Sparkling
H-TWO-O
Thirst Quencher
COOL MOVES
WITH H-TWO-O
Yeo's
ANNUAL REPORT 2009
THE ULTIMATE
THIRST QUENCHER
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Yeo's
Chrysanthemum
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CHAIRMAN'S STATEMENT

FINANCIAL OVERVIEW

For the financial year ended 31 December 2009, revenue for the Group was $402.22 million, $12.15 million or 2.9% reduction from previous financial year. Revenue from development property increased by $14.80 million, up from $6.33 million in 2008, whereas food and beverage revenue decreased by $26.60 million or 6.5% to $379.47 million.

Net cash generated by the operating activities of the Group was $30.92 million largely due to higher collection of sales proceeds from its development properties and improved collection from the Food & Beverage Division. The Property Division generated negative cashflow of $3.10 million due to repayment of loans during the year.

Despite the improved operational profits from both the Food & Beverage and Property Divisions, the Group recorded a net loss after tax and minority interest of $24.80 million as a result of an impairment loss of $45.52 million on the carrying value of our assets during the year.

FOOD & BEVERAGE

Revenue for the Food & Beverage Division declined by 6.5% mainly from the soft market demand for our products in China and lower sales in Malaysia.

Our operations in Singapore continue to perform well through better deployment of resources, and selling the right product mix. *H-Two-O* isotonic drinks continued to enjoy double digit growth. Two new products *Yeo's* Black Soy and Green Bean Soy were launched in the year, and we also introduced *Yeo's* Chrysanthemum and Wintermelon Tea in 1.48-litre PET value pack in the market.

Cambodia and Vietnam are up-and-coming markets that have potential to become the next engine of growth for the Group, and we have invested aggressively in brand building activities in these two markets during the year.

In China, we continue to improve our brand and product image through more contemporary packaging designs and market communications, and we will be launching three new soy products in early 2010.

Our subsidiary in Malaysia recorded revenue of RM545.50 million, which was 4.10% lower than the previous year, partly due to its legal problems in Indonesia. Net loss after tax for the year was RM11.08 million compared to a net profit after tax of RM2.24 million the year before. This was mainly due to impairment of investments, fixed assets and intangible assets totaling RM15.35 million.

During the year, we introduced several new products in the Malaysian market including Malaysia's first nutritious instant noodle, *Cintan* Nutri Noodle; new variants for *Yeo's* Soy Milk i.e. *Yeo's* Soy Bean with Corn and *Yeo's* Soy Bean with Rose Syrup; and a strategic alliance with tea maker BOH Plantation to produce ready-to-drink *BOH* Teh-O-Ais. As part of the Stay Healthy Campaign, we have also rolled out a new range of *Yeo's* Asian soft drinks with less sugar.

In Indonesia, the Group encountered several obstacles in 2009 including a third-party legal action against Badan Pengawas Obat & Makanan ("BPOM"), the Indonesian government agency which regulates the import and sale of *Yeo's* products in Indonesia. The Indonesian Court ruled against BPOM which consequently cancelled 15 out of the total 31 of *Yeo's* products for sales in Indonesia. PT YHS Indonesia will continue to sell the unaffected products and is in the process of submitting fresh application for the affected products.

CHAIRMAN'S STATEMENT (cont'd)

PROPERTY

For the year under review, YHS continued to sell the remaining units of the Jardin and the completed landed units. There was no new project.

DIVIDEND

The Directors do not recommend any dividend in respect of the financial year ended 31 December 2009.

PROSPECT STATEMENT

Consumer demand in the Food & Beverage business is expected to remain soft as economies recover from the recession. The Group will continue to embark on more brand building activities, and continue to manage cost and improve operational efficiency to stay competitive.

For the Property Division, the Group will continue to drive sales of the remaining unsold units in Jardin and completed landed units.

NOTE OF THANKS

At the Company's forthcoming Annual General Meeting, Mr. Lim Hong Keat and I have decided not to seek for re-election. Special thanks goes to Mr. Lim for his insights and contributions to the Group over the last 15 years.

I also wish to take the opportunity to express my gratitude to my fellow board members for their unwavering support and invaluable guidance throughout my tenure as Chairman of the Board.

On behalf of the Board, I would like to thank all customers, our business associates and shareholders for their dedication and support. We also look forward to the continued support from our staff as we position the Group to take advantage of the improving economic environment.

Philip Ng Chee Tat
Chairman
18 March 2010

PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT

Mr. Ng Chee Tat Philip, 51
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, 70
Deputy Chairman &
Lead Independent Director

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

Mr. S. Chandra Das has served as a 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, 57
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 28 April 2009.

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 Singapore PLC.

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

PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT (cont'd)

Mr. Ow Tin Nyap, 56
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, 56
Non-independent,
Non-executive Director

Member of Board of Directors
Member of Audit 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. Koh Boon Hwee, 59
Non-independent,
Non-executive Director

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

Mr. Koh Boon Hwee was appointed non-independent, non-executive director on YHS Board on 1 January 2009. Mr. Koh was last re-elected as a director of the Company on 28 April 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 currently the 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 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.

PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT (cont'd)

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.

Mr. Lim Hong Keat, 82
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 28 April 2009.

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. Chin Yoke Choong, 58
Independent,
Non-executive Director

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

Mr. Chin Yoke Choong was appointed independent, non-executive director on YHS Board on 15 May 2006 and was last re-elected on 28 April 2009.

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. On 2 January 2010, Mr. Chin was appointed as a Member of the Council of Presidential Advisers (CPA). He 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.

Mr. Irwin David Simon, 51
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 28 April 2009.

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. Ngiam Tong Dow, 72
Independent,
Non-executive Director

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

Mr. Ngiam Tong Dow has served as an independent director on the YHS Board from 18 February 2002. He was last re-elected as a director of the Company on 28 April 2009.

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.

PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT (cont'd)

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

Dr. Tan Chin Nam, 59
Independent,
Non-executive Director

Member of Board of Directors
Member of Remuneration Committee

Dr. Tan Chin Nam was appointed independent, non-executive director on YHS Board on 11 January 2008. He was last re-elected as a director of the Company on 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, Raffles Education Corporation Ltd and Gallant Venture 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.

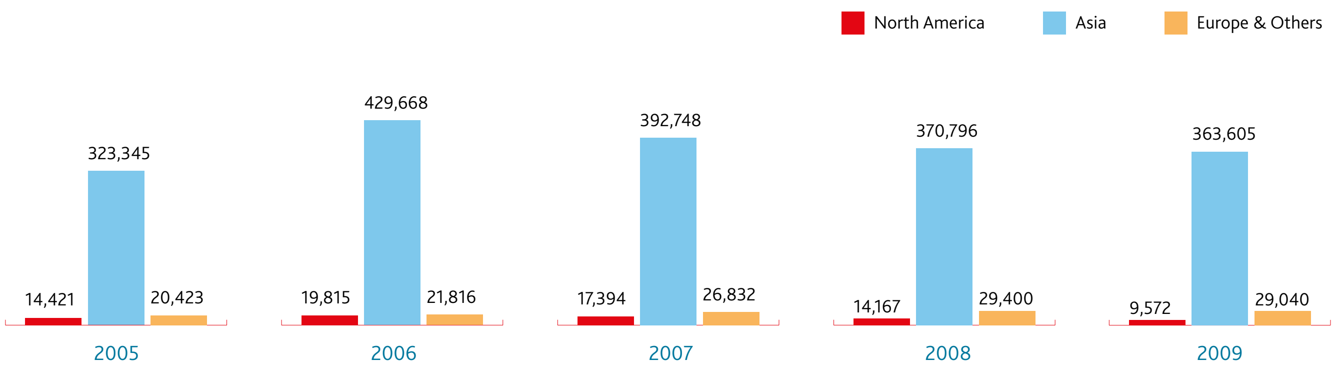
FINANCIAL HIGHLIGHTS

5-YEAR STATISTICAL RECORD OF THE GROUP

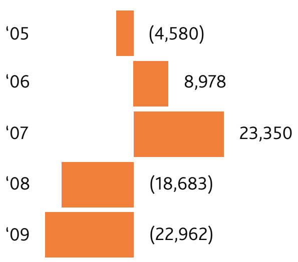
Unit: S$'000	2005	2006	2007	2008	2009
TURNOVER BY GEOGRAPHICAL SEGMENTS					
North America	14,421	19,815	17,394	14,167	9,572
Asia	323,345	429,668	392,748	370,796	363,605
Europe & Others	20,423	21,816	26,832	29,400	29,040
Total Group Turnover	358,189	471,299	436,974	414,363	402,217
Pre-tax (loss)/profit	(4,580)	8,978	23,350	(18,683)	(22,962)
Net tangible assets*	354,120	353,881	377,321	351,681	379,457

** Figures do not include interests of minority shareholders*

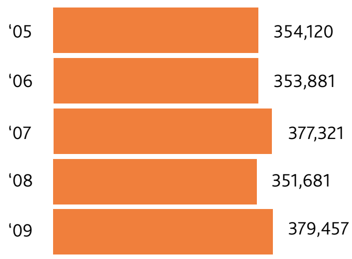
TURNOVER BY GEOGRAPHICAL SEGMENTS



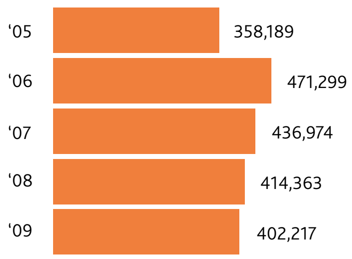
PRE-TAX (LOSS)/PROFIT



NET TANGIBLE ASSETS



GROUP TURNOVER



REPORT ON CORPORATE GOVERNANCE

18 March 2010

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 put 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 and structures that were in place during the financial year ended 31 December 2009, with specific references to the principles and guidelines of the Code of Corporate Governance that was issued in July 2005 (the "2005 Code"). For ease of reference, the relevant principle of the 2005 Code under discussion is identified in italics.

BOARD OF DIRECTORS

The Board of Directors as at 18 March 2010 comprises:

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. Koh Boon Hwee	Non-executive Director
Mr. Lim Hong Keat	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

A description of the background of each director is presented in "Profile of the Board of Directors & Management" section of this annual report.

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, setting strategic aims, and ensuring 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.

REPORT ON CORPORATE GOVERNANCE (cont'd)

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 telephone conference.

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 2009	**Board**			**Audit**			**Nominating**			**Remuneration**		
	A	B	C	A	B	C	A	B	C	A	B	C
Executive Director												
Philip Ng Chee Tat	C	6	6	-	-	-	M	1	1	-	-	-
Tjong Yik Min	M	6	6	-	-	-	-	-	-	-	-	-
Ow Tin Nyap	M	6	6	-	-	-	-	-	-	-	-	-
Non-executive Director												
S. Chandra Das	DC	6	6	M	5	5	M	1	1	C	2	2
Chang See Hiang	M	6	5	M	5	4	-	-	-	M	1	1
Chin Yoke Choong	M	6	6	M	5	5	-	-	-	M	2	2
Koh Boon Hwee	M	6	6	-	-	-	-	-	-	M	1	1
Irwin David Simon	M	6	2	-	-	-	-	-	-	-	-	-
Lim Hong Keat	M	6	6	-	-	-	-	-	-	-	-	-
Ngiam Tong Dow	M	6	6	C	5	5	C	1	1	-	-	-
Tan Chin Nam	M	6	6	-	-	-	-	-	-	M	1	1

Denotes:

A : Position held as at 18 March 2010 either as Chairman (C), Deputy Chairman (DC) or Member (M)

B : Number of meetings held during the financial year/period from 1 January 2009 (or date of appointment, where applicable) to 31 December 2009

C : Number of meetings attended during the financial year/period from 1 January 2009 (or date of appointment, where applicable) to 31 December 2009

REPORT ON CORPORATE GOVERNANCE (cont'd)

A formal letter of appointment will be provided to any new director upon his appointment, setting out the director's duties and obligations. 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. The company secretary will bring to the directors' attention, information on seminars that may be of relevance or use to them.

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.

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
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 (deceased) 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.

REPORT ON CORPORATE GOVERNANCE (cont'd)

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.

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.

REPORT ON CORPORATE GOVERNANCE (cont'd)

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. The Board is of the opinion that a criterion such as share price performance is not appropriate for assessment of non-executive Directors and the Board's performance as a whole.

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 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 reports, 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 approving 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
vii. performing any other functions which may be agreed by the AC and the Board.

REPORT ON CORPORATE GOVERNANCE (cont'd)

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 seek professional advice at the Company's expense.

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

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.

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.*

REPORT ON CORPORATE GOVERNANCE (cont'd)

The Remuneration Committee ("RC") comprises four non-executive directors, namely, Mr. S. Chandra Das, Mr. Chin Yoke Choong, Mr. Koh Boon Hwee and Dr. Tan Chin Nam. Mr. S. Chandra Das (Chairman of RC), Mr. Chin Yoke Choong and Dr. Tan Chin Nam are independent directors. All four members, having managed large organisations are experienced and knowledgeable in the field of executive compensation. In addition, they have access to the Company's Human Resource personnel should they have any queries on human resource matters. If the 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 and 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 RC 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.

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.

REPORT ON CORPORATE GOVERNANCE (cont'd)

A breakdown, showing the level and mix of directors' remuneration for the financial year 2009 is as follows:

Directors' Remuneration	Remuneration Band $	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	$250,000 to $499,999	-	90.64%	6.93%	2.42%
Mr. Ow Tin Nyap	$500,000 to $749,999	-	82.07%	-	17.93%
Mr. Chang See Hiang	Below $250,000	100%	-	-	-
Mr. Koh Boon Hwee	$250,000 to $499,999	100%	-	-	-
Mr. Lim Hong Keat	Below $250,000	100%	-	-	-
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%	-	-	-

Denotes:

(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

Top 5 Key Executives	Designation	Remuneration Band
Ms. Sueann Lim	Executive Vice President, Research & Development/Quality Assurance	$250,000 to $499,999
Ms. Pearl Foong	Group Financial Controller	$250,000 to $499,999
Mr. Ronnie Chung	Senior Vice President, Commercial Singapore, IndoChina & AAO	$250,000 to $499,999
Mr. Tee Peow Keong	Chief Executive Officer, Europe	$250,000 to $499,999
Mr. Quek Cham Leong	Chief Executive Officer, USA	$250,000 to $499,999

The Chairman and Chief Executive Officer, Mr. Philip Ng Chee Tat is the son of substantial shareholders of the Company, Mr. Ng Teng Fong (deceased) 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 last financial year.

EXECUTIVE COMMITTEE

The Executive Committee comprises five members, namely Mr. Koh Boon Hwee (Chairman), Mr. 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 five meetings during the financial year.

REPORT ON CORPORATE GOVERNANCE (cont'd)

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 outlined on pages 79 to 91 of the annual report (under the Notes to the Financial Statements).

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;
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.

REPORT ON CORPORATE GOVERNANCE (cont'd)

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 was 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)	
	2009 $'000	2008 $'000
Far East Management (Private) Limited		
Project management, sales, marketing & administrative fees expenses	337	-
Professional fees for services received	428	433
Far East Organization Group		
Sale of goods and services	300	201
Realty Star Development Limited		
Lease agreement	108	-
Chang See Hiang & Partners		
Professional fees for services received	-	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. Koh Boon Hwee
Non-executive Director

Mr. Lim Hong Keat
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. Chin Yoke Choong
Member

Mr. Koh Boon Hwee
Member

Dr. Tan Chin Nam
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

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

FINANCIAL CONTENTS

DIRECTORS' REPORT

for the financial year ended 31 December 2009

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2009 and the balance sheet of the Company as at 31 December 2009.

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
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 or related corporations, except as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.12.2009	At 1.1.2009	At 31.12.2009	At 1.1.2009
Yeo Hiap Seng (Malaysia) Berhad				
(Ordinary shares of RM1.00 each)				
Ow Tin Nyap	18,000	18,000	24,000	24,000

DIRECTORS' REPORT

for the financial year ended 31 December 2009

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

(b) The directors' interests in the share capital of the Company as at 21 January 2010 were the same as those as at 31 December 2009.

DIRECTORS' CONTRACTUAL BENEFITS

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

SHARE OPTION

A call option granted to a shareholder on 22 April 2007 to subscribe for unissued shares of the Company expired during the financial year. No option was granted during the financial year to subscribe for unissued shares of the Company.

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

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

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 reviewed the following:

(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) the 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.

DIRECTORS' REPORT

for the financial year ended 31 December 2009

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 2010

STATEMENT BY DIRECTORS

for the financial year ended 31 December 2009

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 27 to 98 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the results of the business, changes in equity and cash flows of the 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 2010

INDEPENDENT AUDITORS' 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 27 to 98, which comprise the balance sheets of the Company and of the Group as at 31 December 2009, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory 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 2009, 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.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 18 March 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2009

	Note	The Group 2009 $'000	The Group 2008 $'000
Revenue	4	**402,217**	414,363
Cost of sales		**(274,277)**	(282,224)
Gross profit		**127,940**	132,139
Other income	5	**1,749**	2,948
Other losses - net	6	**(38,703)**	(16,884)
Expenses			
- Marketing and distribution		**(90,246)**	(103,078)
- Administrative		**(23,297)**	(29,882)
- Finance	9	**(1,292)**	(1,921)
Share of profit/(loss) of associated companies		**887**	(2,005)
Loss before income tax		**(22,962)**	(18,683)
Income tax (expense)/credit	10	**(3,034)**	13,732
Net loss		**(25,996)**	(4,951)
Other comprehensive income/(losses):			
Available-for-sale financial assets			
- Fair value gains/(losses)		**19,654**	(43,789)
- Transfer to profit or loss	6	**34,598**	4,677
Currency translation differences arising from consolidation		**(1,370)**	(5,335)
Revaluation gain on property, plant and equipment		**-**	21,794
Reduction in property revaluation reserve		**(5,800)**	(1,417)
Increase in retained earnings from realisation of property revaluation reserve		**5,800**	1,417
Change in tax rate		**-**	68
Other comprehensive income/(losses), net of tax		**52,882**	(22,585)
Total comprehensive income/(losses)		**26,886**	(27,536)
Loss attributable to:			
Equity holders of the Company		**(24,796)**	(4,599)
Minority interests		**(1,200)**	(352)
		(25,996)	(4,951)
Total comprehensive income/(losses) attributable to:			
Equity holder of the Company		**27,776**	(30,883)
Minority interests		**(890)**	3,347
		26,886	(27,536)
Loss per share (expressed in cents per share)			
- Basic	11	**(4.32)**	(0.80)
- Diluted	11	**(4.31)**	(0.80)

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

BALANCE SHEETS

as at 31 December 2009

		The Group		The Company	
		2009	2008	**2009**	2008
	Note	**$'000**	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	**93,328**	67,127	**8,921**	576
Trade and other receivables	13	**75,805**	87,048	**18,125**	15,102
Inventories	14	**48,812**	50,820	**-**	-
Development properties	15	**127,305**	125,410	**-**	-
Current income tax recoverable	10	**2,198**	2,207	**1,550**	1,395
Other current assets	16	**3,146**	3,092	**100**	96
		350,594	335,704	**28,696**	17,169
Assets held for sale	17	**-**	192	**-**	-
		350,594	335,896	**28,696**	17,169
Non-current assets					
Available-for-sale financial assets	18	**55,147**	51,788	**7,183**	17,108
Loans to subsidiaries	19	**-**	-	**53,985**	40,846
Investments in associated companies	20	**3,014**	2,223	**-**	-
Investments in subsidiaries	21	**-**	-	**392,514**	400,857
Investment properties	22	**54,883**	51,884	**31,000**	34,000
Property, plant and equipment	23	**122,811**	139,852	**11**	9
Goodwill	24	**-**	-	**-**	-
Deferred income tax assets	29	**2,975**	3,807	**217**	-
		238,830	249,554	**484,910**	492,820
Total assets		**589,424**	585,450	**513,606**	509,989
LIABILITIES					
Current liabilities					
Trade and other payables	25	**81,050**	88,874	**269,303**	272,042
Current income tax liabilities	10	**1,235**	1,215	**-**	-
Borrowings	26	**51,349**	65,810	**31,000**	36,300
Provisions for other liabilities and charges	28	**160**	946	**-**	-
		133,794	156,845	**300,303**	308,342

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

BALANCE SHEETS

as at 31 December 2009

		The Group		The Company	
	Note	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Non-current liabilities					
Loans from subsidiaries	19	**-**	-	**46,327**	47,476
Provisions for other liabilities and charges	28	**2,523**	2,510	**-**	-
Deferred income tax liabilities	29	**18,609**	16,841	**-**	-
Other non-current liabilities		**36**	37	**-**	-
		21,168	19,388	**46,327**	47,476
Total liabilities		**154,962**	176,233	**346,630**	355,818
NET ASSETS		**434,462**	409,217	**166,976**	154,171
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	**-**	-
Other reserves	32	**58,993**	12,221	**1,678**	(2,021)
Retained earnings/(Accumulated losses)		**91,751**	110,747	**(53,270)**	(62,376)
		379,457	351,681	**166,976**	154,171
Minority interests		**55,005**	57,536	**-**	-
Total equity		**434,462**	409,217	**166,976**	154,171

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2009

	Attributable to equity holders of the Company									
	Share capital	Capital reserves	Property revaluation reserve	Fair value reserve	Foreign currency translation reserve	General reserve	Retained earnings	Total	Minority interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2009	218,568	10,145	101,887	(39,927)	(50,859)	1,120	110,747	351,681	57,536	409,217
Effect of treasury shares in a subsidiary acquired from minority interests	-	-	-	-	-	-	-	-	(1)	(1)
Dividends paid to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	(1,640)	(1,640)
Total comprehensive income for the year	-	-	(5,800)	53,122	(550)	-	(18,996)	27,776	(890)	26,886
Balance at 31 December 2009	**218,568**	**10,145**	**96,087**	**13,195**	**(51,409)**	**1,120**	**91,751**	**379,457**	**55,005**	**434,462**
Balance at 1 January 2008	218,568	10,145	88,465	(1,460)	(48,203)	1,238	113,929	382,682	57,188	439,870
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)
Dividends paid to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	(2,880)	(2,880)
Total comprehensive loss for the year	-	-	13,422	(38,467)	(2,656)	-	(3,182)	(30,883)	3,347	(27,536)
Balance at 31 December 2008	**218,568**	**10,145**	**101,887**	**(39,927)**	**(50,859)**	**1,120**	**110,747**	**351,681**	**57,536**	**409,217**

An analysis of the movements in property revaluation reserve, fair value reserve, foreign currency translation reserve and general reserve is presented in Note 32.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2009

	The Group	
	2009	2008
	$'000	$'000
Cash flows from operating activities		
Net loss	**(25,996)**	(4,951)
Adjustments for:		
- Income tax expense/(credit)	**3,034**	(13,732)
- Depreciation of property, plant and equipment	**10,596**	9,896
- Dividend income from available-for-sale financial assets	**(1,231)**	(1,589)
- Unrealised currency translation losses/(gains)	**1,225**	(3,385)
- Property, plant and equipment written-off	**2,744**	1,023
- Fair value (gains)/losses on investment properties - net	**(4,104)**	1,258
- Gain on disposal of property, plant and equipment	**(227)**	(69)
- Gain on disposal of assets held for sale	**(1)**	(78)
- Gain on disposal of unquoted available-for-sale financial assets	**(12)**	-
- Loss/(Gain) on liquidation of subsidiary	**42**	(21)
- Transfer of fair value gains from fair value reserve on disposal of available-for-sale financial assets	**(3,220)**	-
- Impairment loss on goodwill	**-**	5,361
- Impairment loss on available-for-sale financial assets	**40,779**	7,138
- Interest expense	**1,292**	1,921
- Interest income	**(248)**	(845)
- (Write back of allowance)/Allowance for foreseeable losses on development properties - net	**(1,836)**	2,033
- Allowance for impairment in associated company	**-**	47
- Provision for retirement benefits	**303**	299
- Write back of provision for restructuring cost	**(527)**	(30)
- Revaluation loss on property, plant and equipment	**-**	5,499
- Impairment loss on property, plant and equipment	**4,741**	409
- Share of (profit)/loss of associated companies	**(887)**	2,005
	26,467	12,189
Change in working capital		
- Trade and other receivables	**11,243**	7,604
- Inventories	**2,008**	2,515
- Development properties	**(59)**	(71)
- Other current assets	**(54)**	(1,459)
- Trade and other payables	**(8,097)**	(6,707)
Cash generated from operations	**31,508**	14,071
Income tax paid	**(73)**	(16,613)
Restructuring costs paid	**(259)**	(1)
Retirement benefits paid	**(258)**	(151)
Net cash provided by/(used in) operating activities	**30,918**	(2,694)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2009

	Note	The Group 2009 $'000	The Group 2008 $'000
Cash flows from investing activities			
Dividends received from available-for-sale financial assets		**1,231**	1,589
Proceeds from disposal of property, plant and equipment		**4,360**	187
Proceeds from disposal of quoted available-for-sale financial assets		**13,277**	-
Proceeds from disposal of unquoted available-for-sale financial assets		**12**	-
Proceeds from disposal of assets held for sale		**190**	427
Renovation of investment property		**-**	(12)
Purchase of minority interests share in a subsidiary		**-**	(235)
Purchases of property, plant and equipment		**(7,070)**	(2,980)
Purchase of available-for-sale financial assets		**-**	(174)
Interest received		**248**	845
Net cash provided by/(used in) investing activities		**12,248**	(353)
Cash flows from financing activities			
Dividends paid to minority shareholders of a subsidiary		**(1,640)**	(2,880)
Purchases of treasury shares in a subsidiary from minority interests		**(1)**	(1)
Interest paid		**(1,020)**	(2,060)
Repayments of finance lease liabilities		**(4)**	(6)
Placement of a fixed deposit as security for borrowings		**(7,527)**	-
Repayments of borrowings		**(40,042)**	(57,758)
Proceeds from borrowings		**25,742**	48,573
Net cash used in financing activities		**(24,492)**	(14,132)
Net increase/(decrease) in cash and cash equivalents		**18,674**	(17,179)
Cash and cash equivalents at beginning of financial year		**67,127**	84,306
Cash and cash equivalents at end of financial year	12	**85,801**	67,127

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

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

1. GENERAL INFORMATION

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

The principal activities of the Company are those of a management and investment holding company. The principal activities of the subsidiaries are shown in Note 44.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2009

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

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

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

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

- Amendment to FRS 107 *Improving disclosures about financial statements* (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy (see Note 36 (e)). The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods – consumer food and beverage products

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

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 (a)(iv).

(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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting

(a) *Subsidiaries*

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority 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 non-controlling 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 but are considered as impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency of accounting policies adopted by the Group.

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 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 minorities' share of losses in a subsidiary exceeds its interests in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minorities are attributed to the equity holders of the Company, unless the minorities have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minorities' share of losses previously absorbed by the equity holders of the Company are fully 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 profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(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 less impairment loss. Investments in associated companies in the consolidated balance sheet include 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 are recognised in profit or loss 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.

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

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

2.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost.

Freehold land is subsequently carried at revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at revalued 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, including currency translation differences, are taken to the property revaluation reserve, unless they offset previous revaluation losses of the same asset that were taken to profit or loss. 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 losses are taken to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(a) *Measurement* (continued)

(ii) *Other property, plant and equipment*

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

(iii) *Components of costs*

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

(b) *Depreciation*

No depreciation is provided on construction-in-progress and freehold land. Leasehold land is 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 as follows:

	Useful lives
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 profit or loss when the changes arise.

(c) *Subsequent expenditure*

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

(d) *Disposal*

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Development properties

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

2.6 Investment properties

Investment properties of the Group are held for long-term rental yields and/or capital appreciation and are not occupied by the Group. Investment properties are initially recognised at cost and subsequently carried at fair value determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvement is recognised in profit or loss when incurred.

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

2.7 Goodwill

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

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

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

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

2.8 Investments in subsidiaries and associated companies

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

On disposal of investments in subsidiaries and associated companies, the difference between net disposal proceeds and the carrying amounts of the investments is taken to the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to 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.

2.10 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 profit or loss 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 profit or loss and is not reversed in a subsequent period.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of non-financial assets (continued)

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

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

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 nature of the asset and 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 presented as current assets, except for those maturing more than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are presented as "cash and cash equivalents", "trade and other receivables" and "loans to subsidiaries" on the balance sheet.

(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 presented as 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 disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(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, together with the related currency translation differences, are recognised in the fair value reserve within equity.

Dividend income on available-for-sale financial assets is recognised separately in profit or loss.

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

(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 profit or loss.

(ii) Available-for-sale financial assets

Significant or prolonged decline in the fair value of an equity 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 profit or loss is reclassified from the fair value reserve within equity to profit or loss. Impairment losses recognised in profit or loss on equity investments are not reversed through profit or loss.

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 profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

Intragroup transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.14 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 profit or loss 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Leases (continued)

(a) *Finance leases* (continued)

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

(b) *Operating leases*

(i) When the Group is the lessee

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

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

(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 profit or loss 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 estimated 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Income taxes (continued)

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

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

Deferred income tax is measured:

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

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

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

Deferred income taxes on temporary differences arising from the revaluation gains and losses on land and buildings 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 present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and 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 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 profit or loss 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 profit or loss, 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 profit or loss 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 2009

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.

2.22 Segment reporting

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

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions less deposits pledged as security for bank borrowings.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

(i) *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.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

4. REVENUE

	The Group	
	2009	2008
	$'000	$'000
Sale of goods	**379,842**	406,423
Sale of development properties	**21,123**	6,326
Royalty fees	**21**	25
Dividend income from available-for-sale financial assets	**1,231**	1,589
	402,217	414,363

5. OTHER INCOME

	The Group	
	2009	2008
	$'000	$'000
Interest income	**248**	845
Rental income	**1,501**	2,103
	1,749	2,948

6. OTHER LOSSES - NET

	The Group	
	2009	2008
	$'000	$'000
Fair value gains/(losses) on investment properties - net (Note 22)	**4,104**	(1,258)
Gain on disposal of property, plant and equipment	**227**	69
Gain on disposal of assets held for sale	**1**	78
Write back of allowance/(Allowance) for foreseeable losses on development properties - net (Note 15(b))	**1,836**	(2,033)
Currency translation loss - net	**(2,434)**	(1,213)
Revaluation loss on property, plant and equipment (Note 23)	**-**	(5,499)
Impairment loss on property, plant and equipment (Note 23)	**(4,741)**	(409)
Property, plant and equipment written-off	**(2,744)**	(1,023)
Impairment loss on available-for-sale financial assets		
- transfer of fair value losses from fair value reserve (Note 32(b)(ii))*	**(37,818)**	(4,677)
- further impairment recognised (Note 18)	**(2,961)**	(2,461)
	(40,779)	(7,138)
Transfer of fair value gains from fair value reserve on disposal of available-for-sale financial assets (Note 32(b)(ii))*	**3,220**	-
Write back of provision for restructuring cost (Note 28(a))	**527**	30
Other miscellaneous income	**2,080**	1,512
	(38,703)	(16,884)

* *Being total of net fair value losses transferred to profit or loss, presented as other comprehensive income in the Consolidated Statement of Comprehensive Income, amounting to $34,598,000 (2008: $4,677,000).*

7. EXPENSES BY NATURE

	The Group	
	2009	2008
	$'000	$'000
Auditors' remuneration paid/payable to		
- Auditor of the Company	**297**	300
- Other auditors*	**353**	500
Other fees paid/payable to		
- Auditor of the Company	**45**	261
- Other auditors*	**205**	170
Depreciation of property, plant and equipment (Note 23)	**10,596**	9,896
Impairment loss on goodwill (Note 24(b))	**-**	5,361
Write down of inventories - net	**2,450**	2,878
Impairment of trade receivables (Note 36(b)(ii))	**183**	411
(Write back)/Write off of bad debts	**(17)**	373
Employee compensation (Note 8)	**45,488**	51,671
Cost of raw materials and trading goods recognised as expenses (included in cost of sales)	**209,197**	223,384
Cost of development properties recognised as expenses (included in cost of sales)	**13,643**	3,692
Advertising and promotion expenses	**27,670**	31,170
Transportation expense	**16,122**	15,517
Rental expense on operating leases	**3,701**	5,584
Other expenses	**57,887**	64,016
Total cost of sales, marketing and distribution costs and administrative expenses	**387,820**	415,184

** Include PricewaterhouseCoopers firms outside Singapore*

8. EMPLOYEE COMPENSATION

	The Group	
	2009	2008
	$'000	$'000
Wages and salaries	**37,347**	40,811
Employer's contribution to defined contribution plans including Central Provident Fund	**4,942**	5,137
Less: Government grant – Jobs credit scheme	**(840)**	-
Retirement benefits costs (Note 28(b))	**303**	299
Termination benefits	**7**	1
Other benefits	**3,729**	5,423
	45,488	51,671

The job credit scheme is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The job credit an employer can receive would depend on the fulfilment of the conditions stated in the scheme.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

9. FINANCE EXPENSES

	The Group	
	2009	2008
	$'000	$'000
Interest expenses		
- Bank borrowings	**1,291**	1,920
- Finance lease liabilities	**1**	1
	1,292	1,921

10. INCOME TAXES

(a) Income tax expense/(credit)

	The Group	
	2009	2008
	$'000	$'000
Tax expense/(credit) attributable to results is made up of:		
Current income tax		
- Singapore	**486**	259
- Foreign	**939**	1,768
	1,425	2,027
Deferred income tax	**3,175**	1,026
	4,600	3,053
Over provision in prior financial years		
- Current income tax	**(1,311)**	(15,244)
- Deferred income tax	**(255)**	(1,541)
	3,034	(13,732)

The tax expense/(credit) on results differs from the amount that would arise using the Singapore standard rate of income tax as explained below:

	The Group	
	2009	2008
	$'000	$'000
Loss before income tax	**(22,962)**	(18,683)
Tax calculated at a tax rate of 17% (2007: 18%)	**(3,904)**	(3,363)
Effects of:		
- Change in Singapore tax rate	**23**	-
- Different tax rates in other countries	**1,879**	248
- Income not subject to tax	**(2,954)**	(233)
- Expenses not deductible for tax purposes	**9,508**	6,663
- Utilisation of previously unrecognised tax benefits	**(1,314)**	(2,633)
- Deferred income tax assets not recognised	**1,607**	2,448
- Tax calculated on share of results of associated companies	**(245)**	(77)
Tax charge	**4,600**	3,053

During the financial year, the Singapore corporate tax rate was reduced from 18% to 17% for the year of assessment 2010 and onwards.

10. INCOME TAXES (continued)

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

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**(992)**	28,879	**(1,395)**	(37)
Currency translation differences	**(12)**	(41)	**-**	-
Income tax (paid)/refunded	**(73)**	(16,613)	**1,025**	(2,311)
Tax expense on results for the current financial year	**1,425**	2,027	**427**	953
Over provision in prior financial years	**(1,311)**	(15,244)	**(1,607)**	-
End of financial year	**(963)**	(992)	**(1,550)**	(1,395)
Representing:				
Current income tax recoverable	**(2,198)**	(2,207)	**(1,550)**	(1,395)
Current income tax liabilities	**1,235**	1,215	**-**	-
	(963)	(992)	**(1,550)**	(1,395)

In 2008, the Group wrote back excess tax provision of $11,831,000 pertaining to a full and final settlement of tax issue with the Inland Revenue Authority of Singapore in relation to revaluation surplus of the land for The Sterling, Gardenvista and Jardin residential projects.

11. EARNINGS PER SHARE

(a) Basic loss per share

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

	The Group	
	2009	2008
Net loss attributable to equity holders of the Company ($'000)	**(24,796)**	(4,599)
Weighted average number of ordinary shares in issue for calculation of basic loss per share ('000)	**573,920**	573,920
Basic loss per share (cents per share)	**(4.32)**	(0.80)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

11. EARNINGS PER SHARE (continued)

(b) Diluted loss per share

For the purpose of calculating diluted loss per share, loss 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 which expired in May 2009.

For the share option, the weighted average number of shares on 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 (numerator).

	The Group	
	2009	2008
Net loss attributable to equity holders of the Company ($'000)	**(24,796)**	(4,599)
Weighted average number of ordinary shares in issue for calculation of basic loss per share ('000)	**573,920**	573,920
Adjustment for share option ('000)	**942**	2,456
	574,862	576,376
Diluted loss per share (cents per share)	**(4.31)**	(0.80)

12. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**40,802**	23,124	**1,391**	367
Fixed deposits with financial institutions	**52,526**	44,003	**7,530**	209
	93,328	67,127	**8,921**	576

Included in fixed deposits and cash at bank and on hand of the Group are amounts totalling $28,041,000 (2008: $29,759,000) 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.

12. CASH AND CASH EQUIVALENTS (continued)

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

	The Group	
	2009	2008
	$'000	$'000
Cash and bank balances as above	**93,328**	67,127
Less: Fixed deposit pledged (Note 26(a))	**(7,527)**	-
Cash and cash equivalents per consolidated statement of cash flows	**85,801**	67,127

13. TRADE AND OTHER RECEIVABLES - CURRENT

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Trade receivables				
- non-related parties	**71,258**	84,504	**-**	-
- related parties	**87**	64	**-**	-
Less: Allowance for impairment of receivables				
- non-related parties	**(1,456)**	(2,441)	**-**	-
Trade receivables - net	**69,889**	82,127	**-**	-
Other receivables				
- non-related parties	**5,644**	4,814	**78**	75
- subsidiaries	**-**	-	**25,411**	26,352
- associated companies	**7,328**	7,333	**6,981**	6,981
- a related party	**38**	38	**38**	38
	13,010	12,185	**32,508**	33,446
Less: Allowance for impairment of receivables				
- subsidiaries	**-**	-	**(7,402)**	(11,363)
- associated companies	**(7,328)**	(7,333)	**(6,981)**	(6,981)
Other receivables - net	**5,682**	4,852	**18,125**	15,102
Staff loans	**234**	69	**-**	-
	75,805	87,048	**18,125**	15,102

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 2009

14. INVENTORIES

	The Group	
	2009	2008
	$'000	$'000
Finished/trading goods	**37,712**	37,595
Raw materials	**10,684**	12,799
Work-in-progress	**416**	426
	48,812	50,820

The cost of inventories recognised as an expense and included in "cost of sales" amounts to $246,086,000 (2008: $263,671,000).

During the financial year, the Group wrote down inventories of $2,702,000 (2008: $3,663,000) and reversed $252,000 (2008: $785,000), being part of inventory write-down made in prior years as the inventories were sold above the carrying amounts in 2009.

15. DEVELOPMENT PROPERTIES

	The Group	
	2009	2008
	$'000	$'000
Properties under development (Note 15(a))	**110,958**	101,219
Completed properties held for sale (Note 15(b))	**16,347**	24,191
	127,305	125,410

(a) Properties under development

	The Group	
	2009	2008
	$'000	$'000
(i) Land		
- Cost	**43,873**	45,132
- Revaluation surplus*	**43,038**	44,272
	86,911	89,404
Development expenditure	**13,410**	2,741
Property taxes, interest and other overheads	**10,637**	9,074
	110,958	101,219

* *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.*

15. **DEVELOPMENT PROPERTIES** (continued)

(a) Properties under development (continued)

(ii) Sold units

	The Group	
	2009	2008
	$'000	$'000
Aggregated costs incurred	**10,628**	5,865
Add: Recognised profit to date	**7,246**	4,296
Less: Progress billings	**(17,874)**	(10,161)
Unbilled receivables (included in trade receivables)	**-**	-

(iii) Security for bank borrowings

Properties under development are mortgaged to a bank as security for bank loan of $5,000,000 (2008: $10,000,000) (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 would be affected as follows:

	The Group	
	(Decrease)/Increase	
	2009	2008
	$'000	$'000
Balance Sheet as at 31 December		
Retained earnings	**(6,488)**	(3,538)
Development properties at beginning of year	**5,865**	4,713
Development properties at end of year	**10,628**	5,865
Statement of Comprehensive Income		
Revenue	**(7,713)**	(1,092)
Net loss for the year	**2,950**	(60)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

15. DEVELOPMENT PROPERTIES (continued)

(b) Completed properties held for sale

	The Group	
	2009	2008
	$'000	$'000
Land		
- Cost	**12,948**	17,041
- Revaluation surplus*	**-**	1,590
	12,948	18,631
Development expenditure	**4,917**	7,827
Property taxes, interest and other overheads	**3,169**	4,256
	21,034	30,714
Less: Allowance for foreseeable losses	**(4,687)**	(6,523)
	16,347	24,191

* *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	
	2009	2008
	$'000	$'000
Beginning of financial year	**6,523**	4,490
(Write back of allowance)/Allowance made during the financial year (Note 6)	**(1,836)**	2,033
End of financial year	**4,687**	6,523

The write back of allowance for foreseeable losses in 2009 was due to the increase in market values of completed properties held-for-sale.

NOTES TO THE FINANCIAL STATEMENTS

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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	826	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	Jardin - development of 140 Condominium units	12,996	Freehold	Framework reinforcement has commenced

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

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16. OTHER CURRENT ASSETS

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Deposits	**2,737**	2,713	**34**	20
Prepayments	**409**	379	**21**	35
Others	**-**	-	**45**	41
	3,146	3,092	**100**	96

17. ASSETS HELD FOR SALE

An investment in an associated company in Malaysia was identified as surplus to the Group's requirements by the Board of Directors of its subsidiary, Yeo Hiap Seng (Malaysia) Berhad, and was classified as assets held for sale in 2008. The investment with a carrying value of $192,000 was disposed of during the year to unlock and realise the value of the assets.

	The Group	
	2009	2008
	$'000	$'000
Investment in an associated company (Note 20)	**-**	192

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**51,788**	99,543	**17,108**	36,683
Currency translation differences	**(57)**	(489)	**-**	-
Additions	**-**	174	**-**	174
Disposals	**(13,277)**	-	**(13,236)**	-
Impairment loss (Note 6)	**(2,961)**	(2,461)	**(1,316)**	(2,461)
Fair value gains/(losses) recognised in fair value reserve (Note 32(b)(ii))	**19,654**	(44,979)	**4,627**	(17,288)
End of financial year	**55,147**	51,788	**7,183**	17,108

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

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

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Quoted equity investments				
- Equity securities - Singapore	**44,037**	31,510	**944**	1,815
- Equity securities - Hong Kong	**3,564**	9,218	**2,246**	8,361
- Equity securities - United States	**7,106**	8,168	**3,553**	4,083
- Equity securities - Thailand	**-**	2,574	**-**	2,574
- Equity securities - Malaysia	**-**	43	**-**	-
	54,707	51,513	**6,743**	16,833
Unquoted investments	**440**	275	**440**	275
	55,147	51,788	**7,183**	17,108

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

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	
	2009	2008
	$'000	$'000
Loans to subsidiaries	**62,081**	94,915
Less: Allowance for impairment	**(8,096)**	(54,069)
	53,985	40,846

Movements in allowance for impairment are as follows:

	The Company	
	2009	2008
	$'000	$'000
Beginning of financial year	**54,069**	58,586
Impairment charge during the financial year	**4**	12,043
Loans written off	**(30,791)**	(10,140)
Reversal of impairment charge during the financial year	**(15,186)**	(6,420)
End of financial year	**8,096**	54,069

Loans to subsidiaries are unsecured and are not expected to be repaid within the next twelve months. Except for loan to a subsidiary amounting to $10,174,000 (2008: $8,763,000) which bears effective interest rate at 2.58% (2008: 3.30%) per annum, loans to subsidiaries are interest-free.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

19. LOANS TO/FROM SUBSIDIARIES (continued)

(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	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Equity investment at cost			**3,689**	3,689
Less: Allowance for impairment			**(3,689)**	(3,689)
			-	-
Beginning of financial year	**2,223**	4,280		
Currency translation differences	**(96)**	187		
Share of results after tax	**887**	(2,005)		
Impairment charge	**-**	(47)		
Reclassed to assets held for sale (Note 17)	**-**	(192)		
End of financial year	**3,014**	2,223		

In 2008, investment in an associated company with a carrying amount of $192,000 was reclassified to assets held for sale (Note 17).

The summarised financial information of associated companies is as follows:

	The Group	
	2009	2008
	$'000	$'000
- Assets	**28,318**	22,260
- Liabilities	**53,203**	47,553
- Revenue	**185,401**	191,073
- Net profit/(loss)	**1,770**	(7,717)

The Group has not recognised its share of losses of an associated company amounting to $2,000 (2008: share of profits of an associated company amounting to $8,000) 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 $8,544,000 (2008: $8,574,000) at the balance sheet date.

Details of significant associated companies are included in Note 44.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

21. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2009	2008
	$'000	$'000
Unquoted equity shares		
- Subsidiaries engaged in property development, at cost less impairment (Note 21(a))	**239,264**	238,658
- Other subsidiaries, at cost less impairment (Note 21(b))	**153,250**	162,199
	392,514	400,857

Details of significant subsidiaries are included in Note 44.

(a) Subsidiaries engaged in property development

	The Company	
	2009	2008
	$'000	$'000
Investments at cost	**257,482**	257,482
Less: Allowance for impairment	**(18,218)**	(18,824)
	239,264	238,658

Movements in allowance for impairment are as follows:

	The Company	
	2009	2008
	$'000	$'000
Beginning of financial year	**18,824**	18,824
Write back during the financial year	**(606)**	-
End of financial year	**18,218**	18,824

(b) Other subsidiaries

	The Company	
	2009	2008
	$'000	$'000
Investment at cost	**202,072**	204,017
Less: Allowance for impairment	**(48,822)**	(41,818)
	153,250	162,199

Movements in allowance for impairment are as follows:

	The Company	
	2009	2008
	$'000	$'000
Beginning of financial year	**41,818**	41,818
Impairment charge during the financial year	**7,853**	-
Write off during the financial year	**(849)**	-
End of financial year	**48,822**	41,818

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

22. INVESTMENT PROPERTIES

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**51,884**	54,325	**34,000**	34,000
Currency translation differences	**(1,105)**	(1,195)	**-**	-
Additions	**-**	12	**-**	-
Fair value gains/(losses) recognised in the profit or loss - net (Note 6)	**4,104**	(1,258)	**(3,000)**	-
End of financial year	**54,883**	51,884	**31,000**	34,000

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

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

An investment property is mortgaged as a security for certain bank borrowings (Note 26(a)).

The following amounts are recognised in profit or loss:

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Rental income	**1,350**	1,859	**1,423**	1,636
Direct operating expenses arising from investment properties that generated rental income	**61**	31	**1,423**	1,636
Property tax and other direct operating expenses arising from investment properties that did not generate rental income	**136**	143	**462**	521

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for the financial year ended 31 December 2009

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 2009 $'000	Carrying amount 2008 $'000
United States of America					
745 Epperson Drive City of Industry, California 91748	Office and warehouse	3,408	Freehold	**5,163**	6,339
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	**24,435**	20,207
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	**2,012**	2,051
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	**3,612**	3,608
Lot No.2987 & 2988, Jalan Bidor, Teluk Intan, Bidor, Perak, Malaysia	Industrial land	396,875	Leasehold expiring in year 2094	**4,862**	4,960
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	**591**	597
No.147A, Kawasan Perindustrian Semabu, Kuantan, Pahang, Malaysia	Office and factory	19,475	Leasehold expiring in year 2046	**1,089**	1,165
No.9 & 11, Jalan Industri 3/6, Taman Perindustrian Temerloh, Mentakab, Pahang, Malaysia	Office and factory	4,047	Freehold	**546**	562
40 1/4 Milepost, Jalan Air Itam – Johor Bahru, Simpang Renggam, Johor, Malaysia	Industrial land	420,209	Interest in perpetuity	**9,645**	9,404
Lot No.30, Jalan Upper Lanang, Sibu, Sarawak, Malaysia	Office and warehouse	6,107	Leasehold expiring in year 2029	**698**	732
Lot 4183, Jalan Kuching, Taman Tunku Industrial Area, Miri, Sarawak, Malaysia	Office and warehouse	8,858	Leasehold expiring in year 2054	**1,231**	1,248
Lot 71, Sedeo Industrial Estate, Phase 2, Jalan Kolombong, Kota Kinabalu, Sabah, Malaysia	Office and warehouse	5,235	Leasehold expiring in year 2034	**760**	770
Lot 1632, Jalan Kidurong, Kidurong Light Industrial Estate, Bintulu, Sarawak, Malaysia	Industrial land	5,582	Leasehold expiring in year 2058	**239**	241
				54,883	51,884

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

23. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Leasehold land and buildings	Plant and machinery, furniture and fittings	Computer equipment and software development costs	Motor vehicles and trucks	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group							
2009							
Cost or valuation							
Beginning of financial year							
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
Currency translation differences	(262)	(1,228)	(2,900)	(119)	(78)	(17)	(4,604)
Additions	-	52	6,352	232	155	279	7,070
Disposals	-	(364)	(29,675)	(160)	(348)	-	(30,547)
Reclassification/transfer	-	-	239	(2)	-	(242)	(5)
End of financial year	14,798	100,602	146,958	10,834	3,454	1,031	277,677
Representing:							
Cost	-	-	146,958	10,834	3,454	1,031	162,277
Valuation	14,798	100,602	-	-	-	-	115,400
	14,798	100,602	146,958	10,834	3,454	1,031	277,677
Accumulated depreciation							
Beginning of financial year	-	-	123,241	9,208	3,167	-	135,616
Currency translation differences	-	-	(1,928)	(113)	(65)	-	(2,106)
Disposals	-	(125)	(20,331)	(150)	(294)	-	(20,900)
Depreciation charge (Note 7)	735	3,107	5,608	924	222	-	10,596
Reclassification/transfer	-	-	(3)	(2)	-	-	(5)
End of financial year	735	2,982	106,587	9,867	3,030	-	123,201
Valuation/cost less accumulated depreciation at end of financial year	14,063	97,620	40,371	967	424	1,031	154,476
Accumulated impairment losses							
Beginning of financial year	-	15,077	15,218	-	-	-	30,295
Currency translation differences	-	(136)	(385)	-	-	-	(521)
Impairment charge (Note 6)	110	2,248	2,383	-	-	-	4,741
Disposals	-	-	(2,850)	-	-	-	(2,850)
End of financial year	110	17,189	14,366	-	-	-	31,665
Net book value							
End of financial year	**13,953**	**80,431**	**26,005**	**967**	**424**	**1,031**	**122,811**

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							
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

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for the financial year ended 31 December 2009

23. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant and machinery, furniture and fittings	Computer equipment and software development costs	Total
	$'000	$'000	$'000
The Company			
2009			
Cost			
Beginning of financial year	747	103	850
Additions	-	7	7
Disposals	(48)	(3)	(51)
End of financial year	699	107	806
Accumulated depreciation			
Beginning of financial year	474	97	571
Disposals	(48)	(3)	(51)
Depreciation charge	1	4	5
End of financial year	427	98	525
Cost less accumulated depreciation at end of financial year	272	9	281
Accumulated impairment losses			
Beginning and end of financial year	270	-	270
Net book value			
End of financial year	**2**	**9**	**11**
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

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for the financial year ended 31 December 2009

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 2009 $'000	Net book value 2008 $'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	**31,000**	34,000
United States of America					
755 Epperson Drive City of Industry, California 91748	Office and warehouse	4,068	Freehold	**6,348**	6,738
The People's Republic of China					
286, 288 Chigang Road West Henan, Guangzhou	Office, factory and warehouse	30,872	Leasehold expiring in year 2043	**11,718**	12,612
300 Kai Ming Road Shanghai Songjiang Industrial Zone, Songjiang, Shanghai	Office, factory and warehouse	35,199	Leasehold expiring in year 2046	**10,807**	11,405
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	**1,722**	1,856
Lot No.65644, Jalan Jelapang, Jelapang Industrial Area, Ipoh, Perak, Malaysia	Factory and trading depot	20,334	Leasehold expiring in year 2033	**1,418**	1,539
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	**7,351**	7,823
No.121 & 191, Jalan Utas, Shah Alam, Selangor, Malaysia	Factory and trading depot	39,775	Leasehold expiring in year 2074 and 2073 respectively	**10,437**	11,089
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	**7,605**	8,322

NOTES TO THE FINANCIAL STATEMENTS

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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 2009 $'000	Net book value 2008 $'000
Malaysia (continued)					
Lot 2050, Jalan Bintawa, Pending Industrial Estate, Kuching, Sarawak, Malaysia	Factory and trading depot	13,804	Leasehold expiring in year 2027	**2,095**	2,559
Lot No. 1347 & 1348 Jalan Swasta, Pending Industrial Estate, Kuching, Sarawak, Malaysia	Industrial building and land	29,368	Leasehold expiring in year 2027	**3,883**	4,182
				94,384	102,125

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

(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 2009 $'000	The Group 2008 $'000
Freehold properties	**1,204**	1,293
Leasehold properties	**71,285**	74,398

24. GOODWILL

(a) Goodwill arising on consolidation

	The Group	
	2009	2008
	$'000	$'000
Goodwill at cost	**5,361**	5,361
Less: Impairment charge	**(5,361)**	(5,361)
Net book value	**-**	-

(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.

As at 31 December 2008, the recoverable amount of consumer food and beverage business was determined based on value-in-use calculations. These calculations used 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% and annual growth rate of 0%-5% in 2008 based on past performance and its expectations of the market development. The pre-tax discount rate of 8% used in 2008 reflects the weighted average cost of capital of the consumer food and beverage business.

In 2008, an impairment charge of $5,361,000 was included within "Administrative expenses" in the profit or loss. The impairment charge had arisen from the food and beverage CGUs in the People's Republic of China segment as a subsidiary in China was 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 had been negatively affected and this was expected to continue in the foreseeable future. Accordingly, the goodwill in the CGUs was assessed to be impaired in 2008.

25. TRADE AND OTHER PAYABLES - CURRENT

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Trade payables - non-related parties	**27,482**	36,992	**-**	-
Other payables				
- non-related parties	**10,259**	9,919	**173**	329
- subsidiaries	**-**	-	**266,073**	267,690
	10,259	9,919	**266,246**	268,019
Loan from an associated company	**1,155**	1,155	**1,155**	1,155
Other accruals for operating expenses	**42,154**	40,808	**1,902**	2,868
	81,050	88,874	**269,303**	272,042

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

26. BORROWINGS - CURRENT

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Short-term bank borrowings	**51,349**	65,807	**31,000**	36,300
Finance lease liabilities (Note 27)	**-**	3	**-**	-
	51,349	65,810	**31,000**	36,300

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

	Variable rates: Less than 6 months	Fixed rates: Less than 6 months	Total
	$'000	$'000	$'000
The Group			
At 31 December 2009			
Bank borrowings	**51,349**	**-**	**51,349**
At 31 December 2008			
Bank borrowings	65,807	-	65,807
Finance lease liabilities	-	3	3
	65,807	3	65,810
The Company			
At 31 December 2009			
Bank borrowings	**31,000**	**-**	**31,000**
At 31 December 2008			
Bank borrowings	36,300	-	36,300

(a) Secured liabilities

Included in current borrowings are the following secured liabilities:

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Short-term bank borrowings	**17,349**	22,007	**6,000**	5,500
Finance lease liabilities	**-**	3	**-**	-
	17,349	22,010	**6,000**	5,500

26. BORROWINGS - CURRENT (continued)

(a) Secured liabilities (continued)

Short-term bank borrowings of a subsidiary of $6,349,000 (2008: $6,507,000) are secured on an investment property of a subsidiary with a carrying value of $24,435,000 (2008: $20,207,000).

Short-term bank borrowings of the Company of $6,000,000 (2008: $5,500,000) are secured by available-for-sale financial assets of $2,246,000 and fixed deposit in Hong Kong Dollar of $7,527,000 (2008: available-for-sale financial assets of $11,395,000) held by the Company.

Short-term bank borrowings of a subsidiary of $5,000,000 (2008: $10,000,000) are secured by a first mortgage over a freehold development property with a carrying amount of $110,958,000 (2008: $101,219,000).

At 31 December 2008, total finance lease liabilities of a subsidiary of $3,000 were secured by motor vehicles purchased under the leases (Note 23(a)).

(b) Carrying amounts and fair values

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

27. FINANCE LEASE LIABILITIES

In 2008, the Group leased motor vehicles from a non-related party under finance leases (Note 23(a)).

	The Group	
	2009	2008
	$'000	$'000
Minimum lease payments and present value of finance lease liabilities due not later than 1 year	**-**	3

28. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	The Group	
	2009	2008
	$'000	$'000
Current		
Provision for restructuring costs/termination benefits (Note 28(a))	**160**	946
Non-current		
Provision for retirement benefits (Note 28(b))	**2,523**	2,510
	2,683	3,456

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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	
	2009	2008
	$'000	$'000
Beginning of financial year	**946**	977
Utilised during the financial year	**(259)**	(1)
Write back of provision (Note 6)	**(527)**	(30)
End of financial year	**160**	946

(b) Provision for retirement benefits

Movements in provision for retirement benefits are as follows:

	The Group	
	2009	2008
	$'000	$'000
Beginning of financial year	**2,510**	2,484
Currency translation differences	**(32)**	(122)
Provision made during the financial year (Note 8)	**303**	299
Utilised during the financial year	**(258)**	(151)
End of financial year	**2,523**	2,510

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

	The Group	
	2009	2008
	$'000	$'000
Present value of unfunded obligations/liabilities in the balance sheet	**2,523**	2,510

28. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (continued)

(b) Provision for retirement benefits (continued)

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

As of 31 December 2009, 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 profit or loss in respect of provision for retirement benefits amounted to $174,000 and $129,000 (2008: $160,000 and $132,000) respectively.

The principal actuarial assumptions used are discount rate at 6.2% (2008: 5.5%) per annum and expected rate of salary increases at 6% (2008: 6%) per annum.

The latest actuarial valuation of the plan was carried out at 31 December 2007 and updated to 31 December 2009.

29. DEFERRED INCOME TAXES

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

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Deferred income tax assets				
- to be recovered within 12 months	**716**	888	**170**	-
- to be recovered after more than 12 months	**2,259**	2,919	**47**	-
	2,975	3,807	**217**	-
Deferred income tax liabilities				
- to be settled within 12 months	**426**	1,003	**-**	-
- to be settled after more than 12 months	**18,183**	15,838	**-**	-
	18,609	16,841	**-**	-

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for the financial year ended 31 December 2009

29. DEFERRED INCOME TAXES (continued)

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	Total
	$'000	$'000	$'000	$'000
2009				
Beginning of financial year	**14,909**	**785**	**2,356**	**18,050**
Effects of change in Singapore tax rate credited to profit or loss	**(24)**	**(44)**	**-**	**(68)**
(Credited)/Charged to profit or loss	**(342)**	**509**	**472**	**639**
Currency translation differences	**(220)**	**-**	**(90)**	**(310)**
End of financial year	**14,323**	**1,250**	**2,738**	**18,311**
2008				
Beginning of financial year	9,577	758	4,117	14,452
(Credited)/Charged to profit or loss	(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

Deferred income tax assets

The Group	Unabsorbed capital allowances and unutilised tax losses	Provisions	Total
	$'000	$'000	$'000
2009			
Beginning of financial year	**(3,048)**	**(1,968)**	**(5,016)**
Effects of change in Singapore tax rate charged to profit or loss	**46**	**45**	**91**
Charged to profit or loss	**1,547**	**711**	**2,258**
Currency translation differences	**(23)**	**13**	**(10)**
End of financial year	**(1,478)**	**(1,199)**	**(2,677)**
2008			
Beginning of financial year	(4,653)	(2,215)	(6,868)
Charged to profit or loss	1,473	186	1,659
Currency translation differences	132	61	193
End of financial year	(3,048)	(1,968)	(5,016)

29. DEFERRED INCOME TAXES (continued)

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 $51,594,000 (2008: $45,389,000) and unrecognised capital allowances of $3,387,000 (2008: $5,865,000) 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	Fair value gains- net $'000
2009	
Beginning and end of financial year	**-**
2008	
Beginning of financial year	1,935
Credited to profit or loss	(745)
Credited to equity	(1,190)
End of financial year	-

Deferred income tax assets

The Company	Decelerated tax depreciation $'000
2009	
Beginning of financial year	**-**
Credited to profit or loss	**(217)**
End of financial year	**(217)**
2008	
Beginning and end of financial year	-

30. SHARE CAPITAL

	Number of shares	*Amount*
	Issued share capital '000	Share capital $'000
2009 and 2008		
Beginning and end of financial year	**573,920**	**218,568**

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

In 2009, the call option granted to a shareholder on 22 April 2007 to subscribe for unissued shares of the Company expired during the financial year ended 31 December 2009. There are no unissued shares under option as at 31 December 2009.

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for the financial year ended 31 December 2009

31. CAPITAL RESERVES

Composition:

	The Group	
	2009	2008
	$'000	$'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

32. OTHER RESERVES

(a) Composition:

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Property revaluation reserve	**96,087**	101,887	**-**	-
Fair value reserve	**13,195**	(39,927)	**1,678**	(2,021)
Foreign currency translation reserve	**(51,409)**	(50,859)	**-**	-
General reserve	**1,120**	1,120	**-**	-
	58,993	12,221	**1,678**	(2,021)

(b) Movements:

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
(i) *Property revaluation reserve*				
Beginning of financial year	**101,887**	88,465	**-**	-
Effect of changes in tax rates	**-**	68	**-**	-
Revaluation gains on property, plant and equipment (Note 23)	**-**	29,058	**-**	-
Tax on revaluation gains	**-**	(7,264)	**-**	-
Minority interests	**-**	(7,023)	**-**	-
	-	14,771	**-**	-
Transfer to retained earnings	**(5,800)**	(1,417)	**-**	-
End of financial year	**96,087**	101,887	**-**	-

32. **OTHER RESERVES** (continued)

(b) Movements: (continued)

	The Group 2009 $'000	The Group 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
(ii) *Fair value reserve*				
Beginning of financial year	**(39,927)**	(1,460)	**(2,021)**	12,338
Fair value gains/(losses) on available-for-sale financial assets (Note 18)	**19,654**	(44,979)	**4,627**	(17,288)
Transfer to profit or loss				
- on impairment (Note 6)	**37,818**	4,677	**2,300**	1,739
- on disposals (Note 6)	**(3,220)**	-	**(3,228)**	-
Tax on fair value changes	**-**	1,190	**-**	1,190
Minority interests	**(1,130)**	645	**-**	-
	53,122	(38,467)	**3,699**	(14,359)
End of financial year	**13,195**	(39,927)	**1,678**	(2,021)
(iii) *Foreign currency translation reserve*				
Beginning of financial year	**(50,859)**	(48,203)	**-**	-
Net currency translation differences of financial statements of foreign subsidiaries and associated companies	**(1,412)**	(5,347)	**-**	-
Release on liquidation of a subsidiary	**42**	12	**-**	-
Minority interests	**820**	2,679	**-**	-
	(550)	(2,656)		
End of financial year	**(51,409)**	(50,859)	**-**	-

Revaluation and other reserves are non-distributable.

33. **DIVIDEND**

No dividend has been declared/recommended for the financial year ended 31 December 2009.

34. **CONTINGENT LIABILITIES**

(a) As of 31 December 2009, a subsidiary of Yeo Hiap Seng (Malaysia) Berhad ("YHSM") has credit facility amounting to $82,000 (2008: $83,000) 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) In 2003, a legal action for an alleged breach of agreement with regard to contract packing arrangement was brought by FY Sdn Bhd ("the Plaintiff"), a company incorporated in Malaysia, against Yeo Hiap Seng (Malaysia) Berhad ("YHSM"), a subsidiary of the Group. There is no specified sum in the statement of claim which seeks inter alia that YHSM pays general damages.

The matter came up for trial before the court on the 25 and 26 January 2010 and the Plaintiff is now claiming for damages of approximately $2.6 million (RM6.2 million) with interest and cost thereon. The High Court has on 10 March 2010 granted judgement against YHSM in favour of the Plaintiff. The court did not make any award on the quantum of damages as there was no evidence adduced by the Plaintiff to substantiate its claim for damages alleged to be suffered. Consequently, the court ordered that damages be assessed before the High Court Registrar in a separate hearing. Notwithstanding that, YHSM will be filing an appeal against the decision of the High Court based on the advice from its legal advisors that YHSM has a strong case to appeal.

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for the financial year ended 31 December 2009

34. CONTINGENT LIABILITIES (continued)

(c) In the prior financial year, the Central Jakarta District court dismissed the suit in favour of YHSM and its subsdiary, PT YHS Indonesia, in relation to a suit filed by PT Kharisma Inti Persada ("Plaintiff") in Central Jakarta District Court, claiming for approximately $32 million (Rupiah 219.9 million) for an alleged breach of an alleged distribution agreement and an alleged distribution appointment.

On 1 February 2010, YHSM received a formal notification from the Central Jakarta District Court informing that the Jakarta High Court has decided in favour of YHSM and its subsidiary, PT YHS Indonesia, in respect of an appeal filed by the Plaintiff in the Jakarta High Court against YHSM and its subsidiary, PT YHS Indonesia.

35. COMMITMENTS

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

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

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

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Not later than 1 year	**671**	1,499	**514**	488
Later than 1 year but not later than 5 years	**2,175**	2,127	**2,057**	1,950
Later than 5 years	**4,758**	4,997	**4,758**	4,997
	7,604	8,623	**7,329**	7,435

(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	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Not later than 1 year	**729**	1,655	**52**	46
Later than 1 year but not later than 5 years	**635**	1,002	**13**	25
	1,364	2,657	**65**	71

35. COMMITMENTS (continued)

(c) Other commitments

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

	The Group	
	2009	2008
	$'000	$'000
Capital commitments in respect of purchase of property, plant and equipment approved and contracted for	**2,101**	1,097
Commitment in respect of property development expenditure approved and contracted for	**46,368**	58,462
	48,469	59,559

36. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

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

(a) Market risk (continued)

(i) *Currency risk* (continued)

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 2009								
Financial assets								
Cash and cash equivalents	41,951	1,586	16,591	10,602	6,146	14,149	2,303	93,328
Trade and other receivables	20,528	229	4,444	946	1,831	39,409	8,418	75,805
Other financial assets	2,221	-	10	27	4	454	21	2,737
	64,700	1,815	21,045	11,575	7,981	54,012	10,742	171,870
Financial liabilities								
Borrowings	(45,000)	-	-	(6,349)	-	-	-	(51,349)
Other financial liabilities	(27,883)	(1)	(2,238)	(613)	(5,391)	(38,755)	(6,169)	(81,050)
	(72,883)	(1)	(2,238)	(6,962)	(5,391)	(38,755)	(6,169)	(132,399)
Net financial (liabilities)/ assets	(8,183)	1,814	18,807	4,613	2,590	15,257	4,573	39,471
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	7,562	1	(4,370)	3,282	(2,590)	(15,257)	(6,576)	
Currency exposure	**(621)**	**1,815**	**14,437**	**7,895**	**-**	**-**	**(2,003)**	

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

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD $'000	CAN $'000	USD $'000	HKD $'000	RMB $'000	RM $'000	Other $'000	Total $'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
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
	56,494	5,131	19,784	3,935	8,298	51,868	11,378	156,888
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	(33,630)	5,130	17,163	(3,871)	1,704	7,286	8,422	2,204
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	32,206	(1,364)	(10,973)	4,680	(1,704)	(7,286)	(9,283)	
Currency exposure	(1,424)	3,766	6,190	809	-	-	(861)	

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 2009

36. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

The Company's currency exposures are as follows:

	SGD	USD	HKD	Other	Total
	$'000	$'000	$'000	$'000	$'000
At 31 December 2009					
Financial assets					
Cash and cash equivalents	1,281	113	7,527	-	8,921
Other receivables	15,680	-	-	2,445	18,125
Loans to subsidiaries	17,066	7,175	29,744	-	53,985
Other financial assets	34	-	-	-	34
	34,061	7,288	37,271	2,445	81,065
Financial liabilities					
Borrowings	(31,000)	-	-	-	(31,000)
Loans from subsidiaries	-	-	(46,327)	-	(46,327)
Other financial liabilities	(268,148)	-	-	(1,155)	(269,303)
	(299,148)	-	(46,327)	(1,155)	(346,630)
Net financial (liabilities)/assets	(265,087)	7,288	(9,056)	1,290	(265,565)
Less: Net financial liabilities denominated in functional currency	265,087	-	-	-	265,087
Currency exposure	**-**	**7,288**	**(9,056)**	**1,290**	**(478)**
At 31 December 2008					
Financial assets					
Cash and cash equivalents	288	81	207	-	576
Other receivables	15,102	-	-	-	15,102
Loans to subsidiaries	3,016	7,348	30,482	-	40,846
Other financial assets	20	-	-	-	20
	18,426	7,429	30,689	-	56,544
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	(288,693)	7,364	(16,787)	(1,158)	(299,274)
Less: Net financial liabilities denominated in functional currency	288,693	-	-	-	288,693
Currency exposure	-	7,364	(16,787)	(1,158)	(10,581)

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

(a) Market risk (continued)

(i) *Currency risk* (continued)

If, for example, the USD, HKD and CAN change against the SGD by 6% (2008: 7%), 5% (2008: 7%) and 7% (2008: 15%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	2009	2008
	Increase/(decrease)	
	Profit after tax	Profit after tax
	$'000	$'000
The Group		
USD against SGD		
- strengthened	710	292
- weakened	(710)	(292)
HKD against SGD		
- strengthened	324	38
- weakened	(324)	(38)
CAN against SGD		
- strengthened	104	381
- weakened	(104)	(381)
The Company		
USD against SGD		
- strengthened	363	423
- weakened	(363)	(423)
HKD against SGD		
- strengthened	(376)	(964)
- weakened	376	964

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

NOTES TO THE FINANCIAL STATEMENTS

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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 primarily through bank borrowings. 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 0.10% (2008: 0.50%) with all other variables including tax rate being held constant, the profit after tax will be lower/higher by $43,000 (2008: $285,000) and $26,000 (2008: $192,000) 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.

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 2% (2008: 11%), 13% (2008: 15%) and 8% (2008: 10%) respectively with all other variables including tax rate being held constant, the effects on profit after tax and equity will be:

	2009		2008	
	Increase/(decrease)			
	Profit after tax $'000	**Equity $'000**	Profit after tax $'000	Equity $'000
The Group				
Listed in Singapore				
- increased by	**-**	**881**	-	3,466
- decreased by	**(881)**	**-**	(422)	(3,044)
Listed in Hong Kong				
- increased by	**-**	**463**	-	1,383
- decreased by	**(292)**	**(171)**	(1,231)	(152)
Listed in the United States				
- increased by	**-**	**568**	-	817
- decreased by	**(568)**	**-**	-	(817)
The Company				
Listed in Singapore				
- increased by	**-**	**19**	-	200
- decreased by	**(19)**	**-**	(200)	-
Listed in Hong Kong				
- increased by	**-**	**292**	-	1,254
- decreased by	**(292)**	**-**	(1,231)	(23)
Listed in the United States				
- increased by	**-**	**284**	-	408
- decreased by	**(284)**	**-**	-	(408)

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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. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

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

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The credit risk for trade receivables is as follows:

	The Group	
	2009	2008
	$'000	$'000
By geographical areas		
Singapore	**16,498**	18,245
Malaysia	**38,152**	44,614
China and Hong Kong	**2,595**	3,736
North America	**1,229**	2,846
Indonesia	**6,089**	7,879
Europe	**1,704**	1,900
Other countries	**3,622**	2,907
	69,889	82,127

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

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

(b) Credit risk (continued)

The credit risk for trade receivables is as follows: (continued)

	The Group	
	2009	2008
	$'000	$'000
By types of customers		
Consumer food and beverage products		
Related parties	**87**	64
Non-related parties:		
- Supermarkets, minimart chains, provision shops and gas stations	**19,682**	19,688
- Hotels, bars/pubs, restaurants, food courts, coffee shops	**5,289**	11,989
- Wholesalers and distributors	**42,251**	49,731
- Vending sales	**182**	249
- Others	**715**	114
	68,206	81,835
Property development		
Non-related parties:		
- Individuals	**1,683**	292
	69,889	82,127

(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	
	2009	2008
	$'000	$'000
New customers less than 6 months	**1,606**	3,799
Existing customers with no defaults in the past	**34,477**	46,336
Existing customers with some defaults in the past, but all defaults were fully recovered	**296**	-
	36,379	50,135

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

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	
	2009	2008
	$'000	$'000
Past due < 3 months	**29,741**	27,860
Past due 3 to 6 months	**2,007**	3,743
Past due over 6 months	**1,762**	389
	33,510	31,992

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

	The Group	
	2009	2008
	$'000	$'000
Trade receivables overdue and impaired	**1,456**	2,441
Less: Allowance for impairment	**(1,456)**	(2,441)
	-	-
Beginning of financial year	**2,441**	3,208
Currency translation differences	**20**	(58)
Allowance made (Note 7)	**183**	411
Allowance utilised	**(1,188)**	(1,120)
End of financial year	**1,456**	2,441

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

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

(c) Liquidity risk

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

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

	Less than 1 year $'000	Between 1 and 2 years $'000
The Group		
At 31 December 2009		
Gross-settled currency forwards		
- Receipts	**299**	**-**
- Payments	**(300)**	**-**
Trade and other payables	**(81,050)**	**-**
Borrowings	**(52,362)**	**-**
Other non-current liabilities	**-**	**(36)**
	(133,413)	**(36)**
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)
The Company		
At 31 December 2009		
Other payables	**(269,303)**	**-**
Borrowings	**(31,688)**	**-**
	(300,991)	**-**
At 31 December 2008		
Other payables	(272,042)	-
Borrowings	(37,214)	-
	(309,256)	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

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 2008, are to maintain gearing ratio below 30% and 80% respectively. The gearing ratios as at 31 December 2009 and 31 December 2008 were as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Net debt	**39,071**	87,557	**337,709**	355,242
Total equity	**434,462**	409,217	**166,976**	154,171
Total capital employed	**473,533**	496,774	**504,685**	509,413
Gearing ratio	**8%**	18%	**67%**	70%

(e) Fair value measurements

Effective 1 January 2009, the Group adopted the amendment to FRS 107 which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

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

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

The following table presents the assets measured at fair value at 31 December 2009.

	Level 1	Level 2	Total
The Group	$'000	$'000	$'000
Assets			
Available-for-sale financial assets			
- Equity securities	54,707	-	54,707
- Others	-	440	440
	54,707	440	55,147
The Company			
Assets			
Available-for-sale financial assets			
- Equity securities	6,743	-	6,743
- Others	-	440	440
	6,743	440	7,183

36. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

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

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

37. FINANCIAL INSTRUMENTS

A subsidiary of the Group had open forward foreign currency contracts, amounting to $300,000 (2008: $5,500,000) as at 31 December 2009. The fair value loss amounted to $1,000 (2008: $46,000) as at 31 December 2009.

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 at terms agreed between the parties:

(a) Sales and purchases of goods and services

	The Group	
	2009	2008
	$'000	$'000
Amount billed by Far East Organisation Group:		
- Rental expense	**(57)**	-
- Professional fees	**(31)**	(19)
Amount billed to/(by) other related parties:		
- Sales of goods and services	**300**	201
- Professional fees	**(428)**	(433)
- Sales commission and marketing fees	**(350)**	(36)
Amount billed to/(by) Sino Land Company Limited:		
- Sales of goods and services	**7**	11
- Rental expense	**(59)**	(39)
Professional fees paid/payable to Chang See Hiang & Partners	**(3)**	(104)

Sino Land Company Limited is a shareholder of the Company.

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

Other related parties comprise mainly companies which are held by the shareholders of the Company's ultimate holding company.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

39. RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel compensation

The key management personnel compensation is as follows:

	The Group	
	2009	2008
	$'000	$'000
Wages and salaries	**2,305**	2,720
Employer's contribution to defined contribution plans including Central Provident Fund	**64**	109
Other benefits	**678**	330
	3,047	3,159

Included in the above is total compensation to directors of the Company amounting to $1,077,000 (2008: $1,298,000).

40. SEGMENT INFORMATION

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

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

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 segment information to the COO.

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 current income tax recoverable, 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.

40. SEGMENT INFORMATION (continued)

The segment information provided to the COO for the reportable segments for the year ended 31 December 2009 is as follows:

	Consumer food and beverage products $'000	Property development $'000	Others $'000	Elimination $'000	The Group $'000
Year ended 31 December 2009					
Revenue					
- External sales	379,472	21,123	1,622	-	402,217
- Inter-segment sales	-	-	3,148	(3,148)	-
	379,472	21,123	4,770	(3,148)	402,217
Profit/(Loss) from operation	4,129	8,661	(35,347)	-	(22,557)
Share of results of associated companies	887	-	-	-	887
Segment result	5,016	8,661	(35,347)	-	(21,670)
Finance expense					(1,292)
Loss before income tax					(22,962)
Income tax expense					(3,034)
Net loss					**(25,996)**
Segment assets	306,322	473,357	171,099	(369,541)	581,237
Associated companies	3,014	-	-	-	3,014
Unallocated assets					5,173
Consolidated total assets					**589,424**
Segment liabilities	150,475	23,902	293,012	(384,775)	82,614
Unallocated liabilities					72,348
Consolidated total liabilities					**154,962**
Other segment items					
Additions to property, plant and equipment	7,061	-	9	-	7,070
Depreciation	9,527	-	1,069	-	10,596
Fair value gains on investment properties	(293)	-	(3,811)	-	(4,104)
Write back of allowance for foreseeable losses on development properties	-	(1,836)	-	-	(1,836)
Impairment loss on property, plant and equipment	2,493	-	2,248	-	4,741
Property, plant and equipment written off	2,744	-	-	-	2,744
Impairment of available-for-sale financial assets	-	-	40,779	-	40,779
Currency translation loss	90	-	2,344	-	2,434

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

40. **SEGMENT INFORMATION** (continued)

	Consumer food and beverage products	Property development	Others	Elimination	The Group
	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2008 (Restated*)					
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	(6,543)	553	(8,767)	-	(14,757)
Share of results of associated companies	(2,005)	-	-	-	(2,005)
Segment result	(8,548)	553	(8,767)	-	(16,762)
Finance expense					(1,921)
Loss before income tax					(18,683)
Income tax credit					13,732
Net loss					**(4,951)**
Segment assets	314,408	472,252	156,708	(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					
Additions to property, plant and equipment	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	-	-	7,138	-	7,138
Currency translation loss	1,071	-	142	-	1,213

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

40. SEGMENT INFORMATION (continued)

Geographical information

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

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

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

	Revenue		Non-current assets	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
North America	**9,572**	14,167	**11,594**	13,217
China and Hong Kong	**31,089**	36,674	**54,290**	56,589
Singapore	**135,704**	122,523	**38,342**	37,857
Malaysia	**196,812**	211,599	**76,482**	86,296
Other countries	**29,040**	29,400	**-**	-
	402,217	414,363	**180,708**	193,959

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

41. EVENTS OCCURRING AFTER BALANCE SHEET DATE

Subsequent to the financial year ended 31 December 2009, Yeo Hiap Seng Trading Sdn Bhd ("YHST"), a subsidiary of the Group, has terminated its business alliance with Allswell Trading Pte Ltd ("Allswell") for the sales and distribution of "Red Bull" products in Malaysia, effective from 1 April 2010.

The business alliance between Allswell and YHST was formed in April 2005, whereby YHST was appointed by Allswell to distribute "Red Bull" products in Malaysia through YHST's extensive distribution network.

The termination notice, which was received by YHST on 18 January 2010, was served by Allswell after the parties failed to agree on new distribution terms.

For the financial year ended 31 December 2009, the revenue and operating profits contributed by Red Bull products to Malaysia's results was $44.7 million (RM108.3 million) and $0.5 million (RM1.2 million).

The termination is not expected to have any material impact on the net assets of the Group for the financial year ending 31 December 2010.

42. 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 2010 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

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

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

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

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

43. 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 2010.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2009

44. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP

Name of company/ Country of incorporation	Principal activities	Country of business	Equity holding 2009 %	2008 %
Significant subsidiaries held by the Company				
YHS (Singapore) Pte Ltd (Singapore) (1)	Investment holding, manufacture, sale, distribution and export of beverages, sauces, canned food and provision of vending services	Singapore	**100**	100
YHS Dunearn Pte Ltd (Singapore) (1)	Property development	Singapore	**100**	100
Yeo Hiap Seng (Shanghai) Co., Ltd (People's Republic of China) (3)	Manufacture and distribution of beverages	People's Republic of China	**100**	100
Significant subsidiaries held by subsidiaries				
Yeo Hiap Seng (Guangzhou) Food & Beverages Ltd (People's Republic of China) (2)	Manufacture and distribution of beverages	People's Republic of China	**100**	100
Yeo Hiap Seng (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
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 2009

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

Name of company/ Country of incorporation	Principal activities	Country of business	Equity holding 2009 %	2008 %
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 12 March 2010

SHARE CAPITAL

Issued & Fully Paid-up Capital	:	S$218,568,491.64
Number 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	172	27.30	36,785	0.01
1,000 - 10,000	318	50.48	1,210,466	0.21
10,001 - 1,000,000	125	19.84	4,900,263	0.85
1,000,001 & above	15	2.38	567,772,925	98.93
TOTAL	630	100.00	573,920,439	100.00

TOP TWENTY SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Shares
Jelco Properties Pte Ltd	192,225,636	33.49
Far East Organisation Pte Ltd	143,192,324	24.95
HSBC (Singapore) Nominees Pte Ltd	31,089,452	5.42
Mayban Nominees (S) Pte Ltd	30,800,000	5.37
RHB Bank Nominees Pte Ltd	30,000,000	5.22
United Overseas Bank Nominees Pte Ltd	27,829,111	4.85
Bank of East Asia Nominees Pte Ltd	26,377,497	4.60
Sino Land Company Limited	24,661,978	4.30
DBS Vickers Securities (S) Pte Ltd	14,745,334	2.57
Malayan Banking Berhad	11,420,000	1.99
Raffles Nominees (Pte) Ltd	11,314,799	1.97
DBS Nominees Pte Ltd	10,409,018	1.81
Bank of China Nominees Pte Ltd	5,500,000	0.96
The Hain Celestial Group, Inc.	5,371,738	0.94
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	0.04
Estate of Chee Bay Hoon @ Albert Baron Chee Dec'd	193,691	0.03
DB Nominees (S) Pte Ltd	104,000	0.02
KB Nominees Pte Ltd	100,000	0.02
TOTAL	569,203,113	99.18

ANALYSIS OF SHAREHOLDINGS

as at 12 March 2010

SUBSTANTIAL SHAREHOLDERS

	Name of Substantial Shareholders	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 (deceased) 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 (deceased) 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 12 March 2010, 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-fourth Annual General Meeting of The Company will be held in The Auditorium, Yeo Hiap Seng Limited, 3 Senoko Way, Singapore 758057 on Monday, the 26th day of April 2010 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2009 and the reports of the Directors and Auditors thereon.

2. To approve the payment of $725,000 as Directors' fees for the financial year ended 31 December 2009. (2008: $428,317).

3. (i) To re-elect the following Directors:
   (a) Mr. Ow Tin Nyap; and
   (b) Mr. Chang See Hiang
   each of whom retires by rotation pursuant to Articles 97 and 98 of the Articles of Association of the Company.

   (ii) To re-appoint the following Directors:
   (a) Mr. Ngiam Tong Dow; and
   (b) Mr. S. Chandra Das
   each of whom is over 70 years of age, pursuant to Section 153(6) of the Companies Act, Cap. 50 to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.

4. To re-appoint PricewaterhouseCoopers LLP 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

NOTICE OF ANNUAL GENERAL MEETING

(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, 8 April 2010

NOTICE OF ANNUAL GENERAL MEETING

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) – A third Director, Mr. Philip Ng Chee Tat, retires by rotation and has decided not to seek re-election. Mr. Ng will step down from the Board and relinquish his position as the Company's Chairman and Chief Executive Officer at the conclusion of the Annual General Meeting.

Item 3(ii)(a) – Subject to his re-appointment, Mr. Ngiam Tong Dow, who is an independent Director, will continue to serve as chairman of the Audit Committee and of the Nominating Committee.

Item 3(ii)(b) – Subject to his re-appointment, Mr. S. Chandra Das, who is an independent Director, will continue to serve as chairman of the Remuneration Committee and a member on the Audit Committee, the Nominating Committee and the Executive Committee.

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 54th Annual General Meeting of the Company to be held on 26 April 2010 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 Financial Statements and Reports				
2.	Approval of Directors' Fees				
3.	(i) (a) Re-election of Mr. Ow Tin Nyap as Director				
	(b) Re-election of Mr. Chang See Hiang as Director				
	(ii) (a) Re-appointment of Mr. Ngiam Tong Dow as Director				
	(b) Re-appointment of Mr. S. Chandra Das as Director				
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 ________________ 2010.

Total Number of Shares Held	

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

IMPORTANT: PLEASE READ NOTES TO PROXY FORM

*Delete where inapplicable

Notes:

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

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

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

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

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

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

7. Where an instrument appointing a proxy 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: 65 752 2122
Fax: 65 6752 3122