



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

annual report 2011



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## CHAIRMAN'S STATEMENT

*"The Group recorded a profit after tax and non-controlling interests of \$41.2 million in 2011, up from \$26.8 million in 2010."*

### A YEAR OF IMPROVED PERFORMANCE

Dear Shareholders

For the financial year ended 31 December 2011, the Group achieved overall revenue of \$443.0 million, \$43.2 million or 10.81% increase from the previous year. Food and beverage revenue improved by \$25.1 million or 7.2% from the previous year to \$371.4 million largely due to the improved sales from YHS Malaysia and Singapore. Similarly, revenue from property development also improved by \$16.9 million or 33.1% from the previous year to \$67.9 million.

The Group recorded a profit after tax and non-controlling interests of \$41.2 million in 2011, up from \$26.8 million in 2010. Net operating cash inflows generated by the Food and Beverage Division and the Property Division were \$11.3 million and \$28.3 million respectively.

Our food and beverage business is better shielded from the perils of a turbulent economy. Consumer purchasing in this sector is generally stable, and sales of our products across most of the regions remains strong. Going forward, we will continue to sell off the remaining units in our property development and focus on our food and beverage operations.

### FOOD & BEVERAGE

Over the last two years, we were reviewing and rationalising our manufacturing facilities in China, Malaysia and Singapore. Our strategy moving forward is to retain selective bases for our product manufacturing and fully capitalise on economies of scale, our existing manpower and an effective advertising budget. To drive and amplify our success, promotional activities will be more strategic than before; and every marketing dollar will be spent where it is most needed and impactful.

In an effort to ensure that our brand stays relevant to consumers, we invested in various advertising and promotion platforms in Singapore and Malaysia which included outdoor posters, social media, school visits, new television commercials, and online marketing. The themes of recycling, nutrition and health featured prominently in our advertising and promotion.

As a reflection of our better performance in 2011, we successfully launched two new products in Singapore: Pink Dolphin Collagen Water and Sparkling H-Two-O Blackcurrant, a new variant of the Sparkling H-Two-O Original. The new H-Two-O variant proved to be a big hit and achieved overall annual sales of almost \$10 million for the H-Two-O brand.

### EXPANDING OUR FOOTPRINT GLOBALLY

Over the years, we took steps to increase our geographical presence not only within the Asian region but also in Europe and the USA, particularly of our food products. Indonesia and Indochina have been identified as key targets for growth over the next few years and significant efforts are being made towards enhancing market penetration in these markets.





## CHAIRMAN'S STATEMENT

Our subsidiary in Malaysia performed well. The YHSM Group revenue increased by 13% to RM533.0 million in 2011 compared to RM471.0 million in the previous year. The Group also achieved profit from operations of RM30.8 million in 2011, an increase of RM11.2 million or 57% growth against RM19.6 million in 2010. The increase in profit was largely attributable to increased sales and improvement in operations efficiency and cost management. Despite volatility in currencies and escalating price of raw materials, Group profit after tax was RM25.0 million against RM3.8 million achieved in the previous year.

During the year under review, the Group invested a considerable amount in advertising and promotional activities to enhance its brand leading position in the Asian still drinks category in Malaysia. A wide range of marketing activities was undertaken, including two integrated campaigns and a brand new television commercial. In the lead up to, as well as during Chinese New Year 2011, TV, radio and print advertising was launched to promote the Yeo's brand products and capitalise on the heightened purchasing pattern during this festive period. In-trade activity involved specially printed Chinese New Year carton packs and extensive in-store displays. The Malaysia marketing team continued with their School Soy Programme, covering 100 institutions in the Klang Valley area. The programme works hard to reinforce the importance of recycling to school children and uses teamwork activities to build knowledge. During the year, we introduced H-Two-O starting with East Malaysia and also introduced our H-Two-O Blackcurrant variant via a number of school programmes. Response from the trade and consumers has been very encouraging. And finally, in November, we held our second Chrysanthemum Tea week to promote related products including Chrysanthemum Tea with Lo Han Guo and Chrysanthemum Tea Light.

## OUR COMMUNITY AND ENVIRONMENT

As a Singapore League sponsor, we partnered with the Football Association of Singapore to engage professional football players to coach our youths about the sport. In association with this initiative, Yeo's, ITE and the Champions League partnered to bring underprivileged youths closer to their dreams of playing football.

We also joined forces with CARE Singapore to assist them in their fund raising efforts. Donations from the general public were encouraged by giving out bags and notebooks made from recycled Yeo's packaging as tokens of our gratitude. And in another community event, we worked hand in hand with the discount coupon operator, Groupon, encouraging their customers to donate to Club Rainbow for the benefit of children suffering from chronic and life-threatening illnesses.

The Group embarked upon a number of environment-friendly endeavours in 2011, with a focus on recycling. For the National Day Parade, we sponsored 700,000 Yeo's drink packs that featured information about how to fold our cartons for recycling. To strengthen our green message, a special Yeo's event commemorating Singapore's rich heritage showcased professionally crafted paper sculptures constructed entirely from empty Yeo's drink packs.

## OUTLOOK FOR 2012

In the next 12 months, the Group's Food & Beverage Division's margins are expected to be under pressure as a result of competitive selling prices in the markets. The Group will continue to improve on operating efficiency and production processes to enhance the profitability of the Food & Beverage Division. Barring any significant deterioration in the economy, the Group's performance is expected to be satisfactory.





H-TWO-O

EXPECT ONLY THE BEST

Be only  
the best!

## CHAIRMAN'S STATEMENT

### DIVIDEND

The Directors would like to recommend a final dividend of 1 cent per ordinary share in respect of the financial year ended 31 December 2011 to shareholders of the Company. The dividend, payable in cash, is subject to shareholders' approval at the Company's forthcoming Annual General Meeting to be held in April 2012.

### NOTE OF THANKS

I would like to express my gratitude to all our staff, who demonstrated tremendous dedication in 2011 and to our management team, who worked relentlessly to achieve the better results. For our loyal customers, I extend my appreciation for your unwavering support, which ensures that Yeo Hiap Seng will continue to deliver in the years ahead.

My personal thanks go also to our Board members, whose steadfast directorship and contributions have steered the Company to better profitability. At the Company's forthcoming Annual General Meeting, Mr. Ow Tin Nyap has decided not to seek re-election. A special thanks goes to Mr. Ow for his contributions to the Group.

Finally, I express my deepest gratitude to all our shareholders for having faith in us over these past years. These are exciting times indeed, and I look forward to your continued support as we shape our future.

Koh Boon Hwee  
Chairman  
16 March 2012

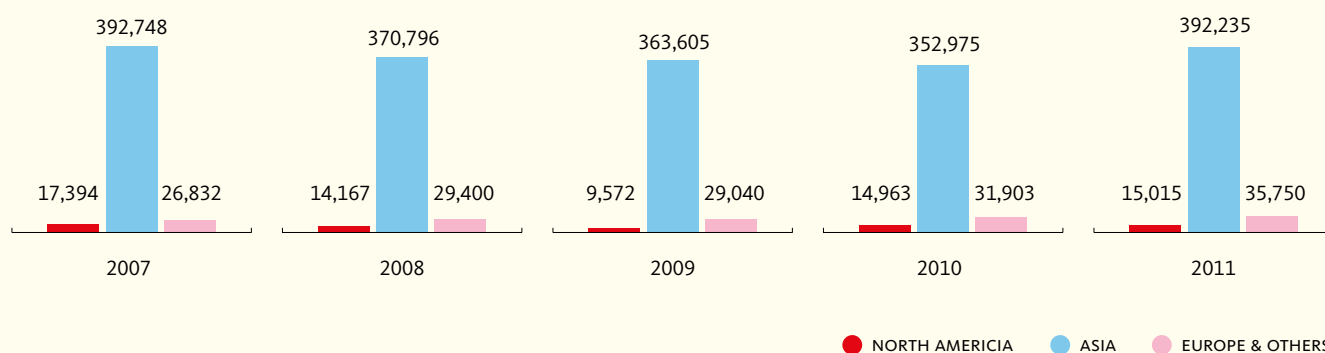
## FINANCIAL HIGHLIGHTS

## FIVE-YEARS STATISTICAL RECORD OF THE GROUP

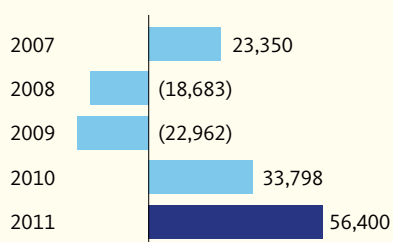
Unit: S\$'000	2007	2008	2009	2010	2011
<b>Turnover by Geographical Segments</b>					
North America	17,394	14,167	9,572	14,963	15,015
Asia	392,748	370,796	363,605	352,975	392,235
Europe and others	26,832	29,400	29,040	31,903	35,750
<b>Total Group Turnover</b>	<b>436,974</b>	<b>414,363</b>	<b>402,217</b>	<b>399,841</b>	<b>443,000</b>
Pre-tax (loss)/profit	23,350	(18,683)	(22,962)	33,798	56,400
Net tangible assets *	377,321	351,681	379,457	455,838	488,583

\* Figures do not include interests of minority shareholders

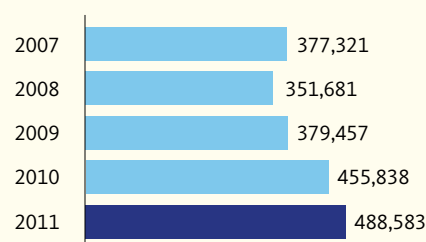
## TURNOVER BY GEOGRAPHICAL SEGMENTS



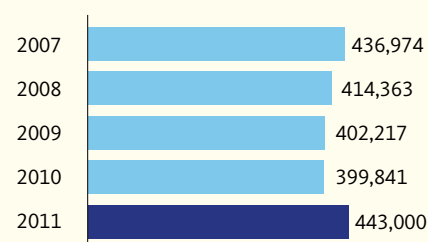
## PRE-TAX (LOSS)/PROFIT



## NET TANGIBLE ASSETS



## GROUP TURNOVER





## PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT

### Mr. Koh Boon Hwee, 61

*Chairman*

*Member of Board of Directors*

*Chairman of Executive Committee*

*Member of Remuneration Committee*

Mr. Koh Boon Hwee was first appointed non-independent, non-executive director on YHS Board on 1 January 2009 and subsequently, from 26 April 2010, he was appointed non-executive Chairman of the Board. Mr. Koh was last re-elected as a director of the Company on 28 April 2009.

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

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

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

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

### Mr. S. Chandra Das, 72

*Deputy Chairman, Lead Independent Director*

*Member of Board of Directors*

*Chairman of Remuneration Committee*

*Member of Audit Committee*

*Member of Nominating Committee*

*Member of Executive Committee*

Mr. S. Chandra Das was appointed independent director on YHS Board on 1 September 2002 and subsequently, from 1 November 2005, he was appointed as Lead Independent Director. He was last re-elected as a director of the Company on 27 April 2011.

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

Currently Mr. Das holds Directorships in various public listed companies including: Chairman & Director of Nera Telecommunications Ltd, a director of CapitaMall Trust Management Ltd, Ascott Residence Trust Management Limited, Super Group Ltd and Spice i2i Limited. He is also the Managing Director of NUR Investment & Trading Pte Ltd, Singapore's Non-Resident Ambassador to Turkey and Pro-Chancellor of Nanyang Technological University.

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

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

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

## PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT

### Mr. Tjong Yik Min, 59

*Group Chief Executive Officer*

*Member of Board of Directors*

*Member of Executive Committee*

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

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

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

### Mr. Yap Ng Seng, 55

*Deputy Chief Executive Officer*

*Member of Board of Directors*

*Member of Executive Committee*

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

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

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

### Mr. Ow Tin Nyap, 58

*Non-independent, Non-executive Director*

*Member of Board of Directors*

*Member of Executive Committee*

Mr. Ow Tin Nyap first served as a non-independent director on the YHS Board from 1 June 2005 and was subsequently re-designated as non-executive director with effect from 31 May 2010. Currently he is also a non-independent, non-executive director of Yeo Hiap Seng (Malaysia) Berhad. He was last re-elected as a director of the Company on 26 April 2010.

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

## PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT

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. Wee Kheng Jin, 57

*Non-independent, Non-executive Director*

*Member of Board of Directors*

*Member of Executive Committee*

*Member of Nominating Committee*

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

From January 2004 to July 2005, he was the Executive Director in the listed company Orchard Parade Holdings Limited.

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

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

### Mr. Chang See Hiang, 58

*Independent, Non-executive Director*

*Member of Board of Directors*

*Member of Audit Committee*

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

An Advocate and Solicitor of the Supreme Court of Singapore, he is the Senior Partner of his own law firm, Messrs. Chang See Hiang & Partners. Mr. Chang is also a Director of Jardine

Cycle & Carriage Limited, STT Communications Ltd and Parkway Pantai Limited. Mr. Chang was appointed as Member of the Casino Regulatory Authority of Singapore Board on 2 April 2011.

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

### Mr. Chin Yoke Choong, 60

*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, AV Jennings Limited, Ho Bee Investment 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 Fellow of the Institute of Certified Public Accountants of Singapore.



## PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT

### Mr. Irwin David Simon, 53

*Independent, Non-executive Director*

*Member of Board of Directors*

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

Mr. Simon is the founder of The Hain Celestial Group, Inc and has been their Chairman, 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, 74

*Independent, Non-executive Director*

*Member of Board of Directors*

*Chairman of Audit Committee*

*Chairman of Nominating Committee*

Mr. Ngiam Tong Dow has served as an independent, non-executive director on the YHS Board from 18 February 2002. He was last re-elected as a director of the Company on 27 April 2011.

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

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

### Dr. Tan Chin Nam, 61

*Independent, Non-executive Director*

*Member of Board of Directors*

*Member of Remuneration Committee*

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

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

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 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 its formation in 2003 until 2010.

Dr. Tan was Singapore's Governor to the Asia-Europe Foundation. He is Chairman of the Resource and Advisory Panel for one-north and a member of the Board of Trustees of Bankinter's Foundation for Innovation.

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

## REPORT ON CORPORATE GOVERNANCE

16 March 2012

The Company is committed to maintaining high standards of corporate governance within the Group in order to protect and enhance long-term shareholder value. The Company 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 2011, with specific references to the principles 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 16 March 2012 comprises:

Mr. Koh Boon Hwee	Chairman
Mr. S. Chandra Das	Deputy Chairman & Lead Independent Director
Mr. Tjong Yik Min	Group Chief Executive Officer
Mr. Yap Ng Seng	Deputy Chief Executive Officer
Mr. Ow Tin Nyap	Non-executive Director
Mr. Wee Kheng Jin	Non-executive Director
Mr. Chang See Hiang	Independent, Non-executive Director
Mr. Chin Yoke Choong	Independent, Non-executive Director
Mr. Irwin David Simon	Independent, Non-executive Director
Mr. Ngiam Tong Dow	Independent, Non-executive Director
Dr. Tan Chin Nam	Independent, Non-executive Director

A description of the background of each director is provided in the "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.*

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

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

- i. providing entrepreneurial leadership, setting strategic aims, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
- ii. monitoring and approving the Group's 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

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, with gross value exceeding S\$2 million. Other matters, which are specifically referred to the Board for approval, are those involving bank borrowings, provision of corporate guarantees or securities, material acquisitions or disposal of assets, 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 2011	Board			Audit			Nominating			Remuneration		
	A	B	C	A	B	C	A	B	C	A	B	C
<b>Executive Director</b>												
Tjong Yik Min	M	6	6	-	-	-	-	-	-	-	-	-
Yap Ng Seng	M	6	6	-	-	-	-	-	-	-	-	-
<b>Non-executive Director</b>												
Koh Boon Hwee	C	6	6	-	-	-	-	-	-	M	2	2
S. Chandra Das	DC	6	6	M	5	5	M	1	1	C	2	2
Ow Tin Nyap	M	6	6	-	-	-	-	-	-	-	-	-
Wee Kheng Jin	M	6	6	-	-	-	M	1	1	-	-	-
Chang See Hiang	M	6	6	M	5	5	-	-	-	-	-	-
Chin Yoke Choong	M	6	6	M	5	5	-	-	-	M	2	2
Irwin David Simon	M	6	3	-	-	-	-	-	-	-	-	-
Ngiam Tong Dow	M	6	5	C	5	5	C	1	1	-	-	-
Tan Chin Nam	M	6	5	-	-	-	-	-	-	M	2	2

Annotations:

- A : Position held as at 16 March 2012 either as Chairman (C), Deputy Chairman (DC) or Member (M)
- B : Number of meetings held during the financial year/period from 1 January 2011 (or date of appointment, where applicable) to 31 December 2011
- C : Number of meetings attended during the financial year/period from 1 January 2011 (or date of appointment, where applicable) to 31 December 2011

A formal letter of appointment is provided to a new director upon his appointment, setting out the director’s duties and obligations. Newly appointed directors are briefed on the Group’s businesses and 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 the Company. The company secretary will bring to the directors’ attention, information on seminars that may be of relevance or use to them.



## REPORT ON CORPORATE GOVERNANCE

*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 dominates the Board's decision making process;
- ii. the current Board size is adequate for the Group's present operations; and
- iii. the current Board comprises 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.*

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

The Board is of the view that the Company has effective independent non-executive directors to provide balance within the workings of the Board and oversight for minority shareholders' interests. In addition, Mr. S. Chandra Das acts as the lead independent non-executive director. Shareholders with concerns may contact him directly, when contact through the normal channels via the Chairman or other management personnel has failed to provide satisfactory resolution, or when such contact is inappropriate.

*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.

## REPORT ON CORPORATE GOVERNANCE

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. Wee Kheng Jin. Mr. Ngiam Tong Dow (Chairman of NC) and Mr. S. Chandra Das are independent directors. The principal roles of the NC are:

- i. 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 does not recommend any change to the Company's AA. In addition, Directors of 70 years of age and above are required by law to stand for re-election every year at the AGM.

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

## REPORT ON CORPORATE GOVERNANCE

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

## 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 (Chairman of AC), Mr. S. Chandra Das, Mr. Chang See Hiang and Mr. Chin Yoke Choong. All four members are independent directors. The NC is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions.

The AC performs the following main functions:

- i. reviewing with the independent auditor their audit plan, 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.

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



## REPORT ON CORPORATE GOVERNANCE

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 is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board the nomination of the independent auditor for re-appointment. The AC has conducted an annual review of all non-audit services provided by the independent auditor and is satisfied that the nature and extent of such services do not affect the independence of the independent auditor.

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

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

## REMUNERATION COMMITTEE

- |                     |  |
|---------------------|--|
| <i>Principle 7:</i> | <i>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.</i>   |
| <i>Principle 8:</i> | <i>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.</i> |

## REPORT ON CORPORATE GOVERNANCE

*Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.*

The Remuneration Committee ("RC") comprises 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;
- iii. reviewing executive directors' and senior management's remuneration packages annually and determining appropriate adjustments; and
- iv. approving share incentives and share ownership for staff.

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. Currently, the remuneration of an executive director includes a fixed salary and contractual bonus. The same executive director has dual employment contract with the controlling shareholder or its related company.

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 attendance fee for participation in meetings of the Board and any of the committees. In determining the quantum of such fees, factors such as frequency of meetings, time spent, responsibilities of directors, and the need to be competitive in order to attract, motivate and retain these directors are taken into account. The Chairman and members of the AC receive additional fees to take into account the nature of their responsibilities and the greater frequency of meetings. The aggregate fees are subject to the approval of the shareholders 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 has put into place a long-term share-based incentive plan (the YHS Share Incentive Plan) as part of its continuing efforts to reward, retain and motivate employees. This plan will be administered by the RC.

## REPORT ON CORPORATE GOVERNANCE

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

A breakdown, showing the level and mix of directors' remuneration for the financial year 2011 is as follows:

Directors' Remuneration	Remuneration Band \$	Fee <sup>(1)</sup> %	Fixed Salary <sup>(2)</sup> %	Variable Bonus <sup>(3)</sup> %	Benefits- in-kind & Others <sup>(4)</sup> %
Mr. Koh Boon Hwee	\$250,000 to \$499,999	100%	-	-	-
Mr. S. Chandra Das	Below \$250,000	100%	-	-	-
Mr. Tjong Yik Min	\$1,000,000 to \$1,249,999	-	60.93%	31.22%	7.85%
Mr. Yap Ng Seng	\$750,000 to \$999,999	-	87.60%	4.97%	7.43%
Mr. Ow Tin Nyap	Below \$250,000	100%	-	-	-
Mr. Wee Kheng Jin	Below \$250,000	100%	-	-	-
Mr. Chang See Hiang	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%	-	-	-

Annotations:

- (1) The fee as shown is on a paid basis, and relates to services rendered in respect of the previous financial year ended 31 December 2010.
- (2) Fixed salary is inclusive of annual wage supplement and contractual bonuses.
- (3) Variable bonus is on a paid basis and refers to cash bonuses awarded for performance in respect of the previous financial year ended 31 December 2010.
- (4) Benefits-in-kind & Others is inclusive of payments in respect of company statutory contributions to the Singapore Central Provident Fund and Malaysia Employees Provident Fund (where applicable).

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	Vice President, Europe	\$500,000 to \$749,999
Mr. Quek Cham Leong	Chief Executive Officer, USA	\$250,000 to \$499,999

There are no employees of the Group who are the immediate family members of any of the directors or the Group Chief Executive Officer and whose remuneration exceeds \$150,000 in the last financial year.



## REPORT ON CORPORATE GOVERNANCE

### EXECUTIVE COMMITTEE

The Executive Committee comprises six members, namely Mr. Koh Boon Hwee (Chairman), Mr. S. Chandra Das, Mr. Tjong Yik Min, Mr. Yap Ng Seng, Mr. Ow Tin Nyap and Mr. Wee Kheng Jin. 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 three meetings during the financial year.

### COMMUNICATION WITH SHAREHOLDERS

<i>Principle 10:</i>	<i>The Board should present a balanced and understandable assessment of the company's performance, position and prospects.</i>
<i>Principle 14:</i>	<i>Companies should engage in regular, effective and fair communication with shareholders.</i>
<i>Principle 15:</i>	<i>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.</i>

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](http://www.yeos.com.sg). The Company does not practise selective disclosure. Price sensitive information is first publicly released before the Company meets with any group of investors or analysts. With effect from financial year 2003, the Company adopted quarterly reporting to shareholders. Financial results and other price sensitive public announcements are presented by the Company through a balanced and understandable assessment of the Group's performance, position and prospects. 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 AND 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 findings to the AC to provide checks and balances. As part of the annual statutory audit of the financial statements, the independent auditor also reports to the AC and management on internal controls which have come to their attention during the course of the audit.

## REPORT ON CORPORATE GOVERNANCE

The Board is of the opinion that the Group's internal controls, including financial, operational and compliance controls, and risk management systems are adequate. The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The identification and management of financial risks are outlined on pages 82 to 92 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 which oversees and monitors product integrity and manufacturing processes across the Group;
- ii. risk of over-stocking and potential write-offs should there be a sudden change in market condition. The management constantly monitors production, inventory holding and sales to reduce the risk of over-stocking;
- iii. risk of ineffective advertising & promotion and selling expenses being incurred which does not generate the expected sales returns. The management constantly monitors major advertising & promotion programmes and sets key performance indicators to monitor spending against the sales returns;
- iv. change in operational conditions including fluctuation in raw material prices and labour issues that affect the cost of doing business. To avoid over-dependence on any one supplier and service provider, the Group has a policy to have more than one supplier where practicable. The Group will monitor and judiciously lock in raw material prices where appropriate and possible in order to contain raw material cost;
- v. risk of disruptions to supplies, brand equity and cash flow arising from the rationalisation and relocation of factories within the Group. The Group sets up dedicated task force to plan, monitor and track the implementation of all such projects. Where necessary, the Group will engage third-party professional advisors to support project team members; and
- vi. loss of capacity and hence revenue due to force majeure. The Group regularly reviews its various insurance policies to ensure adequate coverage.

## CODE OF BUSINESS ETHICS

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

## DEALINGS IN SECURITIES

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

## REPORT ON CORPORATE GOVERNANCE

### MATERIAL CONTRACTS

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

### INTERESTED PERSON TRANSACTIONS

Interested person transactions carried out during the financial year which fall under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	
	2011 \$'000	2010 \$'000
<u>Related parties privately held by the shareholders of the Company's ultimate holding company</u> Project management, sales, marketing & administrative expenses paid/payable	398	471
Professional fees paid/payable	340	447
Sale of goods and services	287	295
<u>Sino Land Company Limited Group, a shareholder of the Company</u> Operating lease expense paid/payable	117	-
<u>Orchard Parade Holdings Limited, a substantial shareholder of the Company</u> Rental expense paid/payable	155	-

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

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Koh Boon Hwee  
Chairman

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

Mr. Tjong Yik Min  
Group Chief Executive Officer

Mr. Yap Ng Seng  
Deputy Chief Executive Officer

Mr. Ow Tin Nyap  
Non-executive Director

Mr. Wee Kheng Jin  
Non-executive Director

Mr. Chang See Hiang  
Independent & Non-executive Director

Mr. Chin Yoke Choong  
Independent & Non-executive Director

Mr. Irwin David Simon  
Independent & Non-executive Director

Mr. Ngiam Tong Dow  
Independent & Non-executive Director

Dr. Tan Chin Nam  
Independent & Non-executive Director

### COMPANY SECRETARY

Ms. Joanne Lim Swee Lee

### AUDIT COMMITTEE

Mr. Ngiam Tong Dow  
Chairman

Mr. S. Chandra Das  
Member

Mr. Chang See Hiang  
Member

Mr. Chin Yoke Choong  
Member

### NOMINATING COMMITTEE

Mr. Ngiam Tong Dow  
Chairman

Mr. S. Chandra Das  
Member

Mr. Wee Kheng Jin  
Member

### REMUNERATION COMMITTEE

Mr. S. Chandra Das  
Chairman

Mr. Chin Yoke Choong  
Member

Mr. Koh Boon Hwee  
Member

Dr. Tan Chin Nam  
Member

### EXECUTIVE COMMITTEE

Mr. Koh Boon Hwee  
Chairman

Mr. S. Chandra Das  
Member

Mr. Tjong Yik Min  
Member

Mr. Yap Ng Seng  
Member

Mr. Ow Tin Nyap  
Member

Mr. Wee Kheng Jin  
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. Chua Kim Chiu  
Appointment : 2010



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## DIRECTORS' REPORT

For the financial year ended 31 December 2011

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2011 and the balance sheet of the Company as at 31 December 2011.

### DIRECTORS

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

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

### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed under the "YHS Share Incentive Plan" section of this Report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares 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 31.12.2011	At 1.1.2011	At 31.12.2011	At 1.1.2011
<b>Yeo Hiap Seng (Malaysia) Berhad</b> <u>(Ordinary shares of RM1.00 each)</u>				
Ow Tin Nyap	18,000	18,000	24,000	24,000

- (b) The directors' interests in the share capital of the Company as at 21 January 2012 were the same as those as at 31 December 2011.

## DIRECTORS' REPORT

For the financial year ended 31 December 2011

### DIRECTORS' CONTRACTUAL BENEFITS

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

### SHARE INCENTIVE PLAN

#### *YHS Share Incentive Plan*

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

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

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

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

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

A grant of awards was made pursuant to the Plan on 21 March 2011 during the financial year ended 31 December 2011. The fair value per award is based on the market price per share at grant date and the shares shall be issued in three equal tranches over a three-year period.

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

## DIRECTORS' REPORT

For the financial year ended 31 December 2011

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

Number of ordinary shares under award	2011	2010
Beginning of financial year	-	-
Granted during the year	621,000	-
Forfeited during the year	(15,000)	-
End of financial year	606,000	-
Fair value per award based on market price per share at grant date	\$1.47	-

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

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

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

## 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 adequacy of the Group's internal accounting control system and its internal control procedures relating to interested person transactions;
- (ii) the compliance with legal and other regulatory requirements;
- (iii) the adequacy and effectiveness of the Group's internal audit function at least annually, including the adequacy of internal audit resources and its appropriate standing within the Group, as well as the scope and results of the internal audit procedures;
- (iv) the co-operation given by the Company's management and officers to the independent auditor;
- (v) the review of independent auditor's audit plan, audit report and any recommendations on internal accounting controls arising from the statutory audit; and
- (vi) any other matter which in the Audit Committee's opinion, should be brought to the attention of the Board.

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



**DIRECTORS' REPORT**

For the financial year ended 31 December 2011

**INDEPENDENT AUDITOR**

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

On behalf of the directors

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TJONG YIK MIN  
Director

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YAP NG SENG  
Director

16 March 2012

## STATEMENT BY DIRECTORS

For the financial year ended 31 December 2011

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 31 to 99 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 2011 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

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TJONG YIK MIN  
Director

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YAP NG SENG  
Director

16 March 2012

## INDEPENDENT AUDITOR'S REPORT

To the members of Yeo Hiap Seng Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Yeo Hiap Seng Limited (the "Company") and its subsidiaries (the "Group") set out on pages 31 to 99, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

### Report on Other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP  
Public Accountants and Certified Public Accountants

Singapore, 16 March 2012

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 December 2011

		<u>The Group</u>	
	Note	2011 \$'000	2010 \$'000
Revenue	4	443,000	399,841
Cost of sales		(275,978)	(251,672)
Gross profit		167,022	148,169
Other income	5	2,153	2,183
Other gains/(losses) - net	6	12,118	(424)
Expenses			
- Marketing and distribution		(101,084)	(91,976)
- Administrative		(24,483)	(23,844)
- Finance	9	(197)	(649)
Share of profit of associated companies		871	339
Profit before income tax		56,400	33,798
Income tax expense	10	(11,229)	(6,902)
<b>Net profit</b>		<b>45,171</b>	<b>26,896</b>
<b>Other comprehensive (losses)/income:</b>			
Financial assets, available-for-sale			
- Fair value (losses)/gains		(4,576)	54,199
Currency translation differences arising from consolidation		(3,525)	1,231
Foreign currency translation reserve transferred to profit or loss upon liquidation of subsidiaries		(2,182)	(1,652)
Reduction in property revaluation reserve arising from impairment of properties		-	(2,741)
<b>Other comprehensive (losses)/income, net of tax</b>	10	<b>(10,283)</b>	<b>51,037</b>
<b>Total comprehensive income</b>		<b>34,888</b>	<b>77,933</b>
<b>Net profit attributable to:</b>			
Equity holders of the Company		41,191	26,840
Non-controlling interests		3,980	56
		<b>45,171</b>	<b>26,896</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		32,217	76,398
Non-controlling interests		2,671	1,535
		<b>34,888</b>	<b>77,933</b>
<b>Earnings per share attributable to equity holders of the Company</b> <b>(expressed in cents per share)</b>			
- Basic	11	7.18	4.68
- Diluted	11	7.17	4.68

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



**BALANCE SHEETS**

As at 31 December 2011

	Note	The Group		The Company	
		2011	2010	2011	2010
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	12	107,059	100,634	2,053	7,171
Financial assets, at fair value through profit or loss	13	13,106	20,429	-	-
Trade and other receivables	14	73,752	64,822	14,252	14,888
Inventories	15	54,737	46,886	-	-
Development properties	16	118,564	117,432	-	-
Current income tax recoverable	10	879	604	-	-
Other current assets	17	5,099	3,105	82	60
		<b>373,196</b>	<b>353,912</b>	<b>16,387</b>	<b>22,119</b>
<b>Non-current assets</b>					
Financial assets, available-for-sale	18	102,723	108,548	8,814	8,568
Loans to subsidiaries	19	-	-	21,814	21,868
Investments in associated companies	20	4,235	3,204	-	-
Investments in subsidiaries	21	-	-	301,978	398,227
Investment properties	22	63,684	56,555	45,631	33,000
Property, plant and equipment	23	126,443	109,420	70	11
Intangible assets	24	-	17	-	-
Deferred income tax assets	25	1,379	1,381	-	-
		<b>298,464</b>	<b>279,125</b>	<b>378,307</b>	<b>461,674</b>
<b>Total assets</b>		<b>671,660</b>	<b>633,037</b>	<b>394,694</b>	<b>483,793</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	26	86,372	71,178	69,788	263,006
Current income tax liabilities	10	3,088	2,822	404	320
Borrowings	27	10,808	26,857	5,000	13,000
Provisions for other liabilities and charges	28	-	-	-	-
		<b>100,268</b>	<b>100,857</b>	<b>75,192</b>	<b>276,326</b>
<b>Non-current liabilities</b>					
Loans from subsidiaries		-	-	-	13,724
Provisions for other liabilities and charges	28	2,239	2,237	-	-
Deferred income tax liabilities	25	25,598	19,615	1,416	238
Other non-current liabilities		33	34	-	-
		<b>27,870</b>	<b>21,886</b>	<b>1,416</b>	<b>13,962</b>
<b>Total liabilities</b>		<b>128,138</b>	<b>122,743</b>	<b>76,608</b>	<b>290,288</b>
<b>NET ASSETS</b>		<b>543,522</b>	<b>510,294</b>	<b>318,086</b>	<b>193,505</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	29	218,568	218,568	218,568	218,568
Capital reserves	30	6,066	6,066	-	-
Other reserves	31	96,832	119,298	4,859	3,690
Retained profits/(Accumulated losses)		167,117	111,923	94,659	(28,753)
		<b>488,583</b>	<b>455,855</b>	<b>318,086</b>	<b>193,505</b>
<b>Non-controlling interests</b>		<b>54,939</b>	<b>54,439</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>543,522</b>	<b>510,294</b>	<b>318,086</b>	<b>193,505</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the financial year ended 31 December 2011

	Attributable to equity holders of the Company										
	Share capital	Capital reserves	Property revaluation reserve	Fair value reserve	Foreign currency translation reserve	General reserve	Share-based payment reserve	Retained profits	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2011</b>											
<b>Beginning of financial year</b>	<b>218,568</b>	<b>6,066</b>	<b>84,241</b>	<b>66,586</b>	<b>(32,649)</b>	<b>1,120</b>	<b>-</b>	<b>111,923</b>	<b>455,855</b>	<b>54,439</b>	<b>510,294</b>
Effect of treasury shares in a subsidiary acquired from non-controlling interests	-	-	-	-	-	-	-	-	-	(2)	(2)
Dividends paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	(2,169)	(2,169)
Employee share-based compensation scheme-value of employee services	-	-	-	-	-	-	511	-	511	-	511
Transfer to retained profits on realisation	-	-	(14,003)	-	-	-	-	14,003	-	-	-
Total comprehensive income for the year	-	-	-	(4,948)	(4,026)	-	-	41,191	32,217	2,671	34,888
<b>End of financial year</b>	<b>218,568</b>	<b>6,066</b>	<b>70,238</b>	<b>61,638</b>	<b>(36,675)</b>	<b>1,120</b>	<b>511</b>	<b>167,117</b>	<b>488,583</b>	<b>54,939</b>	<b>543,522</b>

	Attributable to equity holders of the Company									
	Share capital	Capital reserves	Property revaluation reserve	Fair value reserve	Foreign currency translation reserve	General reserve	Retained profits	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2010										
Beginning of financial year	218,568	10,145	96,087	13,195	(30,485)	1,120	70,827	379,457	55,005	434,462
Effect of treasury shares in a subsidiary acquired from non-controlling interests	-	-	-	-	-	-	-	-	(1)	(1)
Dividends paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	(2,100)	(2,100)
Transfer to retained profits on realisation	-	(4,079)	(10,182)	-	5	-	14,256	-	-	-
Total comprehensive income for the year	-	-	(1,664)	53,391	(2,169)	-	26,840	76,398	1,535	77,933
End of financial year	218,568	6,066	84,241	66,586	(32,649)	1,120	111,923	455,855	54,439	510,294

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the financial year ended 31 December 2011

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Net profit	45,171	26,896
Adjustments for:		
- Income tax expense	11,229	6,902
- Depreciation of property, plant and equipment	8,170	9,546
- Dividend income from financial assets, available-for-sale	(3,720)	(2,573)
- Employee share-based payment expense	511	-
- Unrealised currency translation differences	(1,817)	2,996
- Property, plant and equipment written-off	17	59
- Fair value gains on investment properties - net	(7,978)	(3,375)
- Gain on disposal of property, plant and equipment	(512)	(90)
- Gain on liquidation of subsidiaries	(2,182)	(1,526)
- Write-off of intangible assets	17	-
- Impairment loss on financial assets, available-for-sale	1,049	965
- Fair value gains on financial assets, at fair value through profit or loss	(1,044)	(220)
- Interest expense	197	649
- Interest income	(148)	(500)
- Write-back of allowance for foreseeable losses on development properties	(1,987)	(2,700)
- Provision for retirement benefits	292	64
- Write-back of provision for restructuring costs	-	(143)
- Impairment loss on property, plant and equipment	753	6,097
- Write-back of loan from an associated company	(1,155)	-
- Share of profit of associated companies	(871)	(339)
	45,992	42,708
Change in working capital		
- Trade and other receivables	(8,930)	10,983
- Inventories	(7,851)	1,926
- Development properties	855	12,573
- Other current assets	(1,572)	41
- Trade and other payables	16,423	(9,898)
Cash generated from operations	44,917	58,333
Income tax (paid)/refunded	(5,059)	184
Restructuring costs paid	-	(17)
Retirement benefits paid	(226)	(412)
<b>Net cash provided by operating activities</b>	<b>39,632</b>	<b>58,088</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the financial year ended 31 December 2011

Note	The Group	
	2011 \$'000	2010 \$'000
<b>Cash flows from investing activities</b>		
Dividends received from financial assets, available-for-sale	3,720	2,573
Proceeds from disposal of property, plant and equipment	540	210
Proceeds from disposal of unquoted financial assets, available-for-sale	-	13
Proceeds from disposal of financial assets, at fair value through profit or loss	38,423	10,105
Renovation of investment property	-	(99)
Additions of intangible assets	-	(17)
Purchases of property, plant and equipment	(26,757)	(6,404)
Purchases of financial assets, available-for-sale	(35)	(38)
Purchases of financial assets, at fair value through profit or loss	(30,656)	(30,316)
Interest received	148	500
<b>Net cash used in investing activities</b>	<b>(14,617)</b>	<b>(23,473)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to non-controlling shareholders of a subsidiary	(2,169)	(2,100)
Purchases of treasury shares in a subsidiary from non-controlling interests	(2)	(1)
Interest paid	(186)	(625)
Withdrawal of a fixed deposit pledged for borrowings	6,718	-
Placement of a fixed deposit as security for borrowings	-	(7)
Repayments of borrowings	(19,000)	(30,000)
Proceeds from borrowings	3,000	6,000
<b>Net cash used in financing activities</b>	<b>(11,639)</b>	<b>(26,733)</b>
<b>Net increase in cash and cash equivalents</b>	<b>13,376</b>	<b>7,882</b>
Cash and cash equivalents at beginning of financial year	93,683	85,801
<b>Cash and cash equivalents at end of financial year</b>	<b>107,059</b>	<b>93,683</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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

### 1. GENERAL INFORMATION

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

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

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

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

#### *Interpretations and amendments to published standards effective in 2011*

On 1 January 2011, 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 adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

#### 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.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Revenue recognition (continued)

##### (c) *Royalty, management fees and interest income*

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

Management fees are recognised as the services are performed.

Interest income is recognised on a time-proportion basis using the effective interest method.

##### (d) *Dividend income*

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

##### (e) *Rental income*

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

#### 2.3 Group accounting

##### (a) *Subsidiaries*

##### (i) *Consolidation*

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

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

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

##### (ii) *Acquisition of business*

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.3 Group accounting (continued)

##### (a) Subsidiaries (continued)

##### (ii) Acquisition of business (continued)

Acquisition-related costs are expensed as incurred.

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

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

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

##### (iii) Disposal of subsidiaries or business

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

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

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

##### (b) Transactions with non-controlling interests

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

##### (c) Associated companies

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

##### (i) Acquisitions

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.3 Group accounting (continued)

##### (c) Associated companies (continued)

##### (ii) Equity method of accounting

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

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

##### (iii) Disposals

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

Gains and losses arising from partial disposals or dilutions in investments in associated companies are recognised in profit or loss.

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

#### 2.4 Property, plant and equipment

##### (a) Measurement

##### (i) Land and buildings

Land and buildings are initially recognised at cost.

Freehold land is subsequently carried at revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at revalued amounts less accumulated depreciation and accumulated impairment losses.

Fair values of land and buildings are determined by independent professional valuers every five years and whenever their carrying amounts are likely to differ materially from their revalued amounts. When 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.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.4 Property, plant and equipment (continued)

##### (a) *Measurement (continued)*

##### (ii) *Other property, plant and equipment*

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

##### (iii) *Components of costs*

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

##### (b) *Depreciation*

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

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

	<u>Useful lives</u>
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 disposal proceeds and its carrying amount is recognised in profit or loss within 'Other gains/(losses) - net'. Any amount in property revaluation reserve relating to that asset is transferred to retained profits directly.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.5 Development properties

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

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

Revenue and cost on development properties that have been sold are recognised using the percentage of completion method. The stage of completion is measured by reference to the physical surveys of construction work completed. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

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

#### 2.6 Investment properties

Investment properties of the Group are land and buildings held for long-term rental yields and/or for capital appreciation.

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

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

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

#### 2.7 Goodwill

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

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

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

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

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

#### 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 profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 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 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 investment of these borrowings, are capitalised in the cost of the properties under development.

#### 2.10 Impairment of non-financial assets

##### (a) *Goodwill*

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

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

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

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

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

##### (b) *Intangible assets*

*Property, plant and equipment*

*Investments in subsidiaries and associated companies*

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

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash 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 on property, plant and equipment.

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



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.10 Impairment of non-financial assets (continued)

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

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

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

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

- (ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those 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.

- (iii) *Financial assets, available-for-sale*

Financial assets, available-for-sale 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*

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.11 Financial assets (continued)

##### (c) Initial measurement

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

##### (d) Subsequent measurement

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

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

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

##### (e) Impairment

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

##### (i) Loans and receivables

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

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

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

##### (ii) Financial assets, available-for-sale

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Intra-group transactions are eliminated on consolidation.

#### 2.13 Trade and other payables

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

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

#### 2.14 Borrowings

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

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

#### 2.15 Fair value estimation

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.16 Leases

##### (a) *Finance leases*

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

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

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

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

##### (b) *Operating leases*

###### (i) *When the Group is the lessee*

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

###### (ii) *When the Group is the lessor*

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

#### 2.17 Inventories

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

#### 2.18 Income taxes

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 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 tax arising from a business combination is adjusted against goodwill on acquisition.

#### 2.19 Provisions

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

##### *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 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

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

##### *(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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) *Defined benefit plan*

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 profit or loss over the average remaining service lives of the related employees participating in the defined benefit plan.

#### (c) *Share-based compensation*

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

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

#### (d) *Termination benefits*

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

### 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.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.21 Currency translation (continued)

##### (b) Transactions and balances

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

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

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

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

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

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

- (i) Assets and liabilities are translated at the closing exchange rate at the reporting date;
- (ii) Income and expenses are translated at average exchange 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 other comprehensive income and accumulated in the foreign currency translation reserve.

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

#### 2.22 Segment reporting

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

#### 2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risks of change in value, and less deposits pledged as security for bank borrowings.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.24 Share capital

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

#### 2.25 Dividend to Company's shareholders

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

#### 2.26 Non-current assets held-for-sale

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

#### 2.27 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are deducted in reporting the related expense over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

### 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

#### (a) *Income taxes*

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

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

The Group reviews its financial assets, available-for-sale for objective evidence of impairment at least quarterly. Significant or prolonged decline in the fair value of the financial assets, available-for-sale 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 2011

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

#### (c) Impairment of non-financial assets

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

During the financial year, there are indicators of impairment of the Group's property, plant and equipment in Malaysia (2010: Malaysia and China) CGUs and the property, plant and equipment of these CGUs are impaired to their recoverable amounts.

The recoverable amounts of these property, plant and equipment relating to the CGUs have been determined based on the higher of fair value less cost to sell determined by independent professional valuers and value-in-use calculations.

#### Impairment loss on property, plant and equipment of identified CGUs

	The Group	
	2011	2010
	\$'000	\$'000
Impairment loss determined based on value-in-use calculations (Note 3(c)(i))	753	4,655
Impairment loss determined based on fair value less cost to sell (Note 3(c)(ii))	-	1,442
	<b>753</b>	<b>6,097</b>

#### (i) CGUs impaired based on value-in-use calculations

In the preceding financial year ended 31 December 2010, as part of the plant rationalisation exercise, Malaysia subsidiary recorded an impairment on the affected plants and building amounting to \$4,655,000. The key assumptions used in the value-in-use calculations for the identified CGUs were budgeted gross margins which were based on past performance and management's expectations of market development and pre-tax discount rate of 9.7% which was reflective of the specific risks relating to the CGUs.

During the financial year ended 31 December 2011, management made a re-assessment of impairment and recorded a further impairment charge of \$753,000 due to the following:

- The Group decided to discontinue the use of one of its equipment within the next 12 months as part of its plant rationalisation exercise and therefore recorded an impairment loss of \$293,000 based on the recoverable amount of the equipment; and
- The Group demolished a building in order to expand factory space and recorded an impairment loss of \$460,000 on the building.

Apart from the above, the plant rationalisation exercise has remained unchanged.

#### (ii) CGUs impaired based on fair value less cost to sell

In the preceding financial year ended 31 December 2010, management performed an impairment assessment of the affected machinery and equipment used in the various production lines in the factory and an impairment loss of \$1,442,000 was recognised based on the fair value less cost to sell determined by independent professional valuers.

During the financial year, management has assessed that there is no further indicator of impairment considering that there is no material change to the relocation plan and the basis on which the production lines were being valued in the financial year ended 31 December 2010.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 4. REVENUE

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
Sale of goods	371,413	346,293
Sale of development properties	67,855	50,958
Royalty fees	12	17
Dividend income from financial assets, available-for-sale	3,720	2,573
	<b>443,000</b>	<b>399,841</b>

### 5. OTHER INCOME

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
Interest income	148	500
Rental income	2,005	1,683
	<b>2,153</b>	<b>2,183</b>

### 6. OTHER GAINS/(LOSSES) - NET

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
Fair value gains on investment properties - net (Note 22)	7,978	3,375
Gain on disposal of property, plant and equipment	512	90
Write-back of loan from an associated company	1,155	-
Gain on liquidation of subsidiaries	2,182	1,526
Write-back of allowance for foreseeable losses on development properties (Note 16(b))	1,987	2,700
Net currency translation loss	(904)	(4,186)
Impairment loss on property, plant and equipment (Note 23)	(753)	(6,097)
Property, plant and equipment written-off	(17)	(59)
Impairment loss on financial assets, available-for-sale (Note 18)	(1,049)	(965)
Fair value gains on financial assets, at fair value through profit or loss	1,044	220
Write-back of provision for restructuring costs (Note 28(a))	-	143
Other miscellaneous (losses)/income	(17)	2,829
	<b>12,118</b>	<b>(424)</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 7. EXPENSES BY NATURE

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
Auditors' remuneration paid/payable to		
- Auditor of the Company	316	308
- Other auditors*	361	351
Other fees paid/payable to		
- Auditor of the Company	46	21
- Other auditors*	116	95
Depreciation of property, plant and equipment (Note 23)	8,170	9,546
Write-down of inventories - net	1,249	2,925
Impairment of trade receivables (Note 36(b)(ii))	7	802
(Write-back)/Write-off of bad debts	(27)	202
Employee compensation (Note 8)	48,653	45,474
Cost of raw materials and trading goods recognised as expenses (included in cost of sales)	188,427	177,167
Cost of development properties recognised as expenses (included in cost of sales)	41,540	31,218
Advertising and promotion expenses	38,388	33,371
Transportation expense	19,796	15,153
Rental expense on operating leases	4,650	4,549
Utilities	11,891	10,027
Repairs and maintenance	6,728	6,300
Other expenses	31,234	29,983
Total cost of sales, marketing and distribution costs and administrative expenses	401,545	367,492

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

### 8. EMPLOYEE COMPENSATION

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
Wages and salaries	38,158	36,528
Employer's contribution to defined contribution plans including Central Provident Fund	4,122	4,481
Less: Government grant - Jobs Credit Scheme	-	(154)
Share-based payment expense (Note 31(b)(v))	511	-
Retirement benefits costs	292	64
Termination benefits	424	377
Other benefits	5,146	4,178
	48,653	45,474

The Jobs Credit Scheme is a cash grant introduced by the Government in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The amount an employer received depended on the fulfilment of certain conditions under the Scheme. The Scheme ended with a final payment in June 2010.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 9. FINANCE EXPENSES

	The Group	
	2011	2010
	\$'000	\$'000
Interest expense on bank borrowings	197	649

### 10. INCOME TAXES

#### (a) Income tax expense

	The Group	
	2011	2010
	\$'000	\$'000
Tax expense attributable to results is made up of:		
Current income tax		
- Singapore	1,671	1,512
- Foreign	3,578	1,858
	5,249	3,370
Deferred income tax	6,216	3,959
	11,465	7,329
Over provision in prior financial years		
- Current income tax	(188)	(354)
- Deferred income tax	(48)	(73)
	11,229	6,902

The tax expense on the Group's results differs from the theoretical amount derived from using the Singapore standard rate of income tax due to the following:

	The Group	
	2011	2010
	\$'000	\$'000
Profit before income tax	56,400	33,798
Tax calculated at a tax rate of 17% (2010: 17%)	9,588	5,746
Effects of:		
- Different tax rates in other countries	1,244	(440)
- Income not subject to tax	(2,574)	(1,620)
- Expenses not deductible for tax purposes	2,959	2,634
- Utilisation of previously unrecognised tax benefits	(740)	(857)
- Deferred income tax assets not recognised	988	1,866
Tax charge	11,465	7,329



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 10. INCOME TAXES (continued)

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

	<u>The Group</u>		<u>The Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	2,218	(963)	320	(1,550)
Currency translation differences	(11)	(19)	-	-
Income tax (paid)/refunded	(5,059)	184	(379)	1,807
Tax expense	5,249	3,370	463	374
Over provision in prior financial years	(188)	(354)	-	(311)
End of financial year	2,209	2,218	404	320
<i>Representing:</i>				
Current income tax recoverable	(879)	(604)	-	-
Current income tax liabilities	3,088	2,822	404	320
	2,209	2,218	404	320

#### (c) Income tax on other comprehensive income

The tax charge relating to each component of other comprehensive income is as follows:

	<u>The Group</u>					
	Before tax \$'000	2011 Tax credit \$'000	After tax \$'000	Before tax \$'000	2010 Tax credit \$'000	After tax \$'000
Fair value (losses)/gains on financial assets, available-for- sale	(4,576)	-	(4,576)	54,199	-	54,199
Currency translation differences arising from consolidation	(3,525)	-	(3,525)	1,231	-	1,231
Foreign currency translation reserve transferred to profit or loss upon liquidation of subsidiaries	(2,182)	-	(2,182)	(1,652)	-	(1,652)
Reduction in property revaluation reserve arising from impairment of properties	-	-	-	(3,655)	914	(2,741)
Other comprehensive income	(10,283)	-	(10,283)	50,123	914	51,037

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 11. EARNINGS PER SHARE

#### (a) Basic earnings per share

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

	<u>The Group</u>	
	<b>2011</b>	2010
Net profit attributable to equity holders of the Company (\$'000)	<b>41,191</b>	26,840
Weighted average number of ordinary shares in issue for calculation of basic earnings per share ('000)	<b>573,920</b>	573,920
Basic earnings per share (cents per share)	<b>7.18</b>	4.68

#### (b) Diluted earnings per share

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

The assumed issue price of the shares under the share grant is the fair value of the shares at grant date for non-cash consideration in the form of services rendered by the grantees (mainly employees) to the Group over the vesting periods of one, two and three years in three equal tranches. It is assumed that the Group receives this consideration progressively from the grant date to the vesting date, over which it builds up a share-based compensation reserve while recognising the additional employee compensation expense through an amortisation process. At 31 December 2011, the unamortised amount which represents the services yet to be received is assumed to be the remaining proceeds to be received for the number of shares granted. As the number of shares to be issued under the share grant is greater than the number of shares which would have been issued at fair value (the average market price for the financial year) for the remaining proceeds, the difference is the number of shares issued for no consideration which dilutes the earnings per share. The number of shares issued for no consideration is added to the weighted average number of shares in issue during the financial year to arrive at a larger number of shares to calculate the diluted earnings per shares, with the same net profit.

	<u>The Group</u>	
	<b>2011</b>	2010
Net profit attributable to equity holders of the Company (\$'000)	<b>41,191</b>	26,840
Weighted average number of ordinary shares in issue for calculation of basic earnings per share ('000)	<b>573,920</b>	573,920
Adjustment for share award ('000)	<b>218</b>	-
	<b>574,138</b>	573,920
Diluted earnings per share (cents per share)	<b>7.17</b>	4.68

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 12. CASH AND CASH EQUIVALENTS

	<u>The Group</u>		<u>The Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	32,859	32,716	2,053	218
Fixed deposits with financial institutions	74,200	67,918	-	6,953
	<b>107,059</b>	100,634	<b>2,053</b>	7,171

Included in fixed deposits and cash at bank and on hand of the Group are amounts totalling \$78,216,000 (2010: \$48,804,000) 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.

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

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
Cash and bank balances (as above)	107,059	100,634
Less: Fixed deposit pledged for bank borrowings (Note 27(a))	-	(6,951)
Cash and cash equivalents per consolidated statement of cash flows	<b>107,059</b>	93,683

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

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
<i>Held for trading:</i>		
Investment in quoted funds	<b>13,106</b>	20,429

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 14. TRADE AND OTHER RECEIVABLES - CURRENT

	<u>The Group</u>		<u>The Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	50,648	55,621	-	-
- Related parties	110	125	-	-
Less: Allowance for impairment of receivables				
- non-related parties	(1,123)	(1,216)	-	-
Trade receivables - net	49,635	54,530	-	-
Other receivables				
- Non-related parties	24,069	10,197	267	155
- Subsidiaries	-	-	19,715	20,637
- Associated companies	6,457	6,981	6,457	6,981
- A related party	38	38	38	38
	30,564	17,216	26,477	27,811
Less: Allowance for impairment of receivables				
- Subsidiaries	-	-	(5,768)	(5,942)
- Associated companies	(6,457)	(6,981)	(6,457)	(6,981)
Other receivables - net	24,107	10,235	14,252	14,888
Staff loans	10	57	-	-
	73,752	64,822	14,252	14,888

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

Included in the Group's other receivables is an insurance recoverable of \$7.3 million (RM17.8 million), comprising \$7.1 million (RM17.3 million) on the compensation for damaged finished goods and the racking system and \$0.2 million (RM 0.5 million) on the compensation for other related incidental costs, due to the collapse of the racking system at Bukit Jelutong warehouse. Further details are as disclosed in Note 33 to the financial statements.

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

### 15. INVENTORIES

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
Raw materials	12,826	10,308
Work-in-progress	540	360
Finished/trading goods	41,371	36,218
	54,737	46,886

The cost of inventories recognised as an expense and included in "cost of sales" amounts to \$232,856,000 (2010: \$219,815,000).

During the financial year, the Group wrote down inventories of \$1,251,000 (2010: \$3,598,000) and reversed \$2,000 (2010: \$673,000), being part of inventory write-down made in prior years as the inventories were sold above the carrying amounts in 2011.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 16. DEVELOPMENT PROPERTIES

	The Group	
	2011	2010
	\$'000	\$'000
Properties under development (Note 16(a))	107,423	104,789
Completed properties held for sale (Note 16(b))	11,141	12,643
	<b>118,564</b>	<b>117,432</b>

#### (a) Properties under development

##### (i) Unsold properties under development

	The Group	
	2011	2010
	\$'000	\$'000
Land		
- Cost	28,045	37,332
- Revaluation surplus*	27,512	36,621
	<b>55,557</b>	<b>73,953</b>
Development expenditure	40,451	20,240
Property taxes, interest and other overheads	11,415	10,596
	<b>107,423</b>	<b>104,789</b>

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

##### (ii) Sold properties under development

	The Group	
	2011	2010
	\$'000	\$'000
Aggregated costs incurred and profits recognised on sold development properties	124,644	59,907
Less: Progress billings	(124,644)	(59,907)
Unbilled receivables (included in trade receivables)	-	-

#### (b) Completed properties held for sale

	The Group	
	2011	2010
	\$'000	\$'000
Land at cost	6,403	8,895
Development expenditure	3,068	3,852
Property taxes, interest and other overheads	1,670	1,883
	<b>11,141</b>	<b>14,630</b>
Less: Allowance for foreseeable losses	-	(1,987)
	<b>11,141</b>	<b>12,643</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 16. DEVELOPMENT PROPERTIES (continued)

#### (b) Completed properties held for sale (continued)

Movements in allowance for foreseeable losses are as follows:

	The Group	
	2011	2010
	\$'000	\$'000
Beginning of financial year	1,987	4,687
Write-back of allowance during the financial year (Note 6)	(1,987)	(2,700)
End of financial year	-	1,987

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

### 17. OTHER CURRENT ASSETS

	The Group		The Company	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Deposits	3,958	2,732	34	34
Prepayments	1,141	373	48	26
	5,099	3,105	82	60

### 18. FINANCIAL ASSETS, AVAILABLE-FOR-SALE

	The Group		The Company	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	108,548	55,147	8,568	7,183
Currency translation differences	(235)	142	-	-
Additions	35	38	35	38
Fair value (losses)/gains recognised in other comprehensive income (Note 31(b)(iii))	(4,576)	54,199	658	2,012
Disposals	-	(13)	-	(13)
Impairment loss (Note 6)	(1,049)	(965)	(447)	(652)
End of financial year	102,723	108,548	8,814	8,568

Financial assets, available-for-sale are analysed as follows:

	The Group		The Company	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Listed securities				
- Equity securities - Singapore	85,614	94,293	-	994
- Equity securities - Hong Kong	2,683	3,382	1,416	1,933
- Equity securities - United States	14,055	10,462	7,027	5,230
- Equity securities - Canada	7	11	7	11
	102,359	108,148	8,450	8,168
Unlisted securities	364	400	364	400
	102,723	108,548	8,814	8,568

As at 31 December 2010, certain financial assets, available-for-sale are pledged to secure certain bank borrowings (Note 27(a)).

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 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

	<u>The Company</u>	
	2011	2010
	\$'000	\$'000
Loans to subsidiaries	30,064	30,505
Less: Allowance for impairment	(8,250)	(8,637)
	<u>21,814</u>	<u>21,868</u>

*Movements in allowance for impairment are as follows:*

	<u>The Company</u>	
	2011	2010
	\$'000	\$'000
Beginning of financial year	8,637	8,096
Impairment charge during the financial year	386	1,839
Loans written-off	(611)	(962)
Reversal of impairment charge during the financial year	(162)	(336)
End of financial year	<u>8,250</u>	<u>8,637</u>

Loans to subsidiaries are unsecured, repayable on demand but are not expected to be repaid within the next twelve months. Except for loans to a subsidiary amounting to \$7,747,000 (2010: \$7,802,000) which bear effective interest rate at 1.96% (2010: 2.24%) per annum, loans to subsidiaries are interest-free.

#### (b) Loans from subsidiaries

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

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



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 20. INVESTMENTS IN ASSOCIATED COMPANIES

	<u>The Group</u>		<u>The Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Equity investments at cost			3,689	3,689
Less: Allowance for impairment			(3,689)	(3,689)
			-	-
Beginning of financial year	3,204	3,014		
Currency translation differences	160	(149)		
Share of results after tax	871	339		
End of financial year	4,235	3,204		

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

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
- Assets	47,257	31,142
- Liabilities	66,009	55,312
- Revenue	229,151	214,398
- Net profit	3,476	1,092

The Group has not recognised its share of losses of an associated company amounting to \$2,000 (2010: \$2,000) because the Group's cumulative share of unrecognised losses has exceeded its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses amount to \$2,085,000 (2010: \$1,765,000) at the balance sheet date.

Details of significant associated companies are included in Note 42.

### 21. INVESTMENTS IN SUBSIDIARIES

	<u>The Company</u>	
	2011	2010
	\$'000	\$'000
Unquoted equity shares		
- Subsidiaries engaged in property development, at cost less impairment (Note 21(a))	143,220	225,744
- Other subsidiaries, at cost less impairment (Note 21(b))	158,758	172,483
	301,978	398,227

Details of significant subsidiaries are included in Note 42.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2011

**21. INVESTMENTS IN SUBSIDIARIES (continued)**(a) Subsidiaries engaged in property development

	<u>The Company</u>	
	2011	2010
	\$'000	\$'000
Equity investments at cost	158,117	241,482
Less: Allowance for impairment	(14,897)	(15,738)
	<u>143,220</u>	<u>225,744</u>

*Movements in allowance for impairment are as follows:*

	<u>The Company</u>	
	2011	2010
	\$'000	\$'000
Beginning of financial year	15,738	18,218
Write-back during the financial year	(841)	(2,480)
End of financial year	<u>14,897</u>	<u>15,738</u>

(b) Other subsidiaries

	<u>The Company</u>	
	2011	2010
	\$'000	\$'000
Equity investments at cost	178,214	202,072
Less: Allowance for impairment	(19,456)	(29,589)
	<u>158,758</u>	<u>172,483</u>

*Movements in allowance for impairment are as follows:*

	<u>The Company</u>	
	2011	2010
	\$'000	\$'000
Beginning of financial year	29,589	48,822
Impairment charge/(Write-back) during the financial year	713	(19,233)
Utilised during the financial year	(10,846)	-
End of financial year	<u>19,456</u>	<u>29,589</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 22. INVESTMENT PROPERTIES

	<u>The Group</u>		<u>The Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	56,555	54,883	33,000	31,000
Currency translation differences	(849)	(1,802)	-	-
Additions	-	99	5,631	-
Net fair value gains recognised in profit or loss (Note 6)	7,978	3,375	7,000	2,000
End of financial year	63,684	56,555	45,631	33,000

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 to a bank as security for certain borrowings (Note 27(a)).

The following amounts are recognised in profit or loss:

	<u>The Group</u>		<u>The Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Rental income	1,800	1,500	1,596	1,476
Direct operating expenses arising from:				
- investment properties that generated rental income	(149)	(94)	(1,498)	(1,476)
- investment properties that did not generate rental income	(101)	(84)	(478)	(448)

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 22. INVESTMENT PROPERTIES (continued)

Details of investment properties of the Group:

<u>Location</u>	<u>Description and existing use</u>	<u>Approximate land area (in sq. metres)</u>	<u>Tenure</u>	<u>Carrying amount</u>	
				<b>2011 \$'000</b>	<b>2010 \$'000</b>
<b>United States of America</b>					
745 Epperson Drive City of Industry, California 91748	Office and warehouse	3,408	Freehold	<b>4,644</b>	4,347
<b>Hong Kong</b>					
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	<b>32,654</b>	26,878
<b>Malaysia</b>					
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	<b>2,595</b>	2,232
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	<b>5,028</b>	3,852
Lot No.2987 & 2988, Jalan Bidor, Teluk Intan, Bidor, Perak, Malaysia	Industrial land	396,875	Leasehold expiring in year 2094	<b>3,556</b>	4,452
Lot 645-650, Sek 44, Kawasan Perusahaan Pengkalan Chepa II, Jalan Padang Tembak Kota Bharu, Kelatan, Malaysia	Office and warehouse	4,908	Leasehold expiring in year 2048	<b>601</b>	598
No.147A, Kawasan Perindustrian Semabu, Kuantan, Pahang, Malaysia	Office and factory	19,475	Leasehold expiring in year 2046	<b>1,083</b>	1,116
No.9 & 11, Jalan Industri 3/6, Taman Perindustrian Temerloh, Mentakab, Pahang, Malaysia	Office and factory	4,047	Freehold	<b>532</b>	547
40 1/4 Milepost, Jalan Air Itam – Johor Bahru, Simpang Renggam, Johor, Malaysia	Industrial land	420,209	Interest in perpetuity	<b>9,810</b>	9,522
Lot No.30, Jalan Upper Lanang, Sibu, Sarawak, Malaysia	Office and warehouse	6,107	Leasehold expiring in year 2029	<b>716</b>	716
Lot 4183, Jalan Kuching, Taman Tunku Industrial Area, Miri, Sarawak, Malaysia	Office and warehouse	8,858	Leasehold expiring in year 2054	<b>1,286</b>	1,263
Lot 71, Sedeo Industrial Estate, Phase 2, Jalan Kolombong, Kota Kinabalu, Sabah, Malaysia	Office and warehouse	5,235	Leasehold expiring in year 2034	<b>892</b>	779
Lot 1632, Jalan Kidurong, Kidurong Light Industrial Estate, Bintulu, Sarawak, Malaysia	Industrial land	5,582	Leasehold expiring in year 2058	<b>287</b>	253
				<b>63,684</b>	56,555

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2011

**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
<b>The Group</b>							
<b>2010</b>							
<i>Cost or valuation</i>							
Beginning of financial year							
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
Currency translation differences	(342)	(660)	(237)	111	(43)	13	(1,158)
Additions	119	117	3,825	383	8	1,952	6,404
Disposals	-	(28)	(3,195)	(229)	(585)	-	(4,037)
Reclassification/Transfer	-	-	545	(3)	-	(547)	(5)
Adjustment on revaluation for impairment (Note 31(b)(i))	-	(3,655)	-	-	-	-	(3,655)
End of financial year	14,575	96,376	147,896	11,096	2,834	2,449	275,226
<i>Representing:</i>							
Cost	-	-	147,896	11,096	2,834	2,449	164,275
Valuation	14,575	96,376	-	-	-	-	110,951
	14,575	96,376	147,896	11,096	2,834	2,449	275,226
<i>Accumulated depreciation</i>							
Beginning of financial year	735	2,982	106,587	9,867	3,030	-	123,201
Currency translation differences	(80)	(73)	(67)	101	(29)	-	(148)
Disposals	-	(26)	(2,596)	(228)	(475)	-	(3,325)
Depreciation charge (Note 7)	716	3,226	4,941	573	90	-	9,546
Reclassification/Transfer	-	-	-	(5)	-	-	(5)
End of financial year	1,371	6,109	108,865	10,308	2,616	-	129,269
Valuation/Cost less accumulated depreciation at end of financial year	13,204	90,267	39,031	788	218	2,449	145,957
<i>Accumulated impairment losses</i>							
Beginning of financial year	110	17,189	14,366	-	-	-	31,665
Currency translation differences	3	(213)	(478)	-	-	-	(688)
Impairment charge (Note 6)	-	1,382	4,715	-	-	-	6,097
Disposals	-	-	(537)	-	-	-	(537)
End of financial year	113	18,358	18,066	-	-	-	36,537
<i>Net book value</i>							
End of financial year	13,091	71,909	20,965	788	218	2,449	109,420

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 23. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant and machinery, furniture and fittings \$'000	Computer equipment and software development costs \$'000	Total \$'000
<b>The Company</b>			
<b>2011</b>			
<i>Cost</i>			
Beginning of financial year	699	112	811
Additions	-	66	66
Disposals	-	(2)	(2)
End of financial year	699	176	875
<i>Accumulated depreciation</i>			
Beginning of financial year	428	102	530
Disposals	-	(2)	(2)
Depreciation charge	1	6	7
End of financial year	429	106	535
Cost less accumulated depreciation at end of financial year	270	70	340
<i>Accumulated impairment losses</i>			
Beginning and end of financial year	270	-	270
<b>Net book value</b>			
<b>End of financial year</b>	<b>-</b>	<b>70</b>	<b>70</b>
<b>2010</b>			
<i>Cost</i>			
Beginning of financial year	699	107	806
Additions	-	7	7
Disposals	-	(2)	(2)
End of financial year	699	112	811
<i>Accumulated depreciation</i>			
Beginning of financial year	427	98	525
Disposals	-	(2)	(2)
Depreciation charge	1	6	7
End of financial year	428	102	530
Cost less accumulated depreciation at end of financial year	271	10	281
<i>Accumulated impairment losses</i>			
Beginning and end of financial year	270	-	270
<b>Net book value</b>			
<b>End of financial year</b>	<b>1</b>	<b>10</b>	<b>11</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 23. PROPERTY, PLANT AND EQUIPMENT (continued)

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

<u>Location</u>	<u>Description and existing use</u>	<u>Approximate land area (in sq. metres)</u>	<u>Tenure</u>	<u>Net book value</u>	
				<b>2011 \$'000</b>	<b>2010 \$'000</b>
<b>Singapore</b>					
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	<b>29,600</b>	30,300
<b>United States of America</b>					
755 Epperson Drive City of Industry, California 91748	Office and warehouse	4,068	Freehold	<b>5,497</b>	5,770
<b>The People's Republic of China</b>					
286, 288 Chigang Road West Henan, Guangzhou	Office, factory and warehouse	30,872	Leasehold expiring in year 2043	<b>10,754</b>	10,646
300 Kai Ming Road Shanghai Songjiang Industrial Zone, Songjiang, Shanghai	Office, factory and warehouse	35,199	Leasehold expiring in year 2046	<b>9,843</b>	9,750
<b>Malaysia</b>					
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	<b>1,499</b>	1,656
Lot No.65644, Jalan Jelapang, Jelapang Industrial Area, Ipoh, Perak, Malaysia	Factory and trading depot	20,334	Leasehold expiring in year 2033	<b>1,283</b>	1,355
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	<b>5,113</b>	5,621
No.121 & 191, Jalan Utas, Shah Alam, Selangor, Malaysia	Factory and trading depot	39,775	Leasehold expiring in year 2074 and 2073 respectively	<b>6,787</b>	7,622
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	<b>6,738</b>	7,321
Lot No. 2050, Jalan Bintawa, Pending Industrial Estate, Kuching, Sarawak, Malaysia	Factory and trading depot	13,804	Leasehold expiring in year 2027	<b>1,119</b>	1,224
Lot No. 1347 & 1348 Jalan Swasta, Pending Industrial Estate, Kuching, Sarawak, Malaysia	Industrial building and land	29,368	Leasehold expiring in year 2027	<b>3,385</b>	3,735
				<b>81,618</b>	<b>85,000</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 23. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) 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.
- (b) 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:

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
Freehold properties	1,105	1,188
Leasehold properties	67,403	68,458

### 24. INTANGIBLE ASSETS

*Composition:*

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
Goodwill arising on consolidation (Note 24(a))	-	-
Other (Note 24(b))	-	17
	-	17

- (a) Goodwill arising on consolidation

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
<i>Cost</i>		
Beginning and end of financial year	5,361	5,361
<i>Accumulated impairment</i>		
Beginning and end of financial year	(5,361)	(5,361)
Net book value	-	-

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

The goodwill in the CGUs was fully impaired in 2008.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 24. INTANGIBLE ASSETS (continued)

(b) Other

	<u>The Group</u>	
	<b>2011</b>	2010
	<b>\$'000</b>	<b>\$'000</b>
Cost		
Beginning of financial year	<b>17</b>	-
Additions	-	17
Write-off	<b>(17)</b>	-
End of financial year	<b>-</b>	17

### 25. DEFERRED INCOME TAXES

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

	<u>The Group</u>		<u>The Company</u>	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Deferred income tax assets</b>				
- to be recovered within one year	<b>531</b>	21	-	-
- to be recovered after more than one year	<b>848</b>	1,360	-	-
	<b>1,379</b>	1,381	-	-
<b>Deferred income tax liabilities</b>				
- to be settled within one year	<b>8,364</b>	1,857	<b>57</b>	170
- to be settled after more than one year	<b>17,234</b>	17,758	<b>1,359</b>	68
	<b>25,598</b>	19,615	<b>1,416</b>	238

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 25. 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*

	Accelerated tax <u>depreciation</u> \$'000	Recognition of construction <u>revenue</u> \$'000	Fair value gains-net \$'000	<u>Total</u> \$'000
<b>The Group</b>				
<b>2011</b>				
Beginning of financial year	13,014	4,139	2,930	20,083
Currency translation differences	(256)	-	37	(219)
Charged to profit or loss	1,014	3,496	1,586	6,096
End of financial year	13,772	7,635	4,553	25,960
<b>2010</b>				
Beginning of financial year	14,323	1,250	2,738	18,311
Currency translation differences	92	-	(409)	(317)
(Credited)/Charged to profit or loss	(487)	2,889	601	3,003
Credited to equity	(914)	-	-	(914)
End of financial year	13,014	4,139	2,930	20,083

#### *Deferred income tax assets*

	Unabsorbed capital allowances and unutilised <u>tax losses</u> \$'000	<u>Provisions</u> \$'000	<u>Total</u> \$'000
<b>The Group</b>			
<b>2011</b>			
Beginning of financial year	(139)	(1,710)	(1,849)
Currency translation differences	3	33	36
Charged/(Credited) to profit or loss	136	(64)	72
End of financial year	-	(1,741)	(1,741)

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2011

**25. DEFERRED INCOME TAXES (continued)***Deferred income tax assets (continued)*

	Unabsorbed capital allowances and unutilised <u>tax losses</u> \$'000	<u>Provisions</u> \$'000	<u>Total</u> \$'000
<b>The Group</b>			
<b>2010</b>			
Beginning of financial year	(1,478)	(1,199)	(2,677)
Currency translation differences	(40)	(15)	(55)
Charged/(Credited) to profit or loss	1,379	(496)	883
End of financial year	(139)	(1,710)	(1,849)

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 \$38,657,000 (2010: \$39,633,000) and unrecognised capital allowances of \$971,000 (2010: \$1,000,000) 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.

	Accelerated/ (Decelerated) tax <u>depreciation</u> \$'000
<b>The Company</b>	
<b>2011</b>	
Beginning of financial year	238
Charged to profit or loss	1,178
End of financial year	1,416
<b>2010</b>	
Beginning of financial year	(217)
Charged to profit or loss	455
End of financial year	238

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 26. TRADE AND OTHER PAYABLES - CURRENT

	<u>The Group</u>		<u>The Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Trade payables - Non-related parties	24,389	18,022	-	-
Other payables				
- Non-related parties	7,957	8,981	271	257
- Subsidiaries	-	-	67,106	259,927
	7,957	8,981	67,377	260,184
Loan from an associated company	-	1,155	-	1,155
Other accruals for operating expenses	54,026	43,020	2,411	1,667
	<b>86,372</b>	<b>71,178</b>	<b>69,788</b>	<b>263,006</b>

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

### 27. BORROWINGS - CURRENT

	<u>The Group</u>		<u>The Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Short-term bank borrowings	<b>10,808</b>	26,857	<b>5,000</b>	13,000

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

	Variable rates:
	Less than
	<u>6 months</u>
	\$'000
<b>The Group</b>	
At 31 December 2011	
Bank borrowings	<b>10,808</b>
At 31 December 2010	
Bank borrowings	26,857
<b>The Company</b>	
At 31 December 2011	
Bank borrowings	<b>5,000</b>
At 31 December 2010	
Bank borrowings	13,000

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 27. BORROWINGS - CURRENT (continued)

#### (a) Secured liabilities

Included in current borrowings are the following secured liabilities:

	<u>The Group</u>		<u>The Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Short-term bank borrowings	<b>5,808</b>	6,857	-	1,000

Short-term bank borrowings of a subsidiary of \$5,808,000 (2010: \$5,857,000) are secured by a first mortgage over an investment property of a subsidiary with a carrying amount of \$32,654,000 (2010: \$26,878,000).

As at 31 December 2010, short term bank borrowings of the Company of \$1,000,000 were secured by a charge over available-for-sale financial assets of \$1,920,000 and a fixed deposit in the Hong Kong Dollar of \$6,951,000 held by the Company. The Company has fully paid the short-term bank borrowings of \$1,000,000 during the financial year 2011.

#### (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.

### 28. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
<i>Current</i>		
Provision for restructuring costs/termination benefits (Note 28(a))	-	-
<i>Non-current</i>		
Provision for retirement benefits (Note 28(b))	<b>2,239</b>	2,237
	<b>2,239</b>	2,237

#### (a) Provision for restructuring costs/termination benefits

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

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
Beginning of financial year	-	160
Provision utilised	-	(17)
Write-back of provision (Note 6)	-	(143)
End of financial year	-	-



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 28. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (continued)

#### (b) Provision for retirement benefits

*Movements in provision for retirement benefits are as follows:*

	<u>The Group</u>	
	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Beginning of financial year	<b>2,237</b>	2,523
Currency translation differences	<b>(64)</b>	62
Provision made	<b>292</b>	314
Provision utilised	<b>(226)</b>	(412)
Provision written-back	<b>-</b>	(250)
End of financial year	<b>2,239</b>	2,237

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

	<u>The Group</u>	
	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Present value of unfunded obligations/liabilities in the balance sheet	<b>2,239</b>	2,237

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 2011, the provision for retirement benefits consists of non-contributory unfunded retirement benefits scheme for employees who are eligible under a collective bargaining agreement.

The current service and interest cost recognised in profit or loss in respect of provision for retirement benefits amounted to \$166,000 and \$126,000 (2010: \$176,000 and \$138,000) respectively.

The principal actuarial assumptions used are discount rate at 5.9% (2010: 5.9%) per annum and expected rate of salary increases at 6.0% (2010: 6.0%) per annum.

The latest actuarial valuation of the plan was carried out at 31 December 2010.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 29. SHARE CAPITAL

	<i>Number of ordinary shares</i>	<i>Amount</i>
	Issued share <u>capital</u> '000	Share <u>capital</u> \$'000
<b>2011 and 2010</b>		
Beginning and end of financial year	<b>573,920</b>	<b>218,568</b>

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

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 2010. There are no unissued shares under option as at 31 December 2011.

#### YHS Share Incentive Plan

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

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

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

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

A grant of awards was made pursuant to the Plan on 21 March 2011 during the financial year ended 31 December 2011. The fair value per share rewarded is based on the market price per share at grant date and the shares shall be issued each year over the three years vesting period.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 29. SHARE CAPITAL (continued)

#### YHS Share Incentive Plan (continued)

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

Number of ordinary shares under award	2011	2010
Beginning of financial year	-	-
Granted during the year	621,000	-
Forfeited during the year	(15,000)	-
End of financial year	606,000	-
Fair value per award based on market price per share at grant date	\$1.47	-

### 30. CAPITAL RESERVES

#### Composition:

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
Capital reserve arising on consolidation	2,352	2,352
Share of capital reserve of an associated company	3,714	3,714
	6,066	6,066

### 31. OTHER RESERVES

#### (a) Composition:

	<u>The Group</u>		<u>The Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Property revaluation reserve	70,238	84,241	-	-
Fair value reserve	61,638	66,586	4,348	3,690
Foreign currency translation reserve	(36,675)	(32,649)	-	-
General reserve	1,120	1,120	-	-
Share-based payment reserve	511	-	511	-
	96,832	119,298	4,859	3,690

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 31. OTHER RESERVES (continued)

#### (b) Movements:

	<u>The Group</u>		<u>The Company</u>	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
(i) <i>Property revaluation reserve</i>				
Beginning of financial year	84,241	96,087	-	-
Reduction in property revaluation reserve arising from impairment of properties (Note 10(c))	-	(3,655)	-	-
Tax on revaluation reserve changes (Note 10(c))	-	914	-	-
Less: Non-controlling interests	-	1,077	-	-
	-	(1,664)	-	-
Transfer to retained profits	(14,003)	(10,182)	-	-
End of financial year	70,238	84,241	-	-
(ii) <i>Fair value reserve</i>				
Beginning of financial year	66,586	13,195	3,690	1,678
Fair value (losses)/gains on financial assets, available-for-sale (Note 18)	(4,576)	54,199	658	2,012
Less: Non-controlling interests	(372)	(808)	-	-
	(4,948)	53,391	658	2,012
End of financial year	61,638	66,586	4,348	3,690
(iii) <i>Foreign currency translation reserve</i>				
Beginning of financial year	(32,649)	(30,485)	-	-
Net foreign currency translation differences on financial statements of foreign subsidiaries and associated companies (Note 10(c))	(3,525)	1,231	-	-
Transfer to profit or loss upon liquidation of subsidiaries (Note 10(c))	(2,182)	(1,652)	-	-
Less: Non-controlling interests	1,681	(1,748)	-	-
	(4,026)	(2,169)	-	-
Transfer to retained profits	-	5	-	-
End of financial year	(36,675)	(32,649)	-	-
(iv) <i>General reserve</i>				
Beginning and end of financial year	1,120	1,120	-	-
(v) <i>Share-based payment reserve</i>				
Beginning of financial year	-	-	-	-
Employee share-based payment scheme-value of employee services (Note 8)	511	-	511	-
End of financial year	511	-	511	-

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 32. DIVIDEND

The directors have proposed a final dividend of 1 cent per ordinary share, tax exempt (1-tier) (2010: Nil) for approval by shareholders at the forthcoming annual general meeting to be convened for the financial year ended 31 December 2011.

These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2012.

### 33. EVENT AFTER THE BALANCE SHEET DATE

On 15 December 2011, the racking system at the Group's warehouse in Bukit Jelutong, Shah Alam collapsed and all the finished goods at the warehouse were destroyed. As a result of the incident, the Group, in December 2011, submitted insurance claims and in March 2012, received confirmation from the insurance companies to settle the claims at \$7.3 million (RM17.8 million) in relation to the damaged racking system, finished goods and other incidental costs. Accordingly, the Group recorded an insurance recoverable as at 31 December 2011.

Further claims in relation to consequential losses and third party claims are being quantified but have not been submitted. These amounts will be recognised in the financial statements as and when they are agreed.

### 34. CONTINGENT LIABILITIES

- (a) 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, claiming for damages of approximately \$2.6 million (RM6.2 million) with interest and cost thereon.

On 10 March 2010, the High Court of Shah Alam vide the proceedings under Civil Suit no. MT3-22-936-2003 and granted judgement against YHSM in favour of the Plaintiff. The High Court did not award the quantum of damages and ordered that damages be assessed before the Registrar of the High Court. Based on the advice from its legal advisors, YHSM had a strong case to appeal and a memorandum of appeal was filed with the Court on 28 June 2010. The Registrar of the High Court fixed a hearing for the assessment of damages on 6 December 2011 and has subsequently granted the Plaintiff an extension of time until 2 April 2012 to file the relevant documents in respect of assessment of damages.

- (b) In the financial year ended 31 December 2008, the Central Jakarta District Court dismissed a suit filed by PT Kharisma Inti Persada ("the Plaintiff") against YHSM and its subsidiary, PT YHS Indonesia, claiming for approximately \$32 million (Rupiah 219.9 billion) for an alleged breach of an alleged distribution agreement and an alleged distributor's appointment.

The Plaintiff filed an appeal in the Jakarta High Court and 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 the Plaintiff's appeal.

On 23 March 2010, YHSM received a formal notification from Central Jakarta District Court that the Plaintiff has filed an appeal against the Jakarta High Court's decision and YHSM filed a counter memorandum to the court on 5 April 2010. The case is still pending the Indonesia Supreme Court decision.

As at 31 December 2011, no provision (2010: no provision) has been made in respect of the contingent liabilities in (a) and (b) above.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 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 as follows:

	<u>The Group</u>		<u>The Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Not later than one year	1,824	1,772	572	543
Between one and five years	3,043	2,662	2,289	2,170
Later than five years	4,150	4,476	4,150	4,476
	<b>9,017</b>	<b>8,910</b>	<b>7,011</b>	<b>7,189</b>

(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:

	<u>The Group</u>		<u>The Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Not later than one year	1,140	1,899	114	67
Between one and five years	1,146	579	107	76
	<b>2,286</b>	<b>2,478</b>	<b>221</b>	<b>143</b>

(c) Other commitments

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

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
Capital commitments in respect of purchase of property, plant and equipment approved and contracted for	20,634	11,215
Commitment in respect of property development expenditure approved and contracted for	2,947	34,960
	<b>23,581</b>	<b>46,175</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 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.

The Group's currency exposure is as follows:

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



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 36. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

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

	<u>SGD</u>	<u>CAN</u>	<u>USD</u>	<u>HKD</u>	<u>RMB</u>	<u>RM</u>	<u>Other</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 31 December 2010</b>								
<b>Financial assets</b>								
Cash and cash equivalents	57,082	1,524	22,430	10,885	4,905	2,145	1,663	100,634
Trade and other receivables	22,305	234	4,338	700	627	32,020	4,598	64,822
Intra-group balances	341,047	151	32,330	22,990	14,283	-	-	410,801
Other financial assets	2,215	-	10	22	26	439	20	2,732
	<u>422,649</u>	<u>1,909</u>	<u>59,108</u>	<u>34,597</u>	<u>19,841</u>	<u>34,604</u>	<u>6,281</u>	<u>578,989</u>
<b>Financial liabilities</b>								
Borrowings	(21,000)	-	-	(5,857)	-	-	-	(26,857)
Intra-group balances	(341,047)	(151)	(32,330)	(22,990)	(14,283)	-	-	(410,801)
Other financial liabilities	(29,325)	(1)	(2,749)	(761)	(5,253)	(28,666)	(4,423)	(71,178)
	<u>(391,372)</u>	<u>(152)</u>	<u>(35,079)</u>	<u>(29,608)</u>	<u>(19,536)</u>	<u>(28,666)</u>	<u>(4,423)</u>	<u>(508,836)</u>
<b>Net financial assets</b>	<u>31,277</u>	<u>1,757</u>	<u>24,029</u>	<u>4,989</u>	<u>305</u>	<u>5,938</u>	<u>1,858</u>	<u>70,153</u>
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(28,809)	1	(4,069)	2,129	(305)	(5,938)	(2,356)	
Currency exposure	<u>2,468</u>	<u>1,758</u>	<u>19,960</u>	<u>7,118</u>	<u>-</u>	<u>-</u>	<u>(498)</u>	

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 2011

### 36. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

The Company's currency exposure is as follows:

	<u>USD</u> \$'000	<u>HKD</u> \$'000	<u>Other</u> \$'000
<b>At 31 December 2011</b>			
<b>Financial assets</b>			
Cash and cash equivalents	7	-	-
Other receivables	212	-	2,280
Loans to subsidiaries	6,585	-	-
Other financial assets	-	-	-
	<u>6,804</u>	<u>-</u>	<u>2,280</u>
<b>Financial liabilities</b>			
Borrowings	-	-	-
Loans from subsidiaries	-	-	-
Other financial liabilities	(748)	(270)	(6)
	<u>(748)</u>	<u>(270)</u>	<u>(6)</u>
<b>Net financial (liabilities)/assets</b>	6,056	(270)	2,274
Less: Net financial liabilities denominated in functional currency	-	-	-
<b>Currency exposure</b>	<u><b>6,056</b></u>	<u><b>(270)</b></u>	<u><b>2,274</b></u>
<b>At 31 December 2010</b>			
<b>Financial assets</b>			
Cash and cash equivalents	47	6,951	-
Other receivables	422	-	2,250
Loans to subsidiaries	6,639	-	-
Other financial assets	-	-	-
	<u>7,108</u>	<u>6,951</u>	<u>2,250</u>
<b>Financial liabilities</b>			
Borrowings	-	-	-
Loans from subsidiaries	-	(13,724)	-
Other financial liabilities	(752)	(272)	(1,161)
	<u>(752)</u>	<u>(13,996)</u>	<u>(1,161)</u>
<b>Net financial (liabilities)/assets</b>	6,356	(7,045)	1,089
Less: Net financial liabilities denominated in functional currency	-	-	-
<b>Currency exposure</b>	<u><b>6,356</b></u>	<u><b>(7,045)</b></u>	<u><b>1,089</b></u>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 36. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk (continued)

##### (i) *Currency risk* (continued)

If the USD, HKD and CAN had changed against the SGD by 7% (2010: 1%), 6% (2010: 1%) and 5% (2010: 1%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position would have been as follows:

	2011 Increase/(decrease) Profit after tax \$'000	2010 Profit after tax \$'000
<u>The Group</u>		
USD against SGD		
- strengthened	174	164
- weakened	(174)	(164)
HKD against SGD		
- strengthened	5	58
- weakened	(5)	(58)
CAN against SGD		
- strengthened	4	14
- weakened	(4)	(14)
<u>The Company</u>		
USD against SGD		
- strengthened	352	53
- weakened	(352)	(53)
HKD against SGD		
- strengthened	(13)	(58)
- weakened	13	58

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

##### (ii) *Price risk*

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 36. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk (continued)

##### (ii) Price risk (continued)

If prices of securities listed in Singapore, Hong Kong, United States and Malaysia had changed by 9% (2010: 6%), 1% (2010: 7%), 10% (2010: 9%) and 1% (2010: 1%) respectively with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would be as follows:

Increase/(Decrease)	<u>2011</u>		<u>2010</u>	
	Profit after tax \$'000	Other comprehensive income \$'000	Profit after tax \$'000	Other comprehensive income \$'000
<u>The Group</u>				
Listed in Singapore				
- increased by	-	7,705	-	5,658
- decreased by	-	(7,705)	-	(5,658)
Listed in Hong Kong				
- increased by	-	27	-	237
- decreased by	-	(27)	-	(237)
Listed in United States				
- increased by	-	1,406	-	942
- decreased by	-	(1,406)	-	(942)
Listed in Malaysia				
- increased by	131	-	204	-
- decreased by	(131)	-	(204)	-
<u>The Company</u>				
Listed in Singapore				
- increased by	-	-	-	60
- decreased by	-	-	-	(60)
Listed in Hong Kong				
- increased by	-	14	-	135
- decreased by	-	(14)	-	(135)
Listed in United States				
- increased by	-	703	-	471
- decreased by	-	(703)	-	(471)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 36. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk (continued)

##### (iii) *Interest rate risk*

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

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

Borrowings of the Group and the Company at variable rates on which effective hedges have not been entered into are denominated mainly in SGD and HKD. If the SGD and HKD interest rates had increased/decreased by 0.10% (2010: 0.10%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by \$9,000 (2010: \$22,000) and \$4,000 (2010: \$11,000) for the Group and the Company respectively as a result of higher/lower interest expense on these borrowings.

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

#### (b) Credit risk

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 36. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk (continued)

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

The credit risk for trade receivables is as follows:

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
<b>By geographical areas</b>		
Singapore	19,468	19,484
Malaysia	18,550	25,184
China and Hong Kong	1,113	1,281
North America	2,452	1,582
Indonesia	2,799	1,743
Europe	3,179	1,657
Other countries	2,074	3,599
	<b>49,635</b>	<b>54,530</b>
<b>By types of customers</b>		
<u>Consumer food and beverage products</u>		
Related parties	110	125
Non-related parties:		
- Supermarkets, minimart chains, provision shops and gas stations	20,383	19,407
- Hotels, bars/pubs, restaurants, food courts and coffee shops	5,965	4,805
- Wholesalers and distributors	21,715	25,970
- Vending sales	141	106
- Other	241	84
	<b>48,555</b>	<b>50,497</b>
<u>Property development</u>		
Non-related parties:		
- Individuals	1,080	4,033
	<b>49,635</b>	<b>54,530</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 36. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk (continued)

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

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

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
New customers with less than six months experience	2,059	5,180
Existing customers with no defaults in the past	20,689	19,858
Existing customers with some defaults in the past, but all defaults were fully recovered	-	357
	<b>22,748</b>	<b>25,395</b>

##### (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:

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
Past due less than three months	25,083	26,683
Past due three to six months	1,160	1,914
Past due over six months	644	538
	<b>26,887</b>	<b>29,135</b>

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

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
Trade receivables overdue and impaired	1,123	1,216
Less: Allowance for impairment	(1,123)	(1,216)
	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 36. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk (continued)

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

	The Group	
	2011	2010
	\$'000	\$'000
Beginning of financial year	1,216	1,456
Currency translation differences	(22)	(21)
Allowance made (Note 7)	7	802
Allowance utilised	(78)	(1,021)
End of financial year	<u>1,123</u>	<u>1,216</u>

#### (c) Liquidity risk

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

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

	Less than <u>one year</u> \$'000	Between one and <u>two years</u> \$'000
<u>The Group</u>		
<b>At 31 December 2011</b>		
Trade and other payables	(86,372)	-
Borrowings	(10,922)	-
Other non-current liabilities	-	(33)
	<u>(97,294)</u>	<u>(33)</u>
<b>At 31 December 2010</b>		
Gross-settled currency forwards		
- Receipts	1,307	-
- Payments	(1,300)	-
Trade and other payables	(71,178)	-
Borrowings	(27,200)	-
Other non-current liabilities	-	(34)
	<u>(98,371)</u>	<u>(34)</u>



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 36. FINANCIAL RISK MANAGEMENT (continued)

#### (c) Liquidity risk (continued)

	Less than one year \$'000
<u>The Company</u>	
<b>At 31 December 2011</b>	
Other payables	(69,788)
Borrowings	(5,060)
	<u>(74,848)</u>
<b>At 31 December 2010</b>	
Other payables	(263,006)
Borrowings	(13,178)
	<u>(276,184)</u>

#### (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. Where cash holding exceeds debt, net debt is considered zero and hence no gearing. Total capital employed is calculated as equity plus net debt.

The gearing ratios as at 31 December 2011 and 31 December 2010 were as follows:

	<u>The Group</u>		<u>The Company</u>	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Net debt	-	-	72,735	282,559
Total equity	543,522	510,294	318,086	193,505
Total capital employed	543,522	510,294	390,821	476,064
<b>Gearing ratio</b>	<b>Nil</b>	<b>Nil</b>	<b>19%</b>	<b>59%</b>

The Group and the Company are in compliance with all externally imposed capital requirements for the financial year ended 31 December 2010 and 2011.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 36. FINANCIAL RISK MANAGEMENT (continued)

#### (e) Fair value measurements

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

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

	Level 1 \$'000	Level 2 \$'000	Total \$'000
<u>The Group</u>			
<b>2011</b>			
<b>Assets</b>			
Financial assets, at fair value through profit or loss	13,106	-	13,106
Financial assets, available-for-sale	102,359	364	102,723
	<b>115,465</b>	<b>364</b>	<b>115,829</b>
<b>2010</b>			
<b>Assets</b>			
Financial assets, at fair value through profit or loss	20,429	-	20,429
Financial assets, available-for-sale	108,148	400	108,548
	<b>128,577</b>	<b>400</b>	<b>128,977</b>
<u>The Company</u>			
<b>2011</b>			
<b>Assets</b>			
Financial assets, available-for-sale	8,450	364	8,814
<b>2010</b>			
<b>Assets</b>			
Financial assets, available-for-sale	8,168	400	8,568

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 37. IMMEDIATE AND ULTIMATE HOLDING COMPANY

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

### 38. RELATED PARTY TRANSACTIONS

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

(a) Sales and purchases of goods and services

	The Group	
	2011	2010
	\$'000	\$'000
Amount billed by Orchard Parade Holdings Limited Group:		
- Rental expense	(155)	(46)
- Professional fees	(16)	(29)
Amount billed to/(by) other related parties:		
- Sales of goods and services	287	295
- Professional fees	(340)	(447)
- Sales commission and marketing fees	(481)	(529)
Amount billed to/(by) Sino Land Company Limited Group:		
- Sales of goods and services	11	4
- Purchases of services	(5)	-
- Rental expense	(117)	(58)
Professional fees paid/payable to Chang See Hiang & Partners	(5)	(13)

Sino Land Company Limited and Orchard Parade Holdings Limited are shareholders 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 of companies that are controlled by the shareholders of the Company's ultimate holding company.

Outstanding balances at 31 December 2011, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 14 and 26 respectively.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 38. RELATED PARTY TRANSACTIONS (continued)

#### (b) Key management personnel compensation

The key management personnel compensation is as follows:

	<u>The Group</u>	
	2011	2010
	\$'000	\$'000
Wages and salaries	3,967	2,989
Employer's contribution to defined contribution plans including Central Provident Fund	261	163
Other benefits	856	545
	<b>5,084</b>	<b>3,697</b>

Included in the above is total compensation to directors of the Company amounting to \$2,021,000 (2010: \$1,130,000).

### 39. SEGMENT INFORMATION

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

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

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

- Consumer food and beverage products
- Property development
- Other

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 39. SEGMENT INFORMATION (continued)

The segment information provided to the CEO for the reportable segments for the year ended 31 December 2011 is as follows:

	Consumer food and beverage products \$'000	Property development \$'000	Other \$'000	Elimination \$'000	The Group \$'000
<b>Year ended 31 December 2011</b>					
Revenue					
- External sales	371,452	67,855	3,693	-	443,000
- Inter-segment sales	-	-	3,898	(3,898)	-
	371,452	67,855	7,591	(3,898)	443,000
Profit from operation	14,692	24,840	16,194	-	55,726
Share of results of associated companies	871	-	-	-	871
Segment result	15,563	24,840	16,194	-	56,597
Finance expense					(197)
Profit before income tax					56,400
Income tax expense					(11,229)
<b>Net profit</b>					<b>45,171</b>
Segment assets	288,931	300,464	206,851	(131,079)	665,167
Associated companies	4,235	-	-	-	4,235
Unallocated assets					2,258
<b>Consolidated total assets</b>					<b>671,660</b>
Segment liabilities	130,726	24,503	77,080	(143,665)	88,644
Unallocated liabilities					39,494
<b>Consolidated total liabilities</b>					<b>128,138</b>
<b>Other segment items</b>					
Additions to property, plant and equipment	20,931	-	5,826	-	26,757
Gain on liquidation of subsidiaries	(2,201)	-	19	-	(2,182)
Interest income	(131)	(14)	(3)	-	(148)
Depreciation	7,206	-	964	-	8,170
Fair value gains on investment properties - net	-	-	(7,978)	-	(7,978)
Write-back of allowance for foreseeable losses on development properties	-	(1,987)	-	-	(1,987)
Impairment loss on property, plant and equipment	753	-	-	-	753
Property, plant and equipment written-off	17	-	-	-	17
Impairment of financial assets, available-for-sale	-	-	1,049	-	1,049
Net foreign exchange loss	753	-	151	-	904
Write-back of loan from an associated company	-	-	(1,155)	-	(1,155)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 39. SEGMENT INFORMATION (continued)

	Consumer food and beverage products \$'000	Property development \$'000	Other \$'000	Elimination \$'000	The Group \$'000
<b>Year ended 31 December 2010</b>					
Revenue					
- External sales	346,354	50,958	2,529	-	399,841
- Inter-segment sales	-	-	3,224	(3,224)	-
	346,354	50,958	5,753	(3,224)	399,841
Profit from operation	7,303	20,397	6,408	-	34,108
Share of results of associated companies	339	-	-	-	339
Segment result	7,642	20,397	6,408	-	34,447
Finance expense					(649)
Profit before income tax					33,798
Income tax expense					(6,902)
<b>Net profit</b>					<b>26,896</b>
Segment assets	290,476	469,013	207,385	(339,026)	627,848
Associated companies	3,204	-	-	-	3,204
Unallocated assets					1,985
<b>Consolidated total assets</b>					<b>633,037</b>
Segment liabilities	123,393	20,744	281,640	(353,483)	72,294
Unallocated liabilities					50,449
<b>Consolidated total liabilities</b>					<b>122,743</b>
<b>Other segment items</b>					
Additions to property, plant and equipment	6,266	-	138	-	6,404
Additions to investment properties	-	-	99	-	99
Gain on liquidation of subsidiaries	(1,526)	-	-	-	(1,526)
Interest income	(480)	(11)	(9)	-	(500)
Depreciation	8,575	-	971	-	9,546
Fair value gains on investment properties - net	-	-	(3,375)	-	(3,375)
Write-back of allowance for foreseeable losses on development properties	-	(2,700)	-	-	(2,700)
Impairment loss on property, plant and equipment	6,097	-	-	-	6,097
Property, plant and equipment written-off	59	-	-	-	59
Impairment of financial assets, available-for-sale	-	-	965	-	965
Net foreign exchange loss	2,768	-	1,418	-	4,186

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 39. SEGMENT INFORMATION (continued)

#### Geographical information

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

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

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

	<u>Revenue</u>		<u>Non-current assets</u>	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Singapore	188,432	164,062	48,243	42,250
Malaysia	179,899	166,004	74,484	65,710
China and Hong Kong	23,904	22,909	61,349	51,067
North America	15,015	14,963	10,286	10,169
Other countries	35,750	31,903	-	-
	<b>443,000</b>	<b>399,841</b>	<b>194,362</b>	<b>169,196</b>

### 40. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below is the mandatory amendment to existing standard that has been published, and is relevant for the Group's accounting periods beginning on or after 1 January 2012 or later periods and which the Group has not early adopted:

- Amendments to FRS 12 – Deferred tax: Recovery of underlying assets (effective for annual periods beginning on or after 1 January 2012)

The estimated impact on financial statements is a reduction in deferred tax liability of \$4,500,000.

### 41. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Yeo Hiap Seng Limited on 16 March 2012.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 42. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP

Name of company/ <u>Country of incorporation</u>	<u>Principal activities</u>	<u>Country of business</u>	<u>Equity holding</u> <b>2011</b> %	2010 %
<u>Significant subsidiaries held by the Company</u>				
YHS (Singapore) Pte Ltd (Singapore) <sup>(1)</sup>	Investment holding, manufacture, sale, distribution and export of beverages, sauces, canned food and provision of vending services	Singapore	<b>100</b>	100
YHS Dunearn Pte Ltd (Singapore) <sup>(1)</sup>	Property development	Singapore	<b>100</b>	100
Yeo Hiap Seng (Shanghai) Co., Ltd (People's Republic of China) <sup>(3)</sup>	Manufacture and distribution of beverages	People's Republic of China	<b>100</b>	100
<u>Significant subsidiaries held by subsidiaries</u>				
Yeo Hiap Seng (Guangzhou) Food & Beverages Ltd (People's Republic of China) <sup>(2)</sup>	Manufacture and distribution of beverages	People's Republic of China	<b>100</b>	100
Yeo Hiap Seng (Guangdong) Food & Beverages Ltd (People's Republic of China) <sup>(2)</sup>	Manufacture and distribution of beverages	People's Republic of China	<b>100</b>	100
Yeo Hiap Seng (Hong Kong) 2000 Pte Limited (Hong Kong) <sup>(2)</sup>	Distribution of beverages and canned food	Hong Kong	<b>100</b>	100
Ranko Way Limited (Hong Kong) <sup>(2)</sup>	Property holding	Hong Kong	<b>100</b>	100
YHS Trading (USA) Inc. (USA) <sup>(3)</sup>	Distribution of beverages and canned food	USA	<b>100</b>	100
YHS (USA) Inc. (USA) <sup>(3)</sup>	Owns and leases fixed assets	USA	<b>100</b>	100
Yeo Hiap Seng (Malaysia) Berhad (Malaysia) <sup>(2)</sup>	Production, marketing and sale of beverages and food products	Malaysia	<b>60.7</b>	60.7
Bestcan Food Technological Industrial Sendirian Berhad (Malaysia) <sup>(2)</sup>	Production of instant noodles	Malaysia	<b>60.3</b>	60.3



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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

Name of company/ Country of incorporation	Principal activities	Country of business	Equity holding	
			2011 %	2010 %
<u>Significant subsidiaries held by subsidiaries</u> (continued)				
Yeo Hiap Seng (Sarawak) Sendirian Berhad (Malaysia) <sup>(2)</sup>	Production of sauces and non-alcoholic beverages	Malaysia	60.7	60.7
Yeo Hiap Seng Trading Sendirian Berhad (Malaysia) <sup>(2)</sup>	Distribution of food and beverages	Malaysia	60.7	60.7
Yeo Hiap Seng (Perak) Sendirian Berhad (Malaysia) <sup>(2)</sup>	Investment holding	Malaysia	60.7	60.7
PT YHS Indonesia (Indonesia) <sup>(2)</sup>	Distribution of food and beverages	Indonesia	60.7	60.7
<u>Significant associated companies held by subsidiaries</u>				
Langfang Yili Dairy Products Co., Ltd (People's Republic of China) <sup>(3)</sup>	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:

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

**ANALYSIS OF SHAREHOLDINGS****As at 15 March 2012**

Issued and Fully Paid-up Capital	:	S\$218,865,431.64
Number of Shares Issued	:	574,122,439
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

Size of <u>Shareholdings</u>	No. of <u>Shareholders</u>	% of <u>Shareholders</u>	No. of <u>Shares</u>	% of <u>Shares</u>
1 - 999	173	25.48	37,305	0.01
1,000 - 10,000	351	51.69	1,379,516	0.24
10,001 - 1,000,000	143	21.06	5,310,878	0.92
1,000,001 & above	12	1.77	567,394,740	98.83
Total	679	100.00	574,122,439	100.00

**TOP TWENTY SHAREHOLDERS**

<u>Name of Shareholders</u>	<u>No. of Shares</u>	<u>% of Shares</u>
Far East Organisation Pte Ltd	177,412,324	30.90
Jelco Properties Pte Ltd	157,141,636	27.37
Mayban Nominees (S) Pte Ltd	57,000,000	9.93
HSBC (Singapore) Nominees Pte Ltd	31,102,452	5.42
RHB Bank Nominees Pte Ltd	30,000,000	5.23
United Overseas Bank Nominees Pte Ltd	25,197,108	4.39
Sino Land Company Limited	24,661,978	4.29
Bank of East Asia Nominees Pte Ltd	23,377,497	4.07
DBS Vickers Securities (S) Pte Ltd	14,717,334	2.56
Citibank Nominees Singapore Pte Ltd	11,040,155	1.92
DBS Nominees Pte Ltd	10,372,518	1.81
The Hain Celestial Group, Inc	5,371,738	0.94
OCBC Securities Private Ltd	804,506	0.14
Raffles Nominees (Pte) Ltd	285,644	0.05
Eng Wan Investment Pte Ltd	228,000	0.04
OCBC Nominees Singapore Pte Ltd	135,028	0.02
CIMB Securities (Singapore) Pte Ltd	130,000	0.02
DB Nominees (S) Pte Ltd	104,000	0.02
Woh Cheong Co Pte Ltd	100,000	0.02
Oversea-Chinese Bank Nominees Pte Ltd	87,222	0.02
Total	569,269,140	99.16

## ANALYSIS OF SHAREHOLDINGS

As at 15 March 2012

### SUBSTANTIAL SHAREHOLDERS

	<u>Name of Substantial Shareholders</u>	Direct Interests	Deemed Interests
		<u>No. of Shares</u>	<u>No. of Shares</u>
1.	Jelco Properties Pte Ltd ("Jelco")	284,241,636	-
2.	Orchard Parade Holdings Limited ("OPHL") <sup>1</sup>	-	284,241,636
3.	Far East Organisation Pte Ltd ("FEO") <sup>2</sup>	179,386,324	284,241,636
4.	Mr. Ng Teng Fong (deceased) and Mdm. Tan Kim Choo <sup>3</sup>	-	488,289,938
5.	PepsiCo, Inc ("PepsiCo") <sup>4</sup>	-	-
6.	The Concentrate Manufacturing Company of Ireland ("CMCI") <sup>4</sup>	-	-

#### Notes:

- Pursuant to Section 7 of the Companies Act, Chapter 50, OPHL is deemed to have an interest in Jelco's shareholding in the Company.
- Pursuant to Section 7 of the Companies Act, Chapter 50, FEO is deemed to have interest in Jelco's shareholding in the Company through OPHL.
- 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.
- Pursuant to undertakings dated 1 July 2011 executed by Jelco and FEO in favour of PepsiCo and CMCI (in consideration of PepsiCo and CMCI entering into exclusive bottling appointments with the Company effective as of 1 July 2011) whereby Jelco and FEO agreed to provide PepsiCo and CMCI with preferential rights, in the event, *inter alia*, that Jelco and FEO cease collectively to own 51% of the capital of the Company for the time being, to acquire from Jelco and FEO shares in the Company to be transferred, upon the respective terms of such undertakings.
  - As at the date hereof, the above preferential rights have not been exercised.
- Based on information available to the Company as at 15 March 2012, approximately 14.95% 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-sixth Annual General Meeting of the Company will be held in The Auditorium, Yeo Hiap Seng Limited, 3 Senoko Way, Singapore 758057 on Thursday, 26 April 2012, 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 2011 and the reports of the Directors and Auditors thereon.
2. To declare a final one-tier tax exempt dividend of \$0.01 per ordinary share for the financial year ended 31 December 2011.
3. To approve the payment of \$927,000 as Directors' fees for the financial year ended 31 December 2011. (2010: \$741,904)
4. (i) To re-elect the following Directors:
  - (a) Mr. Koh Boon Hwee; and
  - (b) Mr. Chin Yoke Choong,
 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.
5. To re-appoint PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration.
6. To transact any other business which may properly be transacted at an Annual General Meeting.

### SPECIAL BUSINESS

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

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

- (i) (a) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (b) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into shares,

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

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

## NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50 per cent. of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company shall not exceed 20 per cent. of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);
  - (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares shall be calculated based on the total number of issued shares excluding treasury shares in the capital of the Company at the time that this Resolution is passed after adjusting for:
    - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
    - (ii) any subsequent bonus issue, consolidation or subdivision of shares;
  - (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
  - (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:
- "That:
- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "Companies Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares of the Company ("Shares") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
    - (i) market purchase(s) on the Singapore Exchange Securities Trading Limited ("SGX-ST") and/or any other stock exchange on which the Shares may for the time being be listed and quoted ("Other Exchange"); and/or
    - (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");
  - (b) unless varied or revoked by the Company in General Meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
    - (i) the date on which the next Annual General Meeting of the Company is held;

## NOTICE OF ANNUAL GENERAL MEETING

- (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and
- (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;
- (c) in this Resolution:

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

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

- (i) in the case of a Market Purchase of a Share, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase of a Share, 120% of the Average Closing Price,

where:

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

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

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

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

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

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

## NOTICE OF ANNUAL GENERAL MEETING

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

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

BY ORDER OF THE BOARD

Joanne Lim Swee Lee  
Company Secretary

Singapore, 9 April 2012

### 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.

## NOTICE OF ANNUAL GENERAL MEETING

### Additional information relating to items of Ordinary and Special Business

Item 4(i) – A third Director, Mr. Ow Tin Nyap, retires by rotation and has decided not to seek re-election. Mr. Ow will step down from the Board as a non-executive Director and concurrently cease to be a member of the Executive Committee at the conclusion of the Annual General Meeting.

Item 4(i)(b) – Subject to his re-election, Mr. Chin Yoke Choong, who is an independent Director, will continue to serve as member of the Audit Committee and of the Remuneration Committee.

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

Item 4(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 of the Audit Committee, the Nominating Committee and the Executive Committee.

Item 7 – The Ordinary Resolution, if passed, will authorise the Directors from the date of this Annual General Meeting up to the next Annual General Meeting, to issue shares in the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, for such purposes as they consider would be in the interests of the Company, up to a number not exceeding 50 per cent. of the issued shares excluding treasury shares, of which up to 20 per cent. may be issued other than on a *pro rata* basis to shareholders. The aggregate number of shares which may be issued shall be calculated based on the total number of issued shares excluding treasury shares in the capital of the Company at the time that the Ordinary Resolution is passed, after adjusting for the conversion or exercise of any convertible securities and share options or vesting of share awards that have been issued or granted (provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual) and which are outstanding or subsisting at the time that the Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

Item 8 – The Ordinary Resolution, if passed, will empower the Directors to exercise the power of the Company to purchase or acquire its issued ordinary shares, until the date of the next Annual General Meeting. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its shares. The amount of financing required for the Company to purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, whether the shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of shares purchased or acquired, and the consideration paid at the relevant time. Purely for illustrative purposes only, the financial effects of an assumed purchase or acquisition by the Company of 28,420,258 shares on 15 March 2012 representing approximately 4.95% of the issued shares (excluding treasury shares) as at that date, at a purchase price equivalent to the Maximum Price per share, in the case of a market purchase and an off-market purchase respectively, based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2011 and certain assumptions, are set out in Paragraph 2.7 of the Company's letter to shareholders dated 9 April 2012.

Item 9 – The Ordinary Resolution, if passed, will empower the Directors to grant option and/or awards under the YHS Share Incentive Plan, and to allot and issue shares pursuant to the exercise of options and/or the vesting of awards granted pursuant to this Plan provided that the aggregate number of new shares to be issued pursuant to this Plan does not exceed 10 per cent. of the total number of issued shares excluding treasury shares in the capital of the Company from time to time.

Item 10 – The Ordinary Resolution, if passed, will authorise the Directors to issue shares in the Company pursuant to the Yeo Hiap Seng Limited Scrip Dividend Scheme to participating shareholders who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.



# PROXY FORM ANNUAL GENERAL MEETING

## YEO HIAP SENG LIMITED

(Registration No: 195500138Z)

(Incorporated in Singapore)

### IMPORTANT

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

I/We (Name) \_\_\_\_\_ (NRIC/Passport/UEN No.) \_\_\_\_\_

of (Address) \_\_\_\_\_

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

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

and/or (delete as appropriate)

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

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

as my/our proxy/proxies to vote for me/us on my/our behalf at the Fifty-sixth Annual General Meeting of the Company to be held on 26 April 2012 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions	To be used on a show hands		To be used in the event of a poll	
		For <sup>(Note 2)</sup>	Against <sup>(Note 2)</sup>	No. of Votes For <sup>(Note 3)</sup>	No. of Votes Against <sup>(Note 3)</sup>
1.	Adoption of Audited Financial Statements and Reports				
2.	Payment of final dividend				
3.	Approval of Directors' fees				
4.	(i) (a) Re-election of Mr. Koh Boon Hwee as Director				
	(b) Re-election of Mr. Chin Yoke Choong as Director				
	(ii) (a) Re-appointment of Mr. Ngiam Tong Dow as Director				
	(b) Re-appointment of Mr. S. Chandra Das as Director				
5.	Re-appointment of PricewaterhouseCoopers LLP as Auditors				
6.	Any Other Ordinary Business				
7.	Approval of Share Issue Mandate				
8.	Approval of Renewal of Share Purchase Mandate				
9.	Approval of Issue of Shares pursuant to the YHS Share Incentive Plan				
10.	Approval of Issue of Shares pursuant to the Yeo Hiap Seng Limited Scrip Dividend Scheme				

(Note 2: Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.)

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

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

Total number of Shares held

**IMPORTANT: PLEASE READ NOTES TO PROXY FORM**



Affix  
Postage  
Stamp

Yeo Hiap Seng Limited  
3 Senoko Way,  
Singapore 758057

Fold along the dotted line

Fold along the dotted line

**Notes:**

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 3 Senoko Way, Singapore 758057 not less than 48 hours before the time set for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy or proxies, failing which the instrument may be treated as invalid.

**General**

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