	Development expenditure	**7,827**	5,799
	Property taxes, interest and other overheads	**4,256**	3,323
		30,714	22,256
	Less: Allowance for foreseeable losses	**(6,523)**	(4,490)
		24,191	17,766

* 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.

Movements in allowance for foreseeable losses are as follows:

	The Group	
	2008	2007
	$'000	$'000
Beginning of financial year	**4,490**	9,579
Allowance made during the financial year	**2,033**	397
Write back during the financial year	**-**	(5,486)
End of financial year	**6,523**	4,490

The write back of allowance for foreseeable losses in 2007 was due to the increase in market values of completed properties held-for-sale.

(ii) Sold units

	The Group	
	2008	2007
	$'000	$'000
Aggregated costs incurred	**225,902**	-
Add: Recognised profit to date	**5,108**	-
Less: Progress billings	**(231,010)**	-
Unbilled receivables (included in trade receivables)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

15. DEVELOPMENT PROPERTIES (continued)

(c) Details of properties held by the Group

Location	Description and existing use	Unsold saleable area (in sq. metres)	Tenure	Stage of completion
Limbok Terrace Singapore	Parry Green - development of 2 Semi-detached and 35 Terrace houses	286	99 years leasehold with effect from February 1996	Certificate of Statutory Completion obtained
Jalan Kelichap Singapore	Tai Keng Villas - development of 73 Terrace houses	709	99 years leasehold with effect from February 1996	Certificate of Statutory Completion obtained
Chuan Close Singapore	Chuan Villas - development of 1 Bungalow and 33 Terrace houses	1,614	99 years leasehold with effect from December 1996	Certificate of Statutory Completion obtained
Poh Huat Road Singapore	Princeton Vale - development of 8 Semi-detached and 32 Terrace houses	987	99 years leasehold with effect from December 1996	Certificate of Statutory Completion obtained
Hougang Avenue 2 Singapore	Henley Gardens - development of 36 Terrace houses	1,089	99 years leasehold with effect from December 1996	Certificate of Statutory Completion obtained
Dunearn Road Singapore	Gardenvista - development of 318 Condominium units*	1,181	99 years leasehold with effect from September 1999	Certificate of Statutory Completion obtained
Dunearn Road Singapore	Jardin -development of 140 Condominium units*	13,303	Freehold	Main building construction contract awarded. Phase I piling has completed.

These properties are wholly-owned by the property development companies of the Group.

* The development properties at Dunearn Road comprise two development projects. Gardenvista, the leasehold condominium development project has obtained Certificate of Statutory Completion (CSC) in March 2007. Jardin, the freehold condominium development project was launched in November 2007.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

16. OTHER CURRENT ASSETS

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Deposits	**2,713**	1,030	**20**	20
Prepayments	**379**	603	**35**	34
Others	**-**	-	**41**	18
	3,092	1,633	**96**	72

17. ASSETS HELD FOR SALE

The assets held for sale have been identified as surplus to the Group's requirements and the Board of Directors of its subsidiary, Yeo Hiap Seng (Malaysia) Berhad, have approved the sale to unlock and realise the value of the assets and are actively seeking buyers.

	The Group	
	2008	2007
	$'000	$'000
Leasehold land and building	**-**	369
Investment in an associated company (Note 20)	**192**	-
	192	369

One leasehold land and building classified as assets held for sale amounting to $369,000 was disposed off during the year.

Following the approval of the Board of Directors of its subsidiary to sell Senawang Edible Oil (Sendirian) Berhad, an associated company in Malaysia, the investment in this associated company is classified as an asset held for sale (Note 20). The transaction is expected to be completed in 2009.

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**99,543**	23,690	**36,683**	20,442
Currency translation differences	**(489)**	36	**-**	-
Additions	**174**	81,943	**174**	7,658
(Impairment loss)/write back of impairment loss (Note 6)	**(7,138)**	42	**(4,200)**	42
Fair value (losses)/gains recognised in equity (Note 32(b)(ii))	**(40,302)**	(6,168)	**(15,549)**	8,541
End of financial year	**51,788**	99,543	**17,108**	36,683

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

Included in negative fair value reserve are fair value losses amounting to $41,082,000 on shares of two quoted equity investments in the food and beverage segment ("F&B investments") for which the acquisitions are for long term and strategic purposes. The cost of acquisition of the F&B investments is $76,920,000.

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

(a) whether the fall in share prices are within the normal volatility of the investments; and
(b) the period in which the share prices have fallen below costs.

Taking into account such consideration, the Directors are of the opinion that the investments are not impaired and consequently, cumulative fair value losses amounting to $41,082,000 as at 31 December 2008 on the F&B investments are taken to equity and no impairment losses have been recognised in the income statement.

The Group will continue to review its portfolio of quoted equity investments every quarter to ascertain if the investments are impaired and which will require the Group to take the cumulative fair value losses to the income statement as an impairment loss.

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

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Quoted equity investments				
- Equity securities - Singapore	**31,510**	58,649	**1,815**	3,516
- Equity securities - Hong Kong	**9,218**	22,050	**8,361**	21,229
- Equity securities - United States	**8,168**	13,765	**4,083**	6,905
- Equity securities - Thailand	**2,574**	4,551	**2,574**	4,551
- Equity securities - Malaysia	**43**	46	**-**	-
	51,513	99,061	**16,833**	36,201
Unquoted investments	**275**	482	**275**	482
	51,788	99,543	**17,108**	36,683

Certain available-for-sale financial assets are pledged to secure certain bank borrowings (Note 26(a)).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

19. LOANS TO/FROM SUBSIDIARIES

Loans to/from 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.

(a) Loans to subsidiaries

	The Company	
	2008	2007
	$'000	$'000
Loans to subsidiaries	**94,915**	99,161
Less: Allowance for impairment	**(54,069)**	(58,586)
	40,846	40,575

Movements in allowance for impairment are as follows:

	The Company	
	2008	2007
	$'000	$'000
Beginning of financial year	**58,586**	27,155
Impairment charge during the financial year	**12,043**	31,442
Loans written off	**(10,140)**	-
Reversal of impairment charge during the financial year	**(6,420)**	(11)
End of financial year	**54,069**	58,586

The loans to subsidiaries are unsecured, interest free and are not expected to be repaid within the next twelve months.

(b) Loans from subsidiaries

The loans from subsidiaries are unsecured, interest-free and are not expected to be repaid within the next twelve months.

The fair values of the loans from subsidiaries approximate their carrying values.

20. INVESTMENTS IN ASSOCIATED COMPANIES

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Equity investment at cost			**3,689**	3,689
Less: Allowance for impairment			**(3,689)**	(3,689)
			-	-
Beginning of financial year	**4,280**	4,656		
Currency translation differences	**187**	51		
Share of results after tax	**(2,005)**	820		
Dividends received	**-**	(1,247)		
Impairment charge	**(47)**	-		
Reclassed to assets held for sale (Note 17)	**(192)**	-		
End of financial year	**2,223**	4,280		

During the financial year, investment in an associated company amounting to $192,000 (2007: Nil) was reclassified to assets held for sale (Note 17).

The summarised financial information of associated companies is as follows:

	The Group	
	2008	2007
	$'000	$'000
- Assets	**22,260**	35,929
- Liabilities	**47,553**	52,548
- Revenue	**191,073**	159,990
- Net (loss)/profit	**(7,717)**	3,702

The Group has not recognised its share of profits of an associated company amounting to $8,000 (2007: $38,000) 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 amount to $7,714,000 (2007: $7,769,000) at the balance sheet date.

Details of significant associated companies are included in Note 43.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

21. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2008	2007
	$'000	$'000
Unquoted equity shares		
- Subsidiaries engaged in property development, at cost less impairment (Note 21(a))	**238,658**	238,658
- Other subsidiaries, at cost less impairment (Note 21(b))	**162,199**	162,199
	400,857	400,857

Details of significant subsidiaries are included in Note 43.

(a) Subsidiaries engaged in property development

	The Company	
	2008	2007
	$'000	$'000
Investments at cost	**257,482**	257,482
Less: Allowance for impairment	**(18,824)**	(18,824)
	238,658	238,658

Movements in allowance for impairment are as follows:

	The Company	
	2008	2007
	$'000	$'000
Beginning of financial year	**18,824**	18,695
Impairment charge during the financial year	**-**	129
End of financial year	**18,824**	18,824

(b) Other subsidiaries

	The Company	
	2008	2007
	$'000	$'000
Investment at cost	**204,017**	204,017
Less: Allowance for impairment	**(41,818)**	(41,818)
	162,199	162,199

Movements in allowance for impairment are as follows:

	The Company	
	2008	2007
	$'000	$'000
Beginning of financial year	**41,818**	27,227
Impairment charge during the financial year	**-**	15,735
Write back during the financial year	**-**	(1,144)
End of financial year	**41,818**	41,818

22. INVESTMENT PROPERTIES

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**54,325**	25,135	**34,000**	34,000
Currency translation differences	**(1,195)**	(972)	**-**	-
Additions	**12**	-	**-**	-
Transfer from property, plant and equipment (Note 23(d))	**-**	27,206	**-**	-
Fair value (losses)/gains recognised in the income statement - net (Note 6)	**(1,258)**	2,956	**-**	-
End of financial year	**51,884**	54,325	**34,000**	34,000

The Group's and Company's investment properties are carried at fair values at the balance sheet date as determined by independent professional valuers on basis of open market. In 2007, the Company's investment property was carried at fair value at the balance sheet date as determined by discounted cash flow projections based on estimates of future cash flows. 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 is mortgaged to secure certain bank borrowings (Note 26(a)).

The following amounts are recognised in the income statement:

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Rental income	**2,103**	1,174	**1,636**	1,455
Direct operating expenses arising from investment properties that generated rental income	**31**	27	**1,636**	1,455
Property tax and other direct operating expenses arising from investment properties that did not generate rental income	**143**	187	**521**	462

22. INVESTMENT PROPERTIES (continued)

Details of investment properties of the Group:

Location	Description and existing use	Approximate land area (in sq. metres)	Tenure	Carrying amount 2008 $'000	Carrying amount 2007 $'000
United States of America					
745 Epperson Drive City of Industry, California 91748	Office and warehouse	3,408	Freehold	**6,339**	6,057
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	**20,207**	21,763
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	**2,051**	2,152
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	**3,608**	3,704
Lot No.2987 & 2988, Jalan Bidor, Teluk Intan, Bidor, Perak, Malaysia	Industrial land	396,875	Leasehold expiring in year 2094	**4,960**	5,124
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**	626
No.147A, Kawasan Perindustrian Semabu, Kuantan, Pahang, Malaysia	Office and factory	19,475	Leasehold expiring in year 2046	**1,165**	1,222
No.9 & 11, Jalan Industri 3/6, Taman Perindustrian Temerloh, Mentakab, Pahang, Malaysia	Office and factory	4,047	Freehold	**562**	589
40 1/4 Milepost, Jalan Air Itam - Johor Bahru, Simpang Renggam, Johor, Malaysia	Industrial land	420,209	Interest in perpetuity	**9,404**	9,865
Lot No.30, Jalan Upper Lanang, Sibu, Sarawak, Malaysia	Office and warehouse	6,107	Leasehold expiring in year 2029	**732**	768
Lot 4183, Jalan Kuching, Taman Tunku Industrial Area, Miri, Sarawak, Malaysia	Office and warehouse	8,858	Leasehold expiring in year 2054	**1,248**	1,357
Lot 71, Sedeo Industrial Estate, Phase 2, Jalan Kolombong, Kota Kinabalu, Sabah, Malaysia	Office and warehouse	5,235	Leasehold expiring in year 2034	**770**	845
Lot 1632, Jalan Kidurong, Kidurong Light Industrial Estate, Bintulu, Sarawak, Malaysia	Industrial land	5,582	Leasehold expiring in year 2058	**241**	253
				51,884	54,325

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 development costs $'000	Motor vehicles and trucks $'000	Construction-in-progress $'000	Total $'000
The Group							
2008							
Cost or valuation							
Beginning of financial year							
Cost	-	-	178,423	11,861	4,176	957	195,417
Valuation	16,508	113,320	-	-	-	-	129,828
	16,508	113,320	178,423	11,861	4,176	957	325,245
Currency translation differences	(416)	923	209	(331)	42	(35)	392
Additions	-	1,207	1,844	351	153	553	4,108
Disposals	-	(107)	(7,994)	(999)	(646)	-	(9,746)
Reclassification/transfer	-	-	460	1	-	(464)	(3)
Adjustment on revaluation	(2,275)	(35,517)	-	-	-	-	(37,792)
Revaluation gains (Note 32(b)(i))	1,243	27,815	-	-	-	-	29,058
Revaluation loss (Note 6)	-	(5,499)	-	-	-	-	(5,499)
End of financial year	15,060	102,142	172,942	10,883	3,725	1,011	305,763
Representing:							
Cost	-	-	172,942	10,883	3,725	1,011	188,561
Valuation	15,060	102,142	-	-	-	-	117,202
	15,060	102,142	172,942	10,883	3,725	1,011	305,763
Accumulated depreciation							
Beginning of financial year	1,771	33,793	123,868	9,270	3,543	-	172,245
Currency translation differences	(38)	(65)	163	(281)	35	-	(186)
Disposals	-	(41)	(6,897)	(994)	(612)	-	(8,544)
Depreciation charge (Note 7)	542	1,830	6,107	1,216	201	-	9,896
Reclassification/transfer	-	-	-	(3)	-	-	(3)
Adjustment on revaluation	(2,275)	(35,517)	-	-	-	-	(37,792)
End of financial year	-	-	123,241	9,208	3,167	-	135,616
Valuation/cost less accumulated depreciation at end of financial year	15,060	102,142	49,701	1,675	558	1,011	170,147
Accumulated impairment losses							
Beginning of financial year	-	14,975	14,160	-	-	-	29,135
Currency translation differences	-	102	676	-	-	-	778
Impairment charge (Note 6)	-	-	409	-	-	-	409
Disposals	-	-	(27)	-	-	-	(27)
End of financial year	-	15,077	15,218	-	-	-	30,295
Net book value							
End of financial year	**15,060**	**87,065**	**34,483**	**1,675**	**558**	**1,011**	**139,852**

23. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Plant and machinery, furniture and fittings $'000	Computer equipment and software development costs $'000	Motor vehicles and trucks $'000	Construction-in-progress $'000	Total $'000
The Group							
2007							
Cost or valuation							
Beginning of financial year							
Cost	-	-	192,381	11,270	5,060	1,510	210,221
Valuation	18,543	124,413	-	-	-	-	142,956
	18,543	124,413	192,381	11,270	5,060	1,510	353,177
Currency translation differences	(690)	5	1,033	(28)	(3)	9	326
Additions	5	-	4,609	940	140	(113)	5,581
Disposals	-	-	(20,048)	(316)	(1,021)	-	(21,385)
Reclassification/transfer	(6,162)	(25,443)	448	(5)	-	(449)	(31,611)
Revaluation gains (Note 32(b)(i))	4,812	14,345	-	-	-	-	19,157
End of financial year	16,508	113,320	178,423	11,861	4,176	957	325,245
Representing:							
Cost	-	-	178,423	11,861	4,176	957	195,417
Valuation	16,508	113,320	-	-	-	-	129,828
	16,508	113,320	178,423	11,861	4,176	957	325,245
Accumulated depreciation							
Beginning of financial year	1,251	36,262	123,696	8,323	4,244	-	173,776
Currency translation differences	(57)	(77)	449	(17)	-	-	298
Disposals	-	-	(6,433)	(209)	(930)	-	(7,572)
Depreciation charge (Note 7)	577	2,008	6,156	1,178	229	-	10,148
Reclassification/transfer	-	(4,400)	-	(5)	-	-	(4,405)
End of financial year	1,771	33,793	123,868	9,270	3,543	-	172,245
Valuation/cost less accumulated depreciation at end of financial year	14,737	79,527	54,555	2,591	633	957	153,000
Accumulated impairment losses							
Beginning of financial year	-	14,975	26,917	-	17	-	41,909
Currency translation differences	-	-	271	-	-	-	271
Disposals	-	-	(13,028)	-	(17)	-	(13,045)
End of financial year	-	14,975	14,160	-	-	-	29,135
Net book value							
End of financial year	**14,737**	**64,552**	**40,395**	**2,591**	**633**	**957**	**123,865**

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23. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant and machinery, furniture and fittings $'000	Computer equipment and software development costs $'000	Total $'000
The Company			
2008			
Cost			
Beginning of financial year	747	103	850
Additions	-	4	4
Disposals	-	(4)	(4)
End of financial year	747	103	850
Accumulated depreciation			
Beginning of financial year	473	97	570
Disposals	-	(4)	(4)
Depreciation charge	1	4	5
End of financial year	474	97	571
Cost less accumulated depreciation at end of financial year	273	6	279
Accumulated impairment losses			
Beginning and end of financial year	270	-	270
Net book value			
End of financial year	**3**	**6**	**9**
2007			
Cost			
Beginning of financial year	806	103	909
Additions	-	3	3
Disposals	(59)	(3)	(62)
End of financial year	747	103	850
Accumulated depreciation			
Beginning of financial year	531	95	626
Disposals	(59)	(2)	(61)
Depreciation charge	1	4	5
End of financial year	473	97	570
Cost less accumulated depreciation at end of financial year	274	6	280
Accumulated impairment losses			
Beginning and end of financial year	270	-	270
Net book value			
End of financial year	**4**	**6**	**10**

23. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Location	Description and existing use	Approximate land area (in sq. metres)	Tenure	Net book value 2008 $'000	Net book value 2007 $'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	**34,000**	37,992
United States of America					
755 Epperson Drive City of Industry, California 91748	Office and warehouse	4,068	Freehold	**6,738**	6,990
The People's Republic of China					
286, 288 Chigang Road West Henan, Guangzhou	Office, factory and warehouse	30,872	Leasehold expiring in year 2043	**12,612**	11,068
300 Kai Ming Road Shanghai Songjiang Industrial Zone, Songjiang, Shanghai	Office, factory and warehouse	35,199	Leasehold expiring in year 2046	**11,405**	8,132
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	**1,856**	398
Lot No.65644, Jalan Jelapang, Jelapang Industrial Area, Ipoh, Perak, Malaysia	Factory and trading depot	20,334	Leasehold expiring in year 2033	**1,539**	601
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	**7,823**	2,112
No.121 & 191, Jalan Utas, Shah Alam, Selangor, Malaysia	Factory and trading depot	39,775	Leasehold expiring in year 2074 and 2073 respectively	**11,089**	2,261
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	**8,322**	7,687

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23. PROPERTY, PLANT AND EQUIPMENT (continued)

Details of properties of the Group under property, plant and equipment: (continued)

Location	Description and existing use	Approximate land area (in sq. metres)	Tenure	Net book value 2008 $'000	Net book value 2007 $'000
Malaysia (continued)					
Lot 2050, Jalan Bintawa, Pending Industrial Estate, Kuching, Sarawak, Malaysia	Factory and trading depot	13,804	Leasehold expiring in year 2027	**2,559**	575
Lot No.1347 & 1348 Jalan Swasta, Pending Industrial Estate, Kuching, Sarawak, Malaysia	Industrial building and land	29,368	Leasehold expiring in year 2027	**4,182**	1,473
				102,125	79,289

(a) The carrying amount of motor vehicles of the Group held under finance leases at 31 December 2008 amounted to $18,000 (2007: $21,000).

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

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

	The Group 2008 $'000	The Group 2007 $'000
Freehold properties	**1,293**	1,366
Leasehold properties	**74,398**	73,564

(d) In 2007, certain properties valued at $27,206,000 with land area of 1,250,493 sq. metres were reclassified to investment properties (Note 22).

24. GOODWILL

(a) Goodwill arising on consolidation

	The Group	
	2008	2007
	$'000	$'000
Goodwill at cost	**5,361**	5,361
Less: Impairment charge during the year (Note 7)	**(5,361)**	-
Net book value	**-**	5,361

(b) Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified within the consumer food and beverage products segment.

The recoverable amount of consumer food and beverage business is determined based on value-in-use calculations. These calculations use actual cash flow and cash flow projections for the remaining useful life of CGUs approved by management. The management determined projected gross margin of 18%-28% (2007: 19%-30%) and annual growth rate of 0%-5% (2007: 0%-5%) based on past performance and its expectations of the market development. The pre-tax discount rate of 8% (2007: 9.2%) used reflects the weighted average cost of capital of the consumer food and beverage business.

An impairment charge of $5,361,000 (2007: Nil) is included within "Administrative expenses" in the income statement. The impairment charge has arisen from the food and beverage CGUs in the People's Republic of China segment as a subsidiary in China is experiencing larger than expected losses as a result of increase in raw material prices, for which the subsidiary may not be able to fully pass on the increase in cost to the customers due to competitive pressures. Therefore the operating margins of the subsidiary have been negatively affected and this is expected to continue in the foreseeable future. Accordingly, the goodwill in the CGUs is assessed to be impaired.

25. TRADE AND OTHER PAYABLES – CURRENT

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Trade payables – non related parties	**36,992**	41,886	**-**	-
Other payables				
- non-related parties	**9,919**	11,288	**329**	51
- subsidiaries	**-**	-	**267,690**	270,922
	9,919	11,288	**268,019**	270,973
Loan from an associated company	**1,155**	1,155	**1,155**	1,155
Other accruals for operating expenses	**40,808**	40,306	**2,868**	1,634
	88,874	94,635	**272,042**	273,762

Other payables to subsidiaries and loan from an associated company are unsecured, interest-free and repayable on demand.

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for the financial year ended 31 December 2008

26. BORROWINGS

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Current				
Short-term bank borrowings	**65,807**	56,599	**36,300**	39,000
Finance lease liabilities (Note 27)	**3**	7	**-**	-
	65,810	56,606	**36,300**	39,000
Non-current				
Long-term bank borrowings	**-**	18,000	**-**	-
Finance lease liabilities (Note 27)	**-**	3	**-**	-
	-	18,003	**-**	-
Total borrowings	**65,810**	74,609	**36,300**	39,000

The exposure of current and non-current borrowings to interest rate risks is as follows:

	Variable rates		Fixed rates			
	Less than 6 months	6 to 12 months	Less than 6 months	6 to 12 months	1 to 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
The Group						
At 31 December 2008						
Bank borrowings	**65,807**	**-**	**-**	**-**	**-**	**65,807**
Finance lease liabilities	**-**	**-**	**3**	**-**	**-**	**3**
	65,807	**-**	**3**	**-**	**-**	**65,810**
At 31 December 2007						
Bank borrowings	46,360	22,813	-	5,426	-	74,599
Finance lease liabilities	-	-	3	4	3	10
	46,360	22,813	3	5,430	3	74,609
The Company						
At 31 December 2008						
Bank borrowings	**36,300**	**-**	**-**	**-**	**-**	**36,300**
At 31 December 2007						
Bank borrowings	39,000	-	-	-	-	39,000

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

26. BORROWINGS (continued)

(a) Secured liabilities

Included in borrowings are the following secured liabilities:

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Current				
Short-term bank borrowings	**22,007**	15,239	**5,500**	5,000
Finance lease liabilities	**3**	7	**-**	-
	22,010	15,246	**5,500**	5,000
Non-current				
Long-term bank borrowings	**-**	18,000	**-**	-
Finance lease liabilities	**-**	3	**-**	-
	-	18,003	**-**	-
	22,010	33,249	**5,500**	5,000

Short-term bank borrowings of a subsidiary of $6,507,000 (2007: $4,813,000) are secured on an investment property of a subsidiary with a carrying value of $20,207,000 (2007: $21,763,000).

Short-term bank borrowings of the Company of $5,500,000 (2007: $5,000,000) are secured by available-for-sale financial assets of $11,395,000 (2007: $26,372,000) held by the Company.

Short-term bank borrowings of a subsidiary of $10,000,000 (2007: Nil) are secured by a first mortgage over a freehold development property.

At 31 December 2007, short-term bank borrowings of a subsidiary of $5,426,000 were secured by a corporate guarantee given by the Company.

At 31 December 2007, the non-current bank borrowings of a subsidiary of $18,000,000 were secured by a first mortgage over a freehold development property.

Total finance lease liabilities of a subsidiary of $3,000 (2007: $10,000) are secured by motor vehicles purchased under the leases (Note 23(a)).

(b) Carrying amounts and fair values

The carrying amounts of short-term and long-term bank borrowings approximate their fair values as the interest on these borrowings are based on the prevailing market interest rates.

The fair values of the finance lease liabilities, calculated by discounting the future expected repayments at the prevailing market interest rates for liabilities with the same maturity profile, approximate their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

27. FINANCE LEASE LIABILITIES

The Group leases motor vehicles from non-related party under finance lease (Note 23(a)).

	The Group	
	2008	2007
	$'000	$'000
Minimum lease payments due:		
- Not later than 1 year	**3**	8
- Later than 1 year but not later than 5 years	**-**	3
	3	11
Less: Future finance charges	**-**	(1)
Present value of finance lease liabilities	**3**	10

The present values of finance lease liabilities are as follows:

	The Group	
	2008	2007
	$'000	$'000
Not later than 1 year (Note 26)	**3**	7
Later than 1 year but not later than 5 years (Note 26)	**-**	3
	3	10

28. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Current				
Provision for restructuring costs/ termination benefits (Note 28(a))	**946**	977	**-**	30
Non-current				
Provision for retirement benefits (Note 28(b))	**2,510**	2,484	**-**	-
	3,456	3,461	**-**	30

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

28. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (continued)

(a) Provision for restructuring costs/termination benefits

Movements in provision for restructuring costs/termination benefits are as follows:

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**977**	987	**30**	40
Utilised during the financial year	**(1)**	(10)	**-**	(10)
Write back of provision	**(30)**	-	**(30)**	-
End of financial year	**946**	977	**-**	30

(b) Provision for retirement benefits

Movements in provision for retirement benefits are as follows:

	The Group	
	2008	2007
	$'000	$'000
Beginning of financial year	**2,484**	2,646
Provision made during the financial year (Note 8)	**299**	3
Utilised during the financial year	**(151)**	(176)
Currency translation differences	**(122)**	11
End of financial year	**2,510**	2,484

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

	The Group	
	2008	2007
	$'000	$'000
Present value of unfunded obligations/liability in the balance sheet	**2,510**	2,484

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

As of 31 December 2008, 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 the income statement in respect of provision for retirement benefits amounted to $160,000 and $132,000 (2007: $161,000 and $133,000) respectively. The additional amount charged to subsidary's income statement in current financial year is $7,000. The unused amount reversed from subsidary's income statement in previous financial year is $291,000.

The principal actuarial assumptions used are discount rate at 5.5% (2007: 5.5%) per annum and expected rate of salary increases at 6% (2007: 6%) per annum.

The latest actuarial valuation of the plan was carried out at 31 December 2007.

29. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off 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	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Deferred income tax assets				
- to be recovered within 12 months	**888**	1,212	**-**	-
- to be recovered after more than 12 months	**2,919**	3,627	**-**	-
	3,807	4,839	**-**	-
Deferred income tax liabilities				
- to be settled within 12 months	**1,003**	54	**-**	-
- to be settled after more than 12 months	**15,838**	12,369	**-**	1,935
	16,841	12,423	**-**	1,935

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

Deferred income tax liabilities

The Group	Accelerated tax depreciation	Recognition of construction revenue	Fair value gains-net	Unbilled receivable	Total
	$'000	$'000	$'000	$'000	$'000
2008					
Beginning of financial year	**9,577**	**758**	**4,117**	**-**	**14,452**
(Credited)/charged to income statement	**(1,557)**	**27**	**(644)**	**-**	**(2,174)**
Charged/(credited) to equity	**7,196**	**-**	**(1,190)**	**-**	**6,006**
Currency translation differences	**(307)**	**-**	**73**	**-**	**(234)**
End of financial year	**14,909**	**785**	**2,356**	**-**	**18,050**
2007					
Beginning of financial year	10,755	-	(822)	5,300	15,233
Effect of change in Singapore tax rate	(116)	-	-	(530)	(646)
(Credited)/charged to income statement	(1,948)	758	1,621	(4,770)	(4,339)
Charged to equity	1,026	-	3,513	-	4,539
Currency translation differences	(140)	-	(195)	-	(335)
End of financial year	9,577	758	4,117	-	14,452

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

29. DEFERRED INCOME TAXES (continued)

Deferred income tax assets

The Group	Unabsorbed capital allowances and unutilised tax losses	Provisions	Total
	$'000	$'000	$'000
2008			
Beginning of financial year	**(4,653)**	**(2,215)**	**(6,868)**
Charged to income statement	**1,473**	**186**	**1,659**
Currency translation differences	**132**	**61**	**193**
End of financial year	**(3,048)**	**(1,968)**	**(5,016)**
2007			
Beginning of financial year	(6,314)	(2,739)	(9,053)
Effect of change in Singapore tax rate	541	150	691
Charged to income statement	1,111	379	1,490
Currency translation differences	9	(5)	4
End of financial year	(4,653)	(2,215)	(6,868)

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 $47,080,000 (2007: $48,696,000) and unrecognised capital allowances of $5,865,000 (2007: $5,219,000) 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.

Deferred income tax liabilities

The Company	Accelerated tax depreciation	Fair value gains-net	Total
	$'000	$'000	$'000
2008			
Beginning of financial year	**-**	**1,935**	**1,935**
Credited to income statement	**-**	**(745)**	**(745)**
Credited to equity	**-**	**(1,190)**	**(1,190)**
End of financial year	**-**	**-**	**-**
2007			
Beginning of financial year	-	745	745
Effect of change in Singapore tax rate	(75)	-	(75)
Charged to income statement	75	-	75
Charged to equity	-	1,190	1,190
End of financial year	-	1,935	1,935

The Group's deferred income tax assets and liabilities have been computed based on the corporate tax rate and tax laws prevailing at balance sheet date. On 22 January 2009, the Singapore Minister of Finance announced a reduction in corporate tax rate from 18% to 17% with effect from the year of assessment 2010. The Group's deferred income tax credit for the current financial year have not taken into consideration the effect of the reduction in the corporate tax rate, which will be accounted for in the Group's deferred income tax expense in the year ending 31 December 2009. The Group's deferred income tax assets as of 31 December 2008 will be reduced by approximately $24,000 when the new corporate tax rate of 17% is applied.

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for the financial year ended 31 December 2008

30. SHARE CAPITAL

	Number of shares	*Amount*
	Issued share capital '000	Share capital $'000
2008		
Balance at beginning and end of financial year	**573,920**	**218,568**
2007		
Beginning of financial year	569,876	209,468
Share issue	4,044	9,100
End of financial year	573,920	218,568

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

In 2007, the Company issued to a shareholder, The Hain Celestial Group, Inc., 4,044,800 new ordinary shares at S$2.25 each in the Company for a consideration of US$6,000,000 pursuant to the Subscription Agreement dated 3 August 2005, as varied by a First Variation Agreement dated 15 December 2005 and a Second Variation Agreement dated 22 April 2007. The newly issued shares rank pari passu in all respects with the previously issued shares.

On 22 April 2007, the Company granted a further call option ("Further Call Option") to the shareholder to subscribe such number of shares such that the shareholder will, in aggregate, hold up to 5 percent of the issued shares of the Company as at the date of the exercise of this Further Call Option. The issue price per share ("Further Call Option Issue Price") shall be determined by reference to the volume weighted average market price per share for five trading days preceding the date of the Further Option Notice ("Five Day VWAP"). The Further Call Option Issue Price shall be equal to a 10 percent discount to the Five Day VWAP save that the issue price may not be fixed at a discount of more than 10 percent to the weighted average price for trades on the SGX-ST on the date of the Further Call Option Notice in accordance with the Listing Rules.

The Further Call Option is exercisable during the period commencing on later of (i) 20 May 2008 and (ii) execution of the Joint Venture and Business Cooperation Agreement (as defined in the Subscription Agreement dated 3 August 2005) and expiring on 20 May 2009 ("Further Call Option Period") provided that the Further Call Option Period shall immediately terminate when the last Joint Venture and Business Cooperation Agreement is terminated or expires.

The number of unissued ordinary shares of the Company under the Further Call Option outstanding at the end of the financial year was as follows:

	No. of unissued ordinary shares under option at 31 December 2008	Exercise price	Exercise period
Further Call Option	24,552,000	Five Day VWAP	20.5.2008 – 20.5.2009

31. CAPITAL RESERVES

Composition:

	The Group	
	2008 **$'000**	2007 $'000
Capital reserve arising on consolidation	**2,352**	2,352
Share of capital reserve of an associated company	**3,714**	3,714
Negative goodwill of subsidiaries	**4,079**	4,079
	10,145	10,145

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

32. REVALUATION AND OTHER RESERVES

(a) Composition:

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Property revaluation reserve	**101,887**	88,465	**-**	-
Fair value reserve	**(39,927)**	(1,460)	**(2,021)**	12,338
Foreign currency translation reserve	**(50,859)**	(48,203)	**-**	-
General reserve	**1,120**	1,238	**-**	-
	12,221	40,040	**(2,021)**	12,338

(b) Movements:

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
(i) *Property revaluation reserve*				
Beginning of financial year	**88,465**	95,492	**-**	-
Effect of changes in tax rates	**68**	666	**-**	-
Revaluation gains on property plant and equipment (Note 23)	**29,058**	19,157	**-**	-
Tax on revaluation gains	**(7,264)**	(4,461)	**-**	-
Minority interests	**(7,023)**	(2,466)	**-**	-
	14,771	12,230	**-**	-
Transfer to retained earnings	**(1,417)**	(19,923)	**-**	-
End of financial year	**101,887**	88,465	**-**	-
(ii) *Fair value reserve*				
Beginning of financial year	**(1,460)**	5,547	**12,338**	4,987
Fair value (losses)/gains on available-for-sale financial assets (Note 18)	**(40,302)**	(6,168)	**(15,549)**	8,541
Tax on fair value changes	**1,190**	(1,190)	**1,190**	(1,190)
Minority interests	**645**	351	**-**	-
	(38,467)	(7,007)	**(14,359)**	7,351
End of financial year	**(39,927)**	(1,460)	**(2,021)**	12,338
(iii) *Foreign currency translation reserve*				
Beginning of financial year	**(48,203)**	(48,405)	**-**	-
Net currency translation differences of financial statements of foreign subsidiaries and associated companies	**(5,347)**	477	**-**	-
Minority interests	**2,679**	(275)	**-**	-
	(2,668)	202		
Release on liquidation of a subsidiary	**12**	-	**-**	-
End of financial year	**(50,859)**	(48,203)	**-**	-

Revaluation and other reserves are non-distributable.

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for the financial year ended 31 December 2008

33. DIVIDEND

No dividend has been declared/recommended for the financial year ended 31 December 2008.

34. CONTINGENT LIABILITIES

(a) As of 31 December 2008, a subsidiary of Yeo Hiap Seng (Malaysia) Berhad ("YHSM") has credit facility amounting to $83,000 (2007: $87,000) obtained from financial institution, which is guaranteed by YHSM. Accordingly, YHSM is contingently liable to the extent of the amount of the credit facility utilised. The credit facility is not secured against the assets of YHSM or of the Group.

(b) During the financial year, the Central Jakarta District Court has dismissed the suit in favour of certain subsidiaries of the Group, YHSM and PT YHS Indonesia (Incorporated in Indonesia), in relation to a suit filed by PT Kharisma Inti Persada ("Plaintiff") in Central Jakarta District Court, claiming for approximately Rupiah 219.9 billion (approximately $32 million) for an alleged breach of an alleged distribution agreement and an alleged distribution appointment. Subsequently a formal notification on the Plaintiff's appeal together with the Plaintiff's memorial of appeal has been served against YHSM. YHSM will be contesting the appeal and based on the advice from YHSM's legal advisor Indonesia, the Directors of YHSM are of the opinion that the claim is without merit and therefore unsustainable.

(c) In 2004, a legal action was initiated against YHSM for an alleged infringement of copyright. The plaintiff has sought general damages for which YHSM has filed a counterclaim against the plaintiff. During the financial year, both parties have agreed to settle the matter out of court with no compensation to each other. Both parties have also withdrawn their respective actions with no liberty to file afresh.

35. COMMITMENTS

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

The Group leases land, warehouses, vending machines and office equipments 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 payable as follows:

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Not later than 1 year	**1,499**	1,608	**488**	462
Later than 1 year but not later than 5 years	**2,127**	2,529	**1,950**	1,848
Later than 5 years	**4,997**	5,199	**4,997**	5,199
	8,623	9,336	**7,435**	7,509

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for the financial year ended 31 December 2008

35. COMMITMENTS (continued)

(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	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Not later than 1 year	**1,655**	1,752	**46**	22
Later than 1 year but not later than 5 years	**1,002**	1,826	**25**	25
	2,657	3,578	**71**	47

(c) Other commitments

Other commitments not provided for in the financial statements are as follows:

	The Group	
	2008	2007
	$'000	$'000
Capital commitments in respect of purchase of property, plant and equipment approved and contracted for	**1,097**	66
Commitment in respect of property development expenditure approved and contracted for	**58,462**	-
	59,559	66

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.

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36. FINANCIAL RISK MANAGEMENT (continued)

(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.

The Group's currency exposures are as follows:

	SGD	CAN	USD	HKD	RMB	RM	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2008								
Financial assets								
Cash and cash equivalents	32,765	4,642	13,818	2,308	5,789	5,314	2,491	67,127
Available-for-sale financial assets	31,785	-	8,168	9,218	-	43	2,574	51,788
Trade and other receivables	21,494	489	5,955	1,596	2,508	46,141	8,865	87,048
Other financial assets	2,235	-	11	31	1	413	22	2,713
	88,279	5,131	27,952	13,153	8,298	51,911	13,952	208,676
Financial liabilities								
Borrowings	(59,300)	-	(4)	(6,506)	-	-	-	(65,810)
Other financial liabilities	(30,824)	(1)	(2,617)	(1,300)	(6,594)	(44,582)	(2,956)	(88,874)
	(90,124)	(1)	(2,621)	(7,806)	(6,594)	(44,582)	(2,956)	(154,684)
Net financial (liabilities)/assets	(1,845)	5,130	25,331	5,347	1,704	7,329	10,996	53,992
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	2,447	(1,364)	(10,973)	4,680	(1,704)	(7,329)	(9,283)	
Currency exposure	**602**	**3,766**	**14,358**	**10,027**	**-**	**-**	**1,713**	

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for the financial year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

The Group's currency exposures are as follows: (continued)

	SGD	CAN	USD	HKD	RMB	RM	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2007								
Financial assets								
Cash and cash equivalents	35,438	7,124	19,356	1,965	3,574	15,630	1,219	84,306
Available-for-sale financial assets	59,131	-	13,765	22,050	-	46	4,551	99,543
Trade and other receivables	36,225	612	6,303	1,688	5,042	38,026	6,756	94,652
Other financial assets	305	-	12	38	73	580	22	1,030
	131,099	7,736	39,436	25,741	8,689	54,282	12,548	279,531
Financial liabilities								
Borrowings	(64,360)	-	(10)	(4,813)	(5,426)	-	-	(74,609)
Other financial liabilities	(33,375)	(7)	(2,495)	(1,452)	(6,747)	(47,340)	(3,219)	(94,635)
	(97,735)	(7)	(2,505)	(6,265)	(12,173)	(47,340)	(3,219)	(169,244)
Net financial assets/(liabilities)	33,364	7,729	36,931	19,476	(3,484)	6,942	9,329	110,287
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(30,631)	(1,661)	(11,493)	3,293	3,484	(6,942)	(6,081)	
Currency exposure	**2,733**	**6,068**	**25,438**	**22,769**	**-**	**-**	**3,248**	

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 2008

36. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

The Company's currency exposures are as follows:

	SGD $'000	USD $'000	HKD $'000	Other $'000	Total $'000
At 31 December 2008					
Financial assets					
Cash and cash equivalents	288	81	207	-	576
Available-for-sale financial assets	2,090	4,083	8,361	2,574	17,108
Other receivables	15,102	-	-	-	15,102
Loans to subsidiaries	3,016	7,348	30,482	-	40,846
Other financial assets	20	-	-	-	20
	20,516	11,512	39,050	2,574	73,652
Financial liabilities					
Borrowings	(36,300)	-	-	-	(36,300)
Loans from subsidiaries	-	-	(47,476)	-	(47,476)
Other financial liabilities	(270,819)	(65)	-	(1,158)	(272,042)
	(307,119)	(65)	(47,476)	(1,158)	(355,818)
Net financial (liabilities)/assets	(286,603)	11,447	(8,426)	1,416	(282,166)
Less: Net financial liabilities denominated in functional currency	286,603	-	-	-	286,603
Currency exposure	**-**	**11,447**	**(8,426)**	**1,416**	**4,437**

	SGD $'000	USD $'000	HKD $'000	Other $'000	Total $'000
At 31 December 2007					
Financial assets					
Cash and cash equivalents	402	139	184	-	725
Available-for-sale financial assets	3,999	6,905	21,228	4,551	36,683
Other receivables	27,309	-	-	-	27,309
Loans to subsidiaries	8,636	1,588	30,351	-	40,575
Other financial assets	20	-	-	-	20
	40,366	8,632	51,763	4,551	105,312
Financial liabilities					
Borrowings	(39,000)	-	-	-	(39,000)
Loans from subsidiaries	-	-	(47,271)	-	(47,271)
Other financial liabilities	(272,483)	(122)	-	(1,157)	(273,762)
	(311,483)	(122)	(47,271)	(1,157)	(360,033)
Net financial (liabilities)/assets	(271,117)	8,510	4,492	3,394	(254,721)
Less: Net financial liabilities denominated in functional currency	271,117	-	-	-	271,117
Currency exposure	**-**	**8,510**	**4,492**	**3,394**	**16,396**

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

If, for example, the USD, HKD and CAD change against the SGD by 7% (2007: 3%), 7% (2007: 4%) and 15% (2007: 4%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	2008		2007	
	Increase/(decrease)			
	Profit after tax	**Equity**	Profit after tax	Equity
	$'000	**$'000**	$'000	$'000
The Group				
USD against SGD				
- strengthened	**292**	**572**	256	414
- weakened	**(292)**	**(572)**	(256)	(414)
HKD against SGD				
- strengthened	**38**	**645**	21	729
- weakened	**(38)**	**(645)**	(21)	(729)
CAN against SGD				
- strengthened	**381**	**-**	177	-
- weakened	**(381)**	**-**	(177)	-
The Company				
USD against SGD				
- strengthened	**423**	**286**	17	207
- weakened	**(423)**	**(286)**	(17)	(207)
HKD against SGD				
- strengthened	**(964)**	**585**	489	696
- weakened	**964**	**(585)**	(489)	(696)

The above currency risk analysis is not applicable to Malaysian Ringgit and Chinese Renminbi which has no currency exposure as the net financial assets/(liabilities) in these currencies are recorded in the respective entities' functional currencies.

36. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) *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 through bank borrowings and leasing arrangements. The Group's and the Company's exposure 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.

The Group's and the Company's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD. If, for example, the SGD interest rates increase/decrease by 0.50% (2007: 0.50%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by $285,000 (2007: $304,000) and $192,000 (2007: $89,000) 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 26).

(iii) *Price risk*

The Group is exposed to equity securities price risk because of the investments held by the Group which are classified on the consolidated balance sheet as available-for-sale. These securities are mainly 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 arising from investments in equity securities.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iii) *Price risk* (continued)

If, for example, prices for equity securities listed in Singapore, Hong Kong and the United States change by 11% (2007: 6%), 15% (2007: 15%) and 10% (2007: 11%) respectively with all other variables including tax rate being held constant, the equity will be:

	2008	2007
	Increase/(decrease)	
	Equity	Equity
	$'000	$'000
The Group		
Listed in Singapore		
- increased by	**3,466**	3,519
- decreased by	**(3,466)**	(3,519)
Listed in Hong Kong		
- increased by	**1,383**	2,734
- decreased by	**(1,383)**	(2,734)
Listed in the United States		
- increased by	**817**	1,514
- decreased by	**(817)**	(1,514)
The Company		
Listed in Singapore		
- increased by	**200**	211
- decreased by	**(200)**	(211)
Listed in Hong Kong		
- increased by	**1,254**	2,611
- decreased by	**(1,254)**	(2,611)
Listed in the United States		
- increased by	**408**	760
- decreased by	**(408)**	(760)

36. FINANCIAL RISK MANAGEMENT (continued)

(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. 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, the 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.

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, except for the following held by the Company:

	The Company	
	2008	2007
	$'000	$'000
Corporate guarantee provided to a bank on a subsidiary's loan	**-**	5,426

The Group's and the Company's major classes of financial assets are bank deposits, trade and other receivables and available-for-sale financial assets.

The credit risk for trade receivables is as follows:

	The Group	
	2008	2007
	$'000	$'000
By geographical areas		
Singapore	**18,245**	31,708
Malaysia	**44,614**	37,324
China and Hong Kong	**3,736**	6,452
North America	**2,846**	4,571
Indonesia	**7,879**	6,348
Europe	**1,900**	960
Other countries	**2,907**	1,726
	82,127	89,089

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

	The Group	
	2008	2007
	$'000	$'000
By types of customers		
Consumer food and beverage products		
Related parties	**64**	80
Non-related parties:		
- Supermarkets, minimart chains, provision shops and gas stations	**19,688**	13,418
- Hotels, bars/pubs, restaurants, food courts, coffee shops	**11,989**	8,151
- Wholesalers and distributors	**49,731**	52,277
- Vending sales	**249**	199
- Others	**114**	116
	81,835	74,241
Property development		
Non-related parties:		
- Individuals	**292**	14,355
- Private company	**-**	493
	82,127	89,089

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

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

	The Group	
	2008	2007
	$'000	$'000
New customers less than 6 months	**3,799**	7,696
Existing customers with no defaults in the past	**46,336**	51,907
Existing customers with some defaults in the past, but all defaults were fully recovered	**-**	9
	50,135	59,612

36. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(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	
	2008	2007
	$'000	$'000
Past due 0 to 3 months	**27,860**	23,386
Past due 3 to 6 months	**3,743**	4,875
Past due over 6 months	**389**	1,216
	31,992	29,477

The carrying amount of trade receivables individually determined to be impaired (Note 2.11(e)(i)) and the movement in the related allowance for impairment are as follows:

	The Group	
	2008	2007
	$'000	$'000
Trade receivables overdue and impaired	**2,441**	3,208
Less: Allowance for impairment	**(2,441)**	(3,208)
	-	-
Beginning of financial year	**3,208**	4,805
Currency translation differences	**(58)**	(72)
Allowance made (Note 7)	**411**	452
Allowance utilised	**(1,120)**	(1,977)
End of financial year	**2,441**	3,208

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 2 years $'000
The Group		
At 31 December 2008		
Gross-settled currency forwards		
- Receipts	**5,454**	**-**
- Payments	**(5,500)**	**-**
Trade and other payables	**(88,874)**	**-**
Finance lease liabilities	**(4)**	**-**
Borrowings	**(67,727)**	**-**
Other non-current liabilities	**-**	**(37)**
	(156,651)	**(37)**
At 31 December 2007		
Trade and other payables	(94,635)	-
Finance lease liabilities	(8)	(3)
Borrowings	(58,394)	(19,690)
Other non-current liabilities	-	(3)
	(153,037)	(19,696)
The Company		
At 31 December 2008		
Other payables	**(272,042)**	**-**
Borrowings	**(37,214)**	**-**
	(309,256)	**-**
At 31 December 2007		
Other payables	(273,762)	-
Borrowings	(39,554)	-
	(313,316)	-

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, bank borrowings and leasing arrangements for its working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

36. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk

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

Management monitors capital based on 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. Total capital employed is calculated as equity plus net debt.

The Group's and the Company's strategies, which were unchanged from 2007, are to maintain gearing ratio below 30% and 80% respectively. The gearing ratios as at 31 December 2008 and 31 December 2007 were as follows:

	The Group		The Company	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Net debt	**87,557**	84,938	**355,242**	359,308
Total equity	**409,217**	439,870	**154,171**	178,270
Total capital employed	**496,774**	524,808	**509,413**	537,578
Gearing ratio	**18%**	16%	**70%**	67%

37. FINANCIAL INSTRUMENTS

A subsidiary of the Group had open forward foreign currency contracts, amounting to $5,500,000 (2007: Nil) as at 31 December 2008. The fair value loss amounted to $46,000 (2007: Nil) as at 31 December 2008.

The fair values of forward foreign currency contracts had been calculated using the rates quoted by the Group's bankers to terminate the contracts at the balance sheet date.

38. IMMEDIATE AND ULTIMATE HOLDING COMPANIES

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

39. 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:

(a) Sales and purchases of goods and services

	The Group	
	2008	2007
	$'000	$'000
Sales of goods and services to Far East Organisation Group	**201**	189
Professional fees paid to Chang See Hiang & Partners	**104**	-
Professional fees paid to Far East Management (Private) Limited	**433**	394
Sales commission and marketing fees paid/payable to Far East Management (Private) Limited	**36**	378

The shareholders of Far East Management (Private) Limited are the shareholders of the Company's ultimate holding company.

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

(b) Key management personnel compensation

The key management personnel compensation is as follows:

	The Group	
	2008	2007
	$'000	$'000
Wages and salaries	**2,720**	2,542
Employer's contribution to defined contribution plans including Central Provident Fund	**109**	81
Other benefits	**330**	589
	3,159	3,212

Included in the above is total compensation to directors of the Company amounting to $1,298,000 (2007: $1,861,000).

40. SEGMENT INFORMATION

Primary reporting format - business segments

	Consumer food and beverage products $'000	Property development $'000	Others $'000	Elimination $'000	Group $'000
Year ended 31 December 2008					
Revenue					
- External sales	406,068	6,326	1,969	-	414,363
- Inter-segment sales	-	-	3,380	(3,380)	-
	406,068	6,326	5,349	(3,380)	414,363
(Loss)/profit from operation	(9,402)	553	(5,908)	-	(14,757)
Share of results of associated companies	(2,005)	-	-	-	(2,005)
Segment result	(11,407)	553	(5,908)	-	(16,762)
Finance expense					(1,921)
Loss before income tax					(18,683)
Income tax credit					13,732
Net loss					**(4,951)**
Segment assets	321,418	472,252	149,698	(366,155)	577,213
Associated companies	2,223	-	-	-	2,223
Unallocated assets					6,014
Consolidated total assets					**585,450**
Segment liabilities	209,672	25,723	289,144	(433,327)	91,212
Unallocated liabilities					85,021
Consolidated total liabilities					**176,233**
Other segment items					
Capital expenditure	4,049	-	59	-	4,108
Depreciation	8,747	-	1,149	-	9,896
Impairment loss on goodwill	5,361	-	-	-	5,361
Fair value (gains)/losses on investment properties	(60)	-	1,318	-	1,258
Allowance for foreseeable losses on development properties	-	2,033	-	-	2,033
Revaluation loss on property, plant and equipment	2,328	-	3,171	-	5,499
Impairment loss on property, plant and equipment	409	-	-	-	409
Property, plant and equipment written off	1,023	-	-	-	1,023
Impairment of available-for-sale financial assets	2,938	-	4,200	-	7,138
Currency translation loss	1,071	-	142	-	1,213

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

40. SEGMENT INFORMATION (continued)

Primary reporting format - business segments (continued)

	Consumer food and beverage products $'000	Property development $'000	Others $'000	Elimination $'000	Group $'000
Year ended					
31 December 2007 (Restated*)					
Revenue					
- External sales	370,606	64,978	1,390	-	436,974
- Inter-segment sales	-	-	2,908	(2,908)	-
	370,606	64,978	4,298	(2,908)	436,974
(Loss)/profit from operation	(5,980)	27,292	4,715	-	26,027
Share of results of associated companies	820	-	-	-	820
Segment result	(5,160)	27,292	4,715	-	26,847
Finance expense					(3,497)
Profit before income tax					23,350
Income tax expense					(23,057)
Net profit					**293**
Segment assets	324,100	497,153	210,538	(387,030)	644,761
Associated companies	4,280	-	-	-	4,280
Unallocated assets					6,093
Consolidated total assets					**655,134**
Segment liabilities	231,062	29,209	293,836	(457,163)	96,944
Unallocated liabilities					118,320
Consolidated total liabilities					**215,264**
Other segment items					
Capital expenditure	5,575	-	6	-	5,581
Depreciation	8,872	-	1,276	-	10,148
Fair value losses/(gains) on investment properties	66	-	(3,022)	-	(2,956)
Write back of allowance for foreseeable losses on development properties - net	-	(10,379)	-	-	(10,379)
Property, plant and equipment written off	51	-	2	-	53
Write back on impairment of available-for-sale financial assets	-	-	(42)	-	(42)
Currency translation loss	2,233	-	60	-	2,293

* Restatement arose mainly from reclassification of business segments of the Group to conform with the current year presentation.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

40. SEGMENT INFORMATION (continued)

Primary reporting format - business segments (continued)

At 31 December 2008, the Group is organised into three main business segments:

- Consumer food and beverage products;
- Property development; and
- Others.

Other operations of the Group mainly comprise investment holding. The divisions are the bases on which the Company reports its primary segment information.

Inter-segment transactions are recorded at their transacted price which is generally at fair value. 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 deferred income tax assets and investments in associated companies. Segment liabilities comprise operating liabilities and exclude items such as income tax liabilities, deferred income tax liabilities and bank borrowings. Capital expenditure comprises additions to property, plant and equipment and intangible assets, including those acquired through business combinations.

Secondary reporting format – geographical segments

	Revenue		Assets		Capital expenditure	
	2008	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
North America	**14,167**	17,394	**28,477**	30,408	**32**	3
China and Hong Kong	**36,674**	39,341	**76,901**	78,452	**1,910**	1,408
Singapore	**122,523**	172,605	**288,674**	360,769	**1,345**	2,160
Malaysia	**211,599**	180,802	**191,398**	185,505	**821**	2,010
Others	**29,400**	26,832	**-**	-	**-**	-
	414,363	436,974	**585,450**	655,134	**4,108**	5,581

40. SEGMENT INFORMATION (continued)

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.

- People's Republic of China – the operations in this area are principally manufacture and distribution of beverages.

- Malaysia – the operations in this area are principally production, marketing and sale of beverages and food products.

- North America – the operations in this area are principally sale of beverages and food products.

- Others – 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 and assets. Sales are based on the country in which the customer is located. Total assets and capital expenditure are shown by the geographical area where the assets are located.

41. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

(a) FRS 1(R) Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)

The revised standard requires:

- All changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income;
- Components of comprehensive income not to be included in statement of changes in equity;
- Items of income and expenses and components of other comprehensive income to be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate statement of profit and loss followed by a statement of comprehensive income);
- Presentation of restated balance sheet as at the beginning of the comparative period when entities make restatements or reclassifications of comparative information.

The revisions also include changes in the titles of some of the financial statements primary statements.

The Group will apply the revised standard from 1 January 2009 and provide comparative information that conforms to the requirements of the revised standard. The key impact of the application of the revised standard is the presentation of an additional primary statement, that is, the statement of comprehensive income.

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for the financial year ended 31 December 2008

41. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

(b) FRS 108 Operating Segments (effective for annual periods beginning on or after 1 January 2009)

FRS 108 supersedes FRS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed.

The Group will apply FRS 108 from 1 January 2009. As the Group has been reporting the financial performance of its operating segments based on the information used internally by management, the revised standard is not expected to have any significant impact to the Group.

(c) Revised FRS 23 Borrowing Costs (effective for annual periods beginning on or after 1 January 2009)

The revised standard removes the option to recognise immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis.

The Group will apply the revised FRS 23 from 1 January 2009. As the Group has been capitalising the relevant borrowing costs, the revised standard is not expected to have any impact to the Group.

42. 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 2009.

43. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP

Name of company/ Country of incorporation	Principal activities	Country of business	Effective equity held by Group 2008 %	2007 %
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 Manufacturing Pte Ltd (Singapore) (1)	Property development	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

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for the financial year ended 31 December 2008

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

Name of company/ Country of incorporation	Principal activities	Country of business	Effective equity held by Group 2008 %	2007 %
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**	99
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	**60.7**	60.7
Bestcan Food Technological Industrial Sendirian Berhad (Malaysia) (2)	Production of instant noodles	Malaysia	**60.3**	60.3
YHS Manufacturing Berhad (Malaysia) (2)	Procurement	Malaysia	**60.7**	60.7
Yeo Hiap Seng (Sarawak) Sendirian Berhad (Malaysia) (2)	Production of sauces and non-alcoholic beverages	Malaysia	**60.7**	60.7
Yeo Hiap Seng Trading Sendirian Berhad (Malaysia) (2)	Distribution of food and beverages	Malaysia	**60.7**	60.7
Yeo Hiap Seng (Perak) Sendirian Berhad (Malaysia) (2)	Investment holding	Malaysia	**60.7**	60.7
PT YHS Indonesia (Indonesia) (2)	Distribution of food and beverages	Indonesia	**60.7**	60.7

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2008

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

Name of company/ Country of incorporation	Principal activities	Country of business	Effective equity held by Group	
			2008	2007
			%	%
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

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	Moores Rowland CEC 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	Zhong Tian Hua Zheng CPA Co. Ltd, Mongolia

ANALYSIS OF SHAREHOLDINGS

as at 13 March 2009

SHARE CAPITAL

ISSUED AND FULLY PAID-UP CAPITAL	:	S$218,568,491.64
NO. OF SHARES ISSUED	:	573,920,439
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE PER SHARE

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 999	171	27.19	36,847	0.00
1,000 - 10,000	316	50.24	1,197,676	0.21
10,001 - 1,000,000	125	19.87	4,821,755	0.84
1,000,001 & ABOVE	17	2.70	567,864,161	98.95
TOTAL	629	100.00	573,920,439	100.00

TOP TWENTY SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Shares
Jelco Properties Pte Ltd	202,225,636	35.24
Far East Organisation Pte Ltd	137,672,324	23.99
Mayban Nominees (S) Pte Ltd	30,800,000	5.37
United Overseas Bank Nominees Pte Ltd	29,359,123	5.12
Raffles Nominees Pte Ltd	28,785,860	5.02
Bank Of East Asia Nominees Pte Ltd	26,377,497	4.60
Sino Land Company Limited	24,661,978	4.30
RHB Bank Nominees Pte Ltd	20,000,000	3.48
DBS Vickers Securities (S) Pte Ltd	14,745,334	2.57
Malayan Banking Berhad	11,420,000	1.99
DBS Nominees Pte Ltd	10,396,020	1.81
DBSN Services Pte Ltd	8,205,519	1.43
Bank Of China Nominees Pte Ltd	5,500,000	0.96
HSBC (Singapore) Nominees Pte Ltd	5,419,872	0.94
The Hain Celestial Group, Inc.	5,371,738	0.94
Oversea Chinese Bank Nominees Pte Ltd	4,087,222	0.71
UOB Nominees (2006) Pte Ltd	2,836,038	0.49
OCBC Securities Private Ltd	804,497	0.14
Eng Wan Investment Pte Ltd	228,000	0.03
Estate Of Chee Bay Hoon @ Albert Baron Chee Dec'd	193,691	0.03
Total	569,090,349	99.16

ANALYSIS OF SHAREHOLDINGS

as at 13 March 2009

SUBSTANTIAL SHAREHOLDERS

	Name of Substantial Shareholder	Direct Interests No. of Shares	Deemed Interests No. of Shares
1.	Jelco Properties Pte Ltd ("Jelco")	284,241,636	-
2.	Orchard Parade Holdings Limited ("OPHL") [1]	-	284,241,636
3.	Far East Organisation Pte. Ltd. ("FEO") [2]	179,386,324	284,241,636
4.	Mr. Ng Teng Fong and Mdm. Tan Kim Choo [3]	-	488,289,938
5.	Pepsico, Inc ("Pepsico") [4]	-	-
6.	Seven-Up International, a division of The Concentrate Manufacturing Company of Ireland ("Seven-Up") [4]	-	-

Notes :

1. Pursuant to Section 7 of the Companies Act, Chapter 50, OPHL is deemed to have an interest in Jelco's shareholding in the Company.

2. Pursuant to Section 7 of the Companies Act, Chapter 50, FEO is deemed to have an interest in Jelco's shareholding in the Company through OPHL.

3. Pursuant to Section 7 of the Companies Act, Chapter 50, Mr. Ng Teng Fong's and Mdm. Tan Kim Choo's deemed interest in shares of the Company include their interests through FEO, OPHL and Sino Land Company Limited.

4. (i) Pursuant to undertakings dated 1 July 2006 executed by Jelco and FEO in favour of Pepsico and Seven-Up (in consideration of Pepsico and Seven-Up entering into exclusive bottling appointments with the Company effective as of 1 July 2006) whereby Jelco and FEO agreed to provide Pepsico and Seven-Up 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 here of, the above preferential rights have not been exercised.

5. Based on information available to the Company as at 13 March 2009, approximately 14.92% 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.

YEO HIAP SENG LIMITED
(Registration No: 195500138Z)
(Incorporate in the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-third Annual General Meeting of the Company will be held in The Auditorium, Yeo Hiap Seng Limited, 3 Senoko Way, Singapore 758057 on Tuesday, the 28th day of April 2009 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2008 and the reports of the Directors and Auditors thereon.

2. To approve the payment of $428,317 as Directors' fees for the financial year ended 31 December 2008. (2007: $400,550)

3. (i) To re-elect following Directors:
   (a) Mr. Chin Yoke Choong;
   (b) Mr. Irwin David Simon; and
   (c) Mr. Tjong Yik Min
   each of whom retires by rotation pursuant to Article 97 and 98 of the Articles of Association of the Company.

   (ii) To re-elect Mr. Koh Boon Hwee, a Director who retires pursuant to Article 103 of the Articles of Association of the Company.

   (iii) To re-appoint the following Directors:
   (a) Mr. Lim Hong Keat; and
   (b) Mr. Ngiam Tong Dow
   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.

4. To re-appoint Messrs PricewaterhouseCoopers as Auditors for the ensuing year and to authorise the Directors to fix their remuneration.

5. To transact any other business which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESS

6. 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,

   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 but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument):

(A) by way of renounceable rights issues on a *pro rata* basis to shareholders of the Company ("Renounceable Rights Issues") shall not exceed 100 per cent. of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (3) below); and

(B) otherwise than by way of Renounceable Rights Issues ("Other Share Issues") shall not exceed 50 per cent. of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (3) 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 (3) below);

(2) the Renounceable Rights Issues and Other Share Issues shall not, in aggregate, exceed 100 per cent. of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (3) below);

(3) (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-paragraphs (1)(A) and (1)(B) 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;

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

(5) (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."

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:
"That, contingent on the passing of Resolution 6 above, authority be and is hereby given to the Directors to fix the issue price for shares that are to be issued by way of placement pursuant to the 20 per cent. sub-limit for Other Share Issues on a non *pro rata* basis referred to in Resolution 6 above, at a discount exceeding 10 per cent. but not more than 20 per cent. of the price as determined in accordance with the Listing Manual of the SGX-ST."

8. 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, 9 April 2009

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 3(i)(b) – Subject to his re-appointment, Mr. Chin Yoke Choong, who is an independent Director, will continue to serve as a member on the Audit and Remuneration Committees.

Item 3(iii)(b) – Subject to his re-appointment, Mr. Ngiam Tong Dow, who is an independent Director, will continue to serve as Chairman on the Audit and Nominating Committees.

Item 6 – 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 (i) 100 per cent. for Renounceable Rights Issues, and (ii) 50 per cent. for Other Share Issues of which up to 20 per cent. may be issued other than on a *pro rata* basis to shareholders, provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100 per cent. of the issued shares excluding treasury shares in the capital of the Company. The aggregate number of shares which may be issued shall be 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.

The authority for 100% Renounceable Rights Issues is proposed pursuant to the SGX news release of 19 February 2009 which introduced further measures to accelerate and facilitate listed issuers' fund raising efforts ("SGX News Release").

Item 7 – The Ordinary Resolution, if passed, will authorise the Directors to fix the issue price for shares that are issued by way of placement pursuant to the 20 per cent. sub-limit for Other Share Issues on a non *pro rata* basis referred to in Resolution 6 at a discount exceeding 10 per cent. but not more than 20 per cent. of the price as determined in accordance with the Listing Manual of the SGX-ST. This Ordinary Resolution is proposed pursuant to the SGX News Release.

Item 8 – 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 members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

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PROXY FORM ~ ANNUAL GENERAL MEETING

YEO HIAP SENG LIMITED
(Registration No: 195500138Z)
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. For investors who have used their CPF monies to buy Yeo Hiap Seng Limited shares, this 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 ____

of ____

being a member/members of Yeo Hiap Seng Limited (the "Company") hereby appoint the Chairman of the Meeting * 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	%

as my/our proxy/proxies to vote for me/us on my/our behalf at the 53rd Annual General Meeting of the Company to be held on 28 April 2009 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.

* 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).

No.	RESOLUTIONS	To be used on a show hands		To be used in the event of a poll	
		For *	Against *	No. of Votes For **	No. of Vote Against **
1.	Adoption of Audited Accounts and Reports				
2.	Approval of Directors' Fees				
3.	(i) (a) Re-election of Mr. Chin Yoke Choong as Director				
	(b) Re-election of Mr. Irwin David Simon as Director				
	(c) Re-election of Mr. Tjong Yik Min as Director				
	(ii) Re-election of Mr. Koh Boon Hwee as Director				
	(iii) (a) Re-appointment of Mr. Lim Hong Keat as Director				
	(b) Re-appointment of Mr. Ngiam Tong Dow as Director				
4.	Re-appointment of Auditors				
5.	Any Other Business				
6.	Approval of Share Issue Mandate				
7.	Approval of Share Placement Discount				
8.	Approval of Issue of Shares pursuant to the Yeo Hiap Seng Limited Scrip Dividend Scheme				

* Please indicate your vote "For" or "Against" with a tick (√) within the box provided.
** 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 _________________ 2009.

Total Number of Shares Held	

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

IMPORTANT: PLEASE READ NOTES TO PROXY FORM

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

General

The Company shall be entitled to reject a Proxy Form 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 Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form 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.

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

3 Senoko Way
Singapore 758057

Tel: 65 6752 2122
Fax: 65 6752 3122