ANNUAL REPORT 2010

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CHAIRMAN'S STATEMENT

Dear Shareholders,

FINANCIAL OVERVIEW

For the financial year ended 31 December 2010, the Group achieved revenue of $399.84 million, slightly less than the $402.22 million recorded in 2009. Revenue from development property increased by $29.84 million or 141.2% to $50.96 million in the year under review. Food and beverage revenue decreased by $33.12 million or 8.7% from the previous year to $346.35 million.

The Group recorded a profit after tax and non-controlling interests of $26.84 million in 2010, compared to a loss after tax and non-controlling interests of $24.80 million in the previous financial year due to lower impairment loss on the Group's investment in quoted financial assets, and higher contributions from both the Food and Beverage Division and Property Division. Net operating cash inflows generated by the Food and Beverage Division and the Property Division were $32.23 million and $24.9 million respectively.

FOOD & BEVERAGE

Revenue for the Food & Beverage Division declined by 8.7% year-on-year largely due to the discontinuation of an agency brand in Malaysia.

In Singapore, *H-Two-O* isotonic drinks have garnered many ardent supporters, and we continue to enjoy double-digit growth in sales. We have just launched *H-Two-O* Sparkling Blackcurrent in the last quarter, and the initial response has been very encouraging. In 2010, we renewed *H-Two-O* co-title sponsorship with S. League for another three years. Football icons like Lionel Lewis and Isa Halim were appointed as *H-Two-O* brand ambassadors, fronting our eye-catching outdoor advertising campaigns. Continuing our efforts to encourage our youth to keep active and healthy, we organised activities like "H-Two-O Ultimate Football Champions League" for students, and the "H-Two-O Ultimate Dance" public event for youth.

Launched since 2001, *Pink Dolphin* Vitaminised Water continues to have a loyal following from students and young female adults. We continue to promote social consciousness and encourage the importance of practising the 3Rs (Reduce, Reuse, Recycle) in primary schools through the "Save the Earth" campaign, which aims to inculcate the importance of saving our mother earth in school children.

We continue to promote soy beverage as a core product in Singapore and launched two variants *Yeo's* Calcium Soy and Bandung Soy drink in 2010.

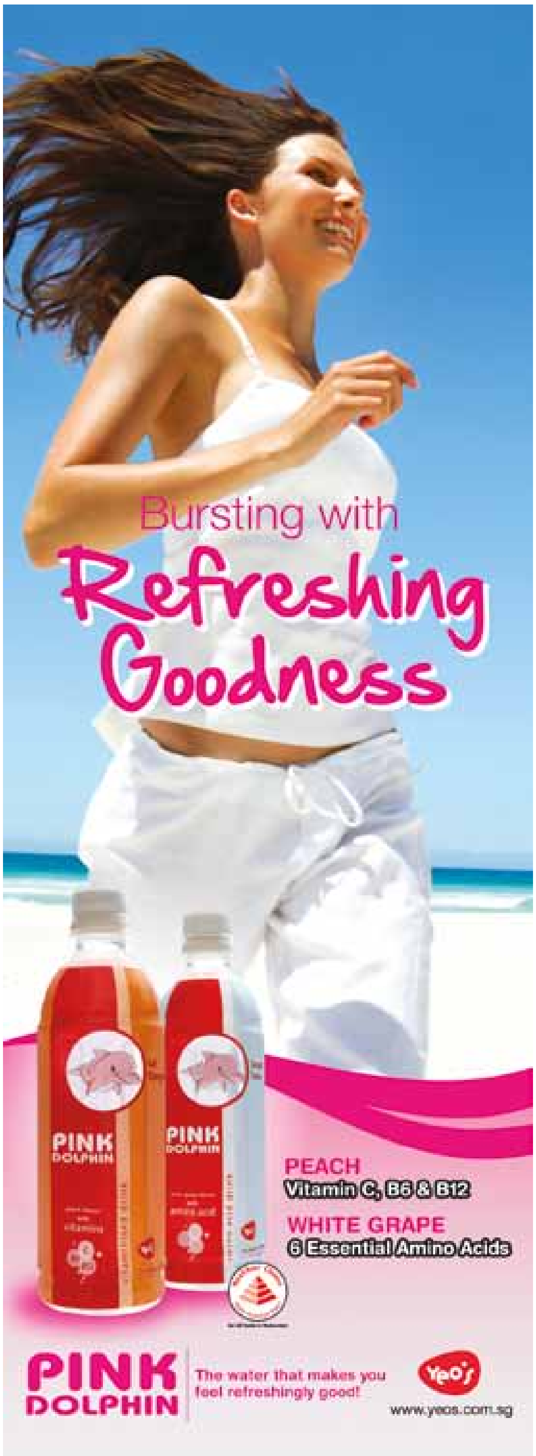
Our subsidiary, YHS Malaysia Group recorded significant financial improvement in the year under review. The Group's profit from operations improved 146.2% year-on-year from RM7.95 million to RM19.57 million despite a reduction in revenue by 13.6% from RM545.50 million in 2009 to RM471.23 million. The discontinuation of Red Bull agency distribution led to the reduction in revenue but enabled the Group to focus on its more profitable core brands of Asian soft drinks, which remain the market leader with 38% market share in Malaysia despite intense competition.

In 2010, YHS Malaysia Group embarked on a plant consolidation exercise to streamline its five factories to three factories, so as to achieve better efficiency and lower operating cost. The Group expects to realise significant annual savings when the exercise is duly completed by 2012.

During the year under review, YHS Malaysia Group has also revamped its sales and distribution system to enhance its competitiveness and profitability. We consolidated our network of distributors, re-deployed our sales force, rationalised our product offerings and implemented net pricing. In addition, we introduced computerised handheld devices to process sales orders, and implemented a distributor management system to enhance visibility in distributors' sales, pricing and promotional information.

"Lead a Joyful Life" – a marketing campaign that encourages happy and healthy living was mounted in the fourth quarter. This campaign is a major branding effort to ensure that the *Yeo's* brand stays relevant to the consumers. During the financial year, *Yeo's* launched the newest addition to the *Justea* range, Green Tea Lychee Lime with Nata De Coco. The *Justea* range was also given a facelift, with a more vibrant packaging and a brand new logo. Offering a variety of fruit teas comprising green tea, aloe vera, mango, peach, lemon and white grape, *Justea* tastes even better with Nata de Coco chewy bits.

CHAIRMAN'S STATEMENT



PROPERTY

Riding on the momentum of the residential property market in Singapore, 46 units of our "Jardin" freehold development were sold in 2010. A profit after tax of $17.32 million was recorded in the year under review as compared to $6.99 million in the previous financial year as a result of the higher number of units sold.

DIVIDEND

The Directors do not recommend any dividend in respect of the financial year ended 31 December 2010.

PROSPECT STATEMENT

Barring any unforeseen circumstances, the Group's performance is expected to remain satisfactory.

NOTE OF THANKS

The year 2010 saw several changes to the Board, Board committees and senior executive positions. During the year, Mr. Philip Ng, Chairman and Chief Executive Officer and another long-serving director, Mr. Lim Hong Keat stepped down from the Board. We thank them for their invaluable contributions over the years. Meanwhile, the Board extends a warm welcome to Mr. Wee Kheng Jin and Mr. Yap Ng Seng who joined us in April and August 2010 respectively.

Mr. Tjong Yik Min was appointed Group Chief Executive Officer, and Mr. Yap Ng Seng as Deputy Chief Executive Officer.

The Group's performance and turnaround this year would not have been possible without the hard work and dedication of our staff. On behalf of the Board, I would like to express my thanks to the Management and staff for their commitment and determination.

I would also like to thank our customers, business associates and shareholders for yet another year of unstinting support.

Together, I look forward to your continued support as we lead the Group into 2011.

Koh Boon Hwee
Chairman
18 March 2011

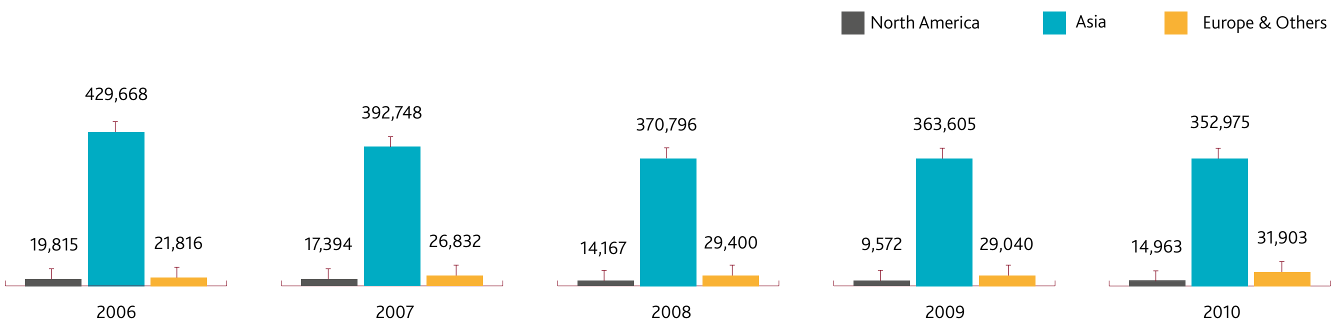
FINANCIAL HIGHLIGHTS

FIVE-YEARS STATISTICAL RECORD OF THE GROUP

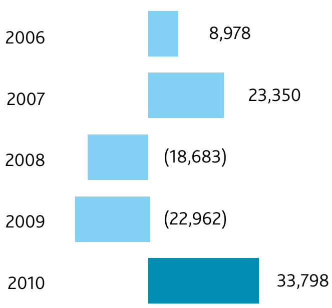
Unit :S$'000	2006	2007	2008	2009	2010
TURNOVER BY GEOGRAPHICAL SEGMENTS					
North America	19,815	17,394	14,167	9,572	14,963
Asia	429,668	392,748	370,796	363,605	352,975
Europe & Others	21,816	26,832	29,400	29,040	31,903
TOTAL GROUP TURNOVER	471,299	436,974	414,363	402,217	399,841
Pre-tax (loss)/profit	8,978	23,350	(18,683)	(22,962)	33,798
Net tangible assets *	353,881	377,321	351,681	379,457	455,838

* Figures do not include interests of minority shareholders

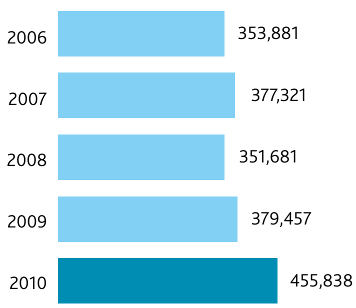
TURNOVER BY GEOGRAPHICAL SEGMENTS



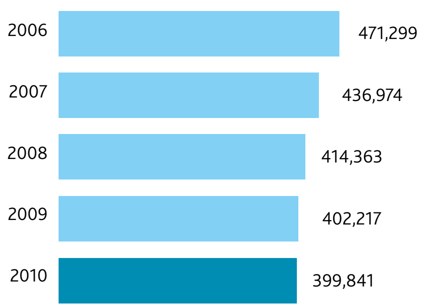
PRE-TAX (LOSS)/PROFIT



NET TANGIBLE ASSETS



GROUP TURNOVER



PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT

Mr. Koh Boon Hwee, 60
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 also 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 served on the Board of Temasek Holdings Pte Ltd from November 1996 to September 2010, and was a member of the Executive Committee from January 1997 to September 2010.

Mr. Koh is currently the Chairman of Sunningdale Tech Ltd and a board member of Agilent Technologies, Inc. in the United States. He also contributes actively to non-profit organisations, and is the current Chairman of the Board of Trustees of Nanyang Technological University and a 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, 71
Deputy Chairman &
Lead Independent Director

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

Mr. S. Chandra Das has served as a lead independent Director on the YHS Board from 1 November 2005. He was last re-elected as a director of the Company on 26 April 2010.

Mr. Das is the Managing Director of NUR Investment & Trading Pte Ltd and Singapore's Non-Resident Ambassador to Turkey. He has over 36 years of experience primarily in companies involved in the trading and manufacturing industries. Mr. Das served as the Singapore Trade Representative to the USSR from 1970 to 1971, Chairman of the Trade Development Board from 1983 to 1986 and Chairman of NTUC Fairprice Co-operative Ltd from 1993 to 2005.

Currently Mr. Das hold Directorships in various private and public listed companies. He also serves as Pro-Chancellor of Nanyang Technological University (NTU).

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

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

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

Mr. Tjong Yik Min, 58
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 28 April 2009.

PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT

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

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

Mr. Yap Ng Seng, 54
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.

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. Chang See Hiang, 57
Non-independent,
Non-executive Director

Member of Board of Directors,
Member of Audit Committee

Mr. Chang See Hiang has served as a non-independent director on the YHS Board since 9 November 1995. He was last re-elected as a Director of the Company on 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, Parkway Holdings Limited and STT Communications Ltd.

Mr. Ow Tin Nyap, 57
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 and an Executive Director of Far East Organization. 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

PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT

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

Mr. Wee Kheng Jin, 56

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 and a board member of Tung Lok Restaurants (2000) Limited.

From January 2004 to July 2005, he was the Executive Director responsible for leading management of operations 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 as Vice President Regional Financial Markets, 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. Chin Yoke Choong, 59

Independent
Non-executive Director

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

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

Mr. Chin serves as a Board member of several listed companies including Oversea-Chinese Banking Corporation Ltd, Neptune Orient Lines Limited and Sembcorp Industries Ltd. He is also the Chairman of the Singapore Totalisator Board and a Board member of the Competition Commission of Singapore and Singapore Labour Foundation. On 2 January 2010, Mr. Chin was appointed as a Member of the Council of Presidential Advisers (CPA). He was Chairman of Urban Redevelopment Authority of Singapore from 1 April 2001 to 31 March 2006 and Managing Partner of KPMG Singapore from 1992 until his retirement in September 2005.

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

Mr. Irwin David Simon, 52

Independent
Non-executive Director

Member of Board of Directors

Mr. Irwin D. Simon was appointed independent, non-executive director on YHS Board on 1 November 2005 and was last re-elected on 28 April 2009.

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

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

PROFILE OF THE BOARD OF DIRECTORS & MANAGEMENT

Mr. Ngiam Tong Dow, 73
Independent
Non-executive Director

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

Mr. Ngiam Tong Dow has served as an independent, non-executive director on the YHS Board from 18 February 2002. He was last re-elected as a director of the Company on 26 April 2010.

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, 60
Independent
Non-executive Director

Member of Board of Directors
Member of Remuneration Committee

Dr. Tan Chin Nam was appointed independent, non-executive director on YHS Board on 11 January 2008. He was last re-elected as a director of the Company on 23 April 2008.

Dr. Tan had 33 years of distinguished service in the Singapore Civil Service holding various key appointments before completing his term as a Public Sector Leader at the end of 2007. He is Chairman, 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.

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 held 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

18 March 2011

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 2010, 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 18 March 2011 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. Chang See Hiang	Non-executive Director
Mr. Ow Tin Nyap	Non-executive Director
Mr. Wee Kheng Jin	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 2010	Board			Audit			Nominating			Remuneration		
	A	B	C	A	B	C	A	B	C	A	B	C
Executive Director												
Tjong Yik Min	M	5	5	-	-	-	-	-	-	-	-	-
Yap Ng Seng	M	3	3	-	-	-	-	-	-	-	-	-
Non-executive Director												
Koh Boon Hwee	C	5	5	-	-	-	-	-	-	M	2	2
S. Chandra Das	DC	5	5	M	5	5	M	2	2	C	2	2
Chang See Hiang	M	5	5	M	5	5	-	-	-	-	-	-
Ow Tin Nyap	M	5	5	-	-	-	-	-	-	-	-	-
Wee Kheng Jin	M	4	4	-	-	-	M	1	1	-	-	-
Chin Yoke Choong	M	5	5	M	5	5	-	-	-	M	2	2
Irwin David Simon	M	5	2	-	-	-	-	-	-	-	-	-
Ngiam Tong Dow	M	5	4	C	5	5	C	2	2	-	-	-
Tan Chin Nam	M	5	5	-	-	-	-	-	-	M	2	2

Annotations:

A : Position held as at 18 March 2011 either as Chairman (C), Deputy Chairman (DC) or Member (M)

B : Number of meetings held during the financial year/period from 1 January 2010 (or date of appointment, where applicable) to 31 December 2010

C : Number of meetings attended during the financial year/period from 1 January 2010 (or date of appointment, where applicable) to 31 December 2010

REPORT ON CORPORATE GOVERNANCE

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.

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

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

i. no individual or small group of individuals dominate the Board's decision making process;
ii. the current board size is adequate for the Group's present operations; and
iii. the current Board 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 Board meetings' agenda and ensures that board members are provided with adequate and timely information. As a general rule, Board papers are sent to directors at least three days in advance in order for directors to be adequately prepared for the meeting. Key management staff who have prepared the papers, or who can provide additional insights into the matters to be discussed are invited to present the paper during the Board meetings.

The Board is of the view that its current size and mix is adequate to effectively and competently execute the responsibilities of the Board having regard to the nature and scope of the Group's operations, and the Company has effective independent non-executive directors to provide balance within the workings of the Board and oversight for minority shareholders' interests. In addition, Mr. S. Chandra Das acts as the lead independent non-executive director. Shareholders with concerns may contact him directly, when contact through the normal channels via the Chairman or other management personnel has failed to provide satisfactory resolution, or when such contact is inappropriate.

REPORT ON CORPORATE GOVERNANCE

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

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

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

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

BOARD COMMITTEES

NOMINATING COMMITTEE

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

The NC comprises three directors, namely, Mr. Ngiam Tong Dow, Mr. S. Chandra Das and Mr. 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 retire and stand for re-election every year at the AGM.

REPORT ON CORPORATE GOVERNANCE

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.

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

The AC performs the following main functions:

i. reviewing with the independent auditor their audit plan, audit reports, significant financial reporting issues and judgements, and any matters which the independent auditor wishes to discuss;
ii. reviewing with the internal auditors, the scope and results of internal audit procedures and their evaluation of the overall internal control system;
iii. reviewing quarterly reports to the Singapore Exchange Securities Trading Limited and year-end annual financial statements of the Group prior to submission to the Board;
iv. making recommendations to the Board on the appointment of the independent auditor, the audit fee and any questions of resignations or dismissal;
v. reviewing and approving the appointment, replacement, reassignment, or the dismissal of the head of internal audit;
vi. recommending to the Board the appointment, re-appointment or change of the independent auditor, taking into consideration (where applicable) the scope and results of the audit and its cost effectiveness, its remuneration and engagement terms; and
vii. performing any other functions which may be agreed by the AC and the Board.

REPORT ON CORPORATE GOVERNANCE

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

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

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

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

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

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

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

The Company's independent auditor, PricewaterhouseCoopers LLP ("PwC") 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 out sourced 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. The AC has reviewed the Company's risk assessment, and based on GIA's reports and management controls in place, it is satisfied that there are adequate internal controls in the Company.

REMUNERATION COMMITTEE

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

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

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 and remuneration received therein are reported separately to the RC.

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.

During the year, the Company 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 2010 is as follows:

Directors' Remuneration	Remuneration Band $	Fees[1] %	Fixed Salary[2] %	Variable Bonus[3] %	Benefits-in-kind & Others %
Mr. Koh Boon Hwee	$250,000 to $499,999	100%	-	-	-
Mr. S. Chandra Das	Below $250,000	100%	-	-	-
Mr. Tjong Yik Min	$500,000 to $749,999	-	88.25%	9.28%	2.47%
Mr. Yap Ng Seng[4]	$250,000 to $499,999	-	99.13%	-	0.87%
Mr. Chang See Hiang	Below $250,000	100%	-	-	-
Mr. Ow Tin Nyap[5]	$250,000 to $499,999	-	95.65%	-	4.35%
Mr. Wee Kheng Jin	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

(2) Fixed salary is inclusive of annual wage supplement, contractual bonuses and central provident fund contributions

(3) Variable bonus is inclusive of central provident fund contributions

(4) Appointed Director & Deputy Chief Executive Officer on 1 August 2010

(5) Re-designated as Non-executive Director on 31 May 2010

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.

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 five meetings during the financial year.

REPORT ON CORPORATE GOVERNANCE

COMMUNICATION WITH SHAREHOLDERS

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

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at Annual General Meetings and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company strives for timeliness and transparency in its disclosures to shareholders and the public. In addition to regular dissemination of information through SGXNET, the Company also responds to general enquiries from investors, analysts, fund managers and the press. Information on the Company and its businesses is also made available on the Company's website: www.yeos.com.sg. The Company does not practise selective disclosure. Price sensitive information is first publicly released before the Company meets with any group of investors or analysts. 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.

The identification and management of financial risks are outlined on pages 78 to 88 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 performances 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;

REPORT ON CORPORATE GOVERNANCE

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.

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)	
	2010 $'000	2009 $'000
Related parties privately held by the shareholders of the Company's ultimate holding company		
Project management, sales, marketing & administrative expenses paid/payable	471	337
Professional fees paid/payable	447	428
Sale of goods and services	295	300
Sino Land Company Limited Group, a shareholder of the Company		
Operating lease expense paid/payable	-	108

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. Chang See Hiang
Non-executive Director

Mr. Ow Tin Nyap
Non-executive Director

Mr. Wee Kheng Jin
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 2010

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2010 and the balance sheet of the Company as at 31 December 2010.

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 (appointed on 1 August 2010)
Chang See Hiang
Ow Tin Nyap
Wee Kheng Jin (appointed on 26 April 2010)
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 anytime 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 31.12.2010	At 1.1.2010	At 31.12.2010	At 1.1.2010
Yeo Hiap Seng (Malaysia) Berhad				
(Ordinary shares of RM1.00 each)				
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 2011 were the same as those as at 31 December 2010.

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.

DIRECTORS' REPORT
for the financial year ended 31 December 2010

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 entire 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 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.

No grant of options or awards was made pursuant to the Plan since its adoption date to the close of the financial year on 31 December 2010.

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

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

DIRECTORS' REPORT

for the financial year ended 31 December 2010

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.

INDEPENDENT AUDITOR

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

On behalf of the directors

TJONG YIK MIN
Director

YAP NG SENG
Director

18 March 2011

STATEMENT BY DIRECTORS

for the financial year ended 31 December 2010

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 27 to 95 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 2010 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the directors

TJONG YIK MIN
Director

YAP NG SENG
Director

18 March 2011

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 27 to 95, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2010, 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, that 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 controls. 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 2010, 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, 18 March 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2010

	Note	The Group 2010 $'000	The Group 2009 $'000
Revenue	4	**399,841**	402,217
Cost of sales		**(251,672)**	(274,277)
Gross profit		**148,169**	127,940
Other income	5	**2,183**	1,749
Other losses - net	6	**(424)**	(38,703)
Expenses			
- Marketing and distribution		**(91,976)**	(90,246)
- Administrative		**(23,844)**	(23,297)
- Finance	9	**(649)**	(1,292)
Share of profit of associated companies		**339**	887
Profit/(Loss) before income tax		**33,798**	(22,962)
Income tax expense	10	**(6,902)**	(3,034)
Net profit/(loss)		**26,896**	(25,996)
Other comprehensive income:			
Financial assets, available-for-sale			
- Fair value gains		**54,199**	19,654
- Transfer to profit or loss	6	**-**	34,598
Currency translation differences arising from consolidation		**1,231**	(1,370)
Foreign currency translation reserve transferred to profit or loss upon liquidation of a subsidiary		**(1,652)**	-
Reduction in property revaluation reserve arising from impairment of properties		**(2,741)**	-
Other comprehensive income, net of tax	10	**51,037**	52,882
Total comprehensive income		**77,933**	26,886
Net profit/(loss) attributable to:			
Equity holders of the Company		**26,840**	(24,796)
Non-controlling interests		**56**	(1,200)
		26,896	(25,996)
Total comprehensive income/(losses) attributable to:			
Equity holders of the Company		**76,398**	27,776
Non-controlling interests		**1,535**	(890)
		77,933	26,886
Earnings/(Loss) per share attributable to equity holders of the Company (expressed in cents per share)			
- Basic	11	**4.68**	(4.32)
- Diluted	11	**4.68**	(4.31)

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

BALANCE SHEETS
as at 31 December 2010

	Note	The Group			The Company	
		2010	31.12.2009 (Restated*)	1.1.2009 (Restated*)	**2010**	2009
		$'000	$'000	$'000	**$'000**	$'000
ASSETS						
Current assets						
Cash and cash equivalents	12	**100,634**	93,328	67,127	**7,171**	8,921
Financial assets, at fair value through profit or loss	13	**20,429**	-	-	**-**	-
Trade and other receivables	14	**64,822**	75,805	87,048	**14,888**	18,125
Inventories	15	**46,886**	48,812	50,820	**-**	-
Development properties	16	**117,432**	127,305	125,410	**-**	-
Current income tax recoverable	10	**604**	2,198	2,207	**-**	1,550
Other current assets	17	**3,105**	3,146	3,092	**60**	100
		353,912	350,594	335,704	**22,119**	28,696
Assets held for sale		**-**	-	192	**-**	-
		353,912	350,594	335,896	**22,119**	28,696
Non-current assets						
Financial assets, available-for-sale	18	**108,548**	55,147	51,788	**8,568**	7,183
Loans to subsidiaries	19	**-**	-	-	**21,868**	53,985
Investments in associated companies	20	**3,204**	3,014	2,223	**-**	-
Investments in subsidiaries	21	**-**	-	-	**398,227**	392,514
Investment properties	22	**56,555**	54,883	51,884	**33,000**	31,000
Property, plant and equipment	23	**109,420**	122,811	139,852	**11**	11
Intangible assets	24	**17**	-	-	**-**	-
Deferred income tax assets	28	**1,381**	2,975	3,807	**-**	217
		279,125	238,830	249,554	**461,674**	484,910
Total assets		**633,037**	589,424	585,450	**483,793**	513,606
LIABILITIES						
Current liabilities						
Trade and other payables	25	**71,178**	81,050	88,874	**263,006**	269,303
Current income tax liabilities	10	**2,822**	1,235	1,215	**320**	-
Borrowings	26	**26,857**	51,349	65,810	**13,000**	31,000
Provisions for other liabilities and charges	27	**-**	160	946	**-**	-
		100,857	133,794	156,845	**276,326**	300,303

* *Details of the prior-year restatement are presented in Note 40.*

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

BALANCE SHEETS

as at 31 December 2010

	Note	The Group 2010	The Group 31.12.2009 (Restated*)	The Group 1.1.2009 (Restated*)	The Company 2010	The Company 2009
		$'000	$'000	$'000	**$'000**	$'000
Non-current liabilities						
Loans from subsidiaries	19	**-**	-	-	**13,724**	46,327
Provisions for other liabilities and charges	27	**2,237**	2,523	2,510	**-**	-
Deferred income tax liabilities	28	**19,615**	18,609	16,841	**238**	-
Other non-current liabilities		**34**	36	37	**-**	-
		21,886	21,168	19,388	**13,962**	46,327
Total liabilities		**122,743**	154,962	176,233	**290,288**	346,630
NET ASSETS		**510,294**	434,462	409,217	**193,505**	166,976
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital	29	**218,568**	218,568	218,568	**218,568**	218,568
Capital reserves	30	**6,066**	10,145	10,145	**-**	-
Other reserves	31	**119,298**	79,917	33,145	**3,690**	1,678
Retained profits/(Accumulated losses)		**111,923**	70,827	89,823	**(28,753)**	(53,270)
		455,855	379,457	351,681	**193,505**	166,976
Non-controlling interests		**54,439**	55,005	57,536	**-**	-
Total equity		**510,294**	434,462	409,217	**193,505**	166,976

* *Details of the prior-year restatement are presented in Note 40.*

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2010

		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	Note										
Beginning of financial year - As previously reported		218,568	10,145	96,087	13,195	(51,409)	1,120	91,751	379,457	55,005	434,462
Prior-year restatement	40	-	-	-	-	20,924	-	(20,924)	-	-	-
Beginning of financial year - As restated		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**
2009											
Beginning of financial year - As previously reported		218,568	10,145	101,887	(39,927)	(50,859)	1,120	110,747	351,681	57,536	409,217
Prior-year restatement	40	-	-	-	-	20,924	-	(20,924)	-	-	-
Beginning of financial year - As restated		218,568	10,145	101,887	(39,927)	(29,935)	1,120	89,823	351,681	57,536	409,217
Effect of treasury shares in a subsidiary acquired from non-controlling interests		-	-	-	-	-	-	-	-	(1)	(1)
Dividends paid to non-controlling shareholders of a subsidiary		-	-	-	-	-	-	-	-	(1,640)	(1,640)
Transfer to retained profits on realisation		-	-	(5,800)	-	-	-	5,800	-	-	-
Total comprehensive income for the year		-	-	-	53,122	(550)	-	(24,796)	27,776	(890)	26,886
End of financial year - As restated		**218,568**	**10,145**	**96,087**	**13,195**	**(30,485)**	**1,120**	**70,827**	**379,457**	**55,005**	**434,462**

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2010

	The Group	
	2010	2009
	$'000	$'000
Cash flows from operating activities		
Net profit/(loss)	**26,896**	(25,996)
Adjustments for:		
- Income tax expense	**6,902**	3,034
- Depreciation of property, plant and equipment	**9,546**	10,596
- Dividend income from financial assets, available-for-sale	**(2,573)**	(1,231)
- Unrealised currency translation losses	**2,996**	1,225
- Property, plant and equipment written-off	**59**	2,744
- Fair value gains on investment properties - net	**(3,375)**	(4,104)
- Gain on disposal of property, plant and equipment	**(90)**	(227)
- Gain on disposal of assets held for sale	**-**	(1)
- Gain on disposal of unquoted financial assets, available-for-sale	**-**	(12)
- (Gain)/Loss on liquidation of a subsidiary	**(1,526)**	42
- Transfer of fair value gains from fair value reserve on disposal of financial assets, available-for-sale	**-**	(3,220)
- Impairment loss on financial assets, available-for-sale	**965**	40,779
- Fair value gains on financial assets, at fair value through profit or loss	**(220)**	-
- Interest expense	**649**	1,292
- Interest income	**(500)**	(248)
- Write-back of allowance for foreseeable losses on development properties	**(2,700)**	(1,836)
- Provision for retirement benefits	**64**	303
- Write-back of provision for restructuring costs	**(143)**	(527)
- Impairment loss on property, plant and equipment	**6,097**	4,741
- Share of profit of associated companies	**(339)**	(887)
	42,708	26,467
Change in working capital		
- Trade and other receivables	**10,983**	11,243
- Inventories	**1,926**	2,008
- Development properties	**12,573**	(59)
- Other current assets	**41**	(54)
- Trade and other payables	**(10,852)**	(8,097)
Cash generated from operations	**57,379**	31,508
Income tax refunded/(paid)	**184**	(73)
Restructuring costs paid	**(17)**	(259)
Retirement benefits paid	**(412)**	(258)
Net cash provided by operating activities	**57,134**	30,918

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2010

	Note	The Group 2010 $'000	2009 $'000
Cash flows from investing activities			
Dividends received from financial assets, available-for-sale		**2,573**	1,231
Proceeds from disposal of property, plant and equipment		**210**	4,360
Proceeds from disposal of quoted financial assets, available-for-sale		**-**	13,277
Proceeds from disposal of unquoted financial assets, available-for-sale		**13**	12
Proceeds from disposal of financials assets, at fair value through profit or loss		**10,105**	-
Proceeds from disposal of assets held for sale		**-**	190
Renovation of investment property		**(99)**	-
Additions of intangible assets		**(17)**	-
Purchases of property, plant and equipment		**(6,404)**	(7,070)
Purchase of financial assets, available-for-sale		**(38)**	-
Purchase of financials assets, at fair value through profit or loss		**(30,316)**	-
Interest received		**500**	248
Net cash (used in)/provided by investing activities		**(23,473)**	12,248
Cash flows from financing activities			
Dividends paid to non-controlling shareholders of a subsidiary		**(1,146)**	(1,640)
Purchases of treasury shares in a subsidiary from non-controlling interests		**(1)**	(1)
Interest paid		**(625)**	(1,020)
Repayments of finance lease liabilities		**-**	(4)
Placement of a fixed deposit as security for borrowings		**(7)**	(7,527)
Repayments of borrowings		**(30,000)**	(40,042)
Proceeds from borrowings		**6,000**	25,742
Net cash used in financing activities		**(25,779)**	(24,492)
Net increase in cash and cash equivalents		**7,882**	18,674
Cash and cash equivalents at beginning of financial year		**85,801**	67,127
Cash and cash equivalents at end of financial year	12	**93,683**	85,801

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010

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 43.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2010

On 1 January 2010, 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 except as disclosed below:

- Amendment to FRS 7 *Cash Flow Statements* (effective for annual periods beginning on or after 1 January 2010)

  Under the amendment, only expenditures that result in a recognised asset in the balance sheet can be classified as investing activities in the statement of cash flows. Previously such expenditure could be classified as investing activities in the statement of cash flows.

  This change has applied retrospectively. It had no material effect on the amounts presented in the statement of cash flows for the current or prior financial year.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

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.

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 the Note 2.7 for the accounting policy on goodwill.

(iii) Disposal of subsidiaries or business

When a change in the Company'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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(b) *Transactions with non-controlling interests*

Changes in the Company'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.

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.

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 investment. 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.

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

Investment in associated companies are derecognised when the Group loses significant influence. Any retained 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.

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

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the statement of comprehensive income.

(ii) *Other property, plant and equipment*

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

(iii) *Components of costs*

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

(b) *Depreciation*

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

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

	Useful lives
Leasehold land (over term of lease)	50 - 99 years
Buildings on freehold and leasehold land	20 - 50 years
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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(b) *Depreciation* (continued)

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 losses - net'. Any amount in property revaluation reserve relating to that asset is transferred to retained profits directly.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the profit or loss.

2.9 Borrowing costs

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

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

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

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.

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(a) *Classification* (continued)

(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 transferred to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transactions 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 less impairment.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(e) Impairment (continued)

(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.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2.16 Leases

(a) *Finance leases*

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

Leases of property, plant and equipment where the Group assumes substantially the risks and rewards 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Leases (continued)

(b) *Operating leases* (continued)

(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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Provisions (continued)

Provisions for restructuring costs/termination benefits

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

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

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

2.20 Employee compensation

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.

(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 income over the average remaining service lives of the related employees participating in the defined benefit plan.

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 2010

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 prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss, except for currency translation differences on net investment in foreign entities denominated in the functional currencies of the Company or its subsidiaries, which are included in the foreign currency translation reserve within equity in the consolidated financial statements. Those currency translation differences are transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

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 for consolidation purposes

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

(i) Assets and liabilities are translated at the closing exchange rate at the date of the balance sheet;

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

(iii) All resulting currency translation differences are recognised in the foreign currency translation reserve, and the cumulative amount relating to an entity is transferred to profit or loss upon effective disposal of the entity.

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

2.22 Segment reporting

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

2.23 Cash and cash equivalents

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

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Dividend to Company's shareholders

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

2.26 Assets held for sale

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

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 2010

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 and China (2009: Malaysia, China and Singapore) 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	
	2010	2009
	$'000	$'000
Impairment loss determined based on value-in-use calculations (Note 3(c)(i))	**4,655**	2,493
Impairment loss determined based on fair value less cost to sell (Note 3(c)(ii))	**1,442**	2,248
	6,097	4,741

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

Value-in-use calculations were based on discounted cash flow projections derived from financial budgets and forecasts by management covering the expected life of the CGUs.

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% (2009: 8.3% and 8.6% for two CGUs) which was reflective of the specific risks relating to the CGUs.

Impairment loss of $4,655,000 (2009: $2,493,000) and reduction in property revaluation reserve arising from impairment of properties of $3,655,000 (2009: nil) arose in these CGUs in the financial year ended 31 December 2010, which reduced the carrying amount of property, plant and equipment in these CGUs from $10,074,000 to $1,764,000 (2009: $8,145,000 to $5,652,000) based on the value-in-use calculations by management.

If the management's estimated gross margin used in the value-in-use calculations for these CGUs had been lowered by 1% (2009: 1%), the Group would have further reduced the carrying amount of property, plant and equipment in these CGUs by $423,000 (2009: $1,390,000).

If the management's estimated pre-tax discount rate applied to the discounted cash flows for these CGUs at 31 December 2010 had been raised by 1% (2009: 1%), the Group would have further reduced the carrying amount of property, plant and equipment in these CGUs by $30,000 (2009: $247,000).

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

Impairment loss of $1,442,000 (2009: $2,248,000) arose in these CGUs in the financial year ended 31 December 2010 which reduced the carrying amount of plant, property and equipment in these CGUs from $2,256,000 to $814,000 (2009: $33,248,000 to $31,000,000) based on the fair value less cost to sell determined by independent professional valuers.

If the fair value less cost to sell had differed by 5% from the estimates used for these financial statements, the Group would have further reduced the carrying amount of property, plant and equipment in these CGUs by $40,000 (2009: $1,550,000).

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010

4. REVENUE

	The Group	
	2010	2009
	$'000	$'000
Sale of goods	**346,293**	379,842
Sale of development properties	**50,958**	21,123
Royalty fees	**17**	21
Dividend income from financial assets, available-for-sale	**2,573**	1,231
	399,841	402,217

5. OTHER INCOME

	The Group	
	2010	2009
	$'000	$'000
Interest income	**500**	248
Rental income	**1,683**	1,501
	2,183	1,749

6. OTHER LOSSES - NET

	The Group	
	2010	2009
	$'000	$'000
Fair value gains on investment properties - net (Note 22)	**3,375**	4,104
Gain on disposal of property, plant and equipment	**90**	227
Gain on disposal of assets held for sale	**-**	1
Gain/(Loss) on liquidation of a subsidiary	**1,526**	(42)
Write-back of allowance for foreseeable losses on development properties (Note 16(b))	**2,700**	1,836
Net foreign exchange loss	**(4,186)**	(2,434)
Impairment loss on property, plant and equipment (Note 23)	**(6,097)**	(4,741)
Property, plant and equipment written-off	**(59)**	(2,744)
Impairment loss on financial assets, available-for-sale		
- transfer of fair value losses from fair value reserve (Note 31(b)(ii))*	**-**	(37,818)
- further impairment recognised (Note 18)	**(965)**	(2,961)
	(965)	(40,779)
Transfer of fair value gains from fair value reserve on disposal of financial assets, available-for-sale (Note 31(b)(ii))*	**-**	3,220
Fair value gains on financial assets, at fair value through profit or loss	**220**	-
Write-back of provision for restructuring costs (Note 27(a))	**143**	527
Other miscellaneous income	**2,829**	2,122
	(424)	(38,703)

* *For the financial year ended 31 December 2009, the total of these two items amounting to $34,598,000 was transferred to profit or loss from gains/losses previously recognised in other comprehensive income.*

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

7. EXPENSES BY NATURE

	The Group	
	2010	2009
	$'000	$'000
Auditors' remuneration paid/payable to		
- Auditor of the Company	**308**	297
- Other auditors*	**351**	353
Other fees paid/payable to		
- Auditor of the Company	**21**	45
- Other auditors*	**95**	205
Depreciation of property, plant and equipment (Note 23)	**9,546**	10,596
Write-down of inventories - net	**2,925**	2,450
Impairment of trade receivables (Note 35(b)(ii))	**802**	183
Write-off/(Write-back) of bad debts	**202**	(17)
Employee compensation (Note 8)	**45,474**	45,488
Cost of raw materials and trading goods recognised as expenses (included in cost of sales)	**177,167**	209,197
Cost of development properties recognised as expenses (included in cost of sales)	**31,218**	13,643
Advertising and promotion expenses	**33,371**	27,670
Transportation expense	**15,153**	16,122
Rental expense on operating leases	**4,549**	3,701
Utilities	**10,027**	10,161
Repairs and maintenance	**6,300**	6,765
Other expenses	**29,983**	40,961
Total cost of sales, marketing and distribution costs and administrative expenses	**367,492**	387,820

* *Includes other member firms of PricewaterhouseCoopers International Limited*

8. EMPLOYEE COMPENSATION

	The Group	
	2010	2009
	$'000	$'000
Wages and salaries	**36,528**	37,347
Employer's contribution to defined contribution plans including Central Provident Fund	**4,481**	4,942
Less: Government grant - Jobs Credit Scheme	**(154)**	(840)
Retirement benefits costs	**64**	303
Termination benefits	**377**	7
Other benefits	**4,178**	3,729
	45,474	45,488

The Jobs Credit Scheme is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The amount an employer received depended on the fulfilment of the 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 2010

9. FINANCE EXPENSES

	The Group	
	2010	2009
	$'000	$'000
Interest expenses		
- Bank borrowings	**649**	1,291
- Finance lease liabilities	**-**	1
	649	1,292

10. INCOME TAXES

(a) Income tax expense

	The Group	
	2010	2009
	$'000	$'000
Tax expense attributable to results is made up of:		
Current income tax		
- Singapore	**1,512**	486
- Foreign	**1,858**	939
	3,370	1,425
Deferred income tax	**3,959**	3,175
	7,329	4,600
Over provision in prior financial years		
- Current income tax	**(354)**	(1,311)
- Deferred income tax	**(73)**	(255)
	6,902	3,034

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	
	2010	2009
	$'000	$'000
Profit/(Loss) before income tax	**33,798**	(22,962)
Tax calculated at a tax rate of 17% (2009: 17%)	**5,746**	(3,904)
Effects of:		
- Change in Singapore tax rate	**-**	23
- Different tax rates in other countries	**(352)**	1,879
- Income not subject to tax	**(1,620)**	(2,954)
- Expenses not deductible for tax purposes	**2,634**	9,508
- Utilisation of previously unrecognised tax benefits	**(857)**	(1,314)
- Deferred income tax assets not recognised	**1,866**	1,607
- Tax calculated on share of results of associated companies	**(88)**	(245)
Tax charge	**7,329**	4,600

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

10. INCOME TAXES (continued)

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

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**(963)**	(992)	**(1,550)**	(1,395)
Currency translation differences	**(19)**	(12)	**-**	-
Income tax refunded/(paid)	**184**	(73)	**1,807**	1,025
Tax expense	**3,370**	1,425	**374**	427
Over provision in prior financial years	**(354)**	(1,311)	**(311)**	(1,607)
End of financial year	**2,218**	(963)	**320**	(1,550)
Representing:				
Current income tax recoverable	**(604)**	(2,198)	**-**	(1,550)
Current income tax liabilities	**2,822**	1,235	**320**	-
	2,218	(963)	**320**	(1,550)

(c) Income tax on other comprehensive income

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

	The Group					
		2010			2009	
	Before tax	**Tax credit**	**After tax**	Before tax	Tax credit	After tax
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Fair value gains and reclassification adjustments on financial assets, available-for-sale	**54,199**	**-**	**54,199**	54,252	-	54,252
Currency translation differences arising from consolidation	**1,231**	**-**	**1,231**	(1,370)	-	(1,370)
Foreign currency translation reserve transferred to profit or loss upon liquidation of a subsidiary	**(1,652)**	**-**	**(1,652)**	-	-	-
Reduction in property revaluation reserve arising from impairment of properties	**(3,655)**	**914**	**(2,741)**	-	-	-
Other comprehensive income	**50,123**	**914**	**51,037**	52,882	-	52,882

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

11. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

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

	The Group	
	2010	2009
Net profit/(loss) attributable to equity holders of the Company ($'000)	**26,840**	(24,796)
Weighted average number of ordinary shares in issue for calculation of basic earnings/(loss) per share ('000)	**573,920**	573,920
Basic earnings/(loss) per share (cents per share)	**4.68**	(4.32)

(b) Diluted earnings/(loss) per share

For the purpose of calculating diluted earnings/(loss) per share, profit/(loss) attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. In 2009, the Company had one category of dilutive potential ordinary shares which was a share option that expired in May 2009.

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

	The Group	
	2010	2009
Net profit/(loss) attributable to equity holders of the Company ($'000)	**26,840**	(24,796)
Weighted average number of ordinary shares in issue for calculation of basic earnings/(loss) per share ('000)	**573,920**	573,920
Adjustment for share option ('000)	**-**	942
	573,920	574,862
Diluted earnings/(loss) per share (cents per share)	**4.68**	(4.31)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

12. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**32,716**	40,802	**218**	1,391
Fixed deposits with financial institutions	**67,918**	52,526	**6,953**	7,530
	100,634	93,328	**7,171**	8,921

Included in fixed deposits and cash at bank and on hand of the Group are amounts totalling $48,804,000 (2009: $28,041,000) 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:

	The Group	
	2010	2009
	$'000	$'000
Cash and bank balances (as above)	**100,634**	93,328
Less: Fixed deposit pledged for bank borrowings (Note 26(a))	**(6,951)**	(7,527)
Cash and cash equivalents per consolidated statement of cash flows	**93,683**	85,801

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

	The Group	
	2010	2009
	$'000	$'000
Held for trading:		
Investment in quoted funds	**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 2010

14. TRADE AND OTHER RECEIVABLES - CURRENT

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Non-related parties	**55,621**	71,258	**-**	-
- Related parties	**125**	87	**-**	-
Less: Allowance for impairment of receivables				
- non-related parties	**(1,216)**	(1,456)	**-**	-
Trade receivables - net	**54,530**	69,889	**-**	-
Other receivables				
- Non-related parties	**10,197**	5,644	**155**	78
- Subsidiaries	**-**	-	**20,637**	25,411
- Associated companies	**6,981**	7,328	**6,981**	6,981
- A related party	**38**	38	**38**	38
	17,216	13,010	**27,811**	32,508
Less: Allowance for impairment of receivables				
- Subsidiaries	**-**	-	**(5,942)**	(7,402)
- Associated companies	**(6,981)**	(7,328)	**(6,981)**	(6,981)
Other receivables - net	**10,235**	5,682	**14,888**	18,125
Staff loans	**57**	234	**-**	-
	64,822	75,805	**14,888**	18,125

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

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

15. INVENTORIES

	The Group	
	2010	2009
	$'000	$'000
Raw materials	**10,308**	10,684
Work-in-progress	**360**	416
Finished/trading goods	**36,218**	37,712
	46,886	48,812

The cost of inventories recognised as an expense and included in "cost of sales" amounts to $219,815,000 (2009: $246,086,000).

During the financial year, the Group wrote down inventories of $3,598,000 (2009: $2,702,000) and reversed $673,000 (2009: $252,000), being part of inventory write-down made in prior years as the inventories were sold above the carrying amounts in 2010.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

16. DEVELOPMENT PROPERTIES

	The Group	
	2010	2009
	$'000	$'000
Properties under development (Note 16(a))	**104,789**	110,958
Completed properties held for sale (Note 16(b))	**12,643**	16,347
	117,432	127,305

(a) Properties under development

(i) Unsold properties under development

	The Group	
	2010	2009
	$'000	$'000
Land		
- Cost	**37,332**	43,873
- Revaluation surplus*	**36,621**	43,038
	73,953	86,911
Development expenditure	**20,240**	13,410
Property taxes, interest and other overheads	**10,596**	10,637
	104,789	110,958

* *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	
	2010	2009
	$'000	$'000
Aggregated costs incurred and profits recognised on sold development properties	**59,907**	17,874
Less: Progress billings	**(59,907)**	(17,874)
Unbilled receivables (included in trade receivables)	**-**	-

(iii) Security for bank borrowings

In 2009, properties under development were mortgaged to a bank as security for a bank loan of $5,000,000 (Note 26(a)). The bank borrowing was fully repaid during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

16. DEVELOPMENT PROPERTIES (continued)

(b) Completed properties held for sale

	The Group	
	2010	2009
	$'000	$'000
Land at cost	**8,895**	12,948
Development expenditure	**3,852**	4,917
Property taxes, interest and other overheads	**1,883**	3,169
	14,630	21,034
Less: Allowance for foreseeable losses	**(1,987)**	(4,687)
	12,643	16,347

Movements in allowance for foreseeable losses are as follows:

	The Group	
	2010	2009
	$'000	$'000
Beginning of financial year	**4,687**	6,523
Write-back of allowance during the financial year (Note 6)	**(2,700)**	(1,836)
End of financial year	**1,987**	4,687

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	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Deposits	**2,732**	2,737	**34**	34
Prepayments	**373**	409	**26**	21
Other	**-**	-	**-**	45
	3,105	3,146	**60**	100

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

18. FINANCIAL ASSETS, AVAILABLE-FOR-SALE

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**55,147**	51,788	**7,183**	17,108
Currency translation differences	**142**	(57)	**-**	-
Additions	**38**	-	**38**	-
Fair value gains recognised in other comprehensive income (Note 31(b)(ii))	**54,199**	19,654	**2,012**	4,627
Disposals	**(13)**	(13,277)	**(13)**	(13,236)
Impairment loss (Note 6)	**(965)**	(2,961)	**(652)**	(1,316)
End of financial year	**108,548**	55,147	**8,568**	7,183

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

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Listed securities				
- Equity securities - Singapore	**94,293**	44,037	**994**	944
- Equity securities - Hong Kong	**3,382**	3,564	**1,933**	2,246
- Equity securities - United States	**10,462**	7,106	**5,230**	3,553
- Equity securities - Canada	**11**	-	**11**	-
	108,148	54,707	**8,168**	6,743
Unlisted securities	**400**	440	**400**	440
	108,548	55,147	**8,568**	7,183

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

19. LOANS TO/FROM SUBSIDIARIES

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

(a) Loans to subsidiaries

	The Company	
	2010	2009
	$'000	$'000
Loans to subsidiaries	**30,505**	62,081
Less: Allowance for impairment	**(8,637)**	(8,096)
	21,868	53,985

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010

19. LOANS TO/FROM SUBSIDIARIES (continued)

(a) Loans to subsidiaries (continued)

Movements in allowance for impairment are as follows:

	The Company	
	2010	2009
	$'000	$'000
Beginning of financial year	**8,096**	54,069
Impairment charge during the financial year	**1,839**	4
Loans written-off	**(962)**	(30,791)
Reversal of impairment charge during the financial year	**(336)**	(15,186)
End of financial year	**8,637**	8,096

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 $7,802,000 (2009: $10,174,000) which bear effective interest rate at 2.24% (2009: 2.58%) 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.

20. INVESTMENTS IN ASSOCIATED COMPANIES

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Equity investments at cost			**3,689**	3,689
Less: Allowance for impairment			**(3,689)**	(3,689)
			-	-
Beginning of financial year	**3,014**	2,223		
Currency translation differences	**(149)**	(96)		
Share of results after tax	**339**	887		
End of financial year	**3,204**	3,014		

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

20. INVESTMENTS IN ASSOCIATED COMPANIES (continued)

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

	The Group	
	2010	2009
	$'000	$'000
- Assets	**31,142**	28,318
- Liabilities	**55,312**	53,203
- Revenue	**214,398**	185,401
- Net profit	**1,092**	1,770

The Group has not recognised its share of losses of an associated company amounting to $2,000 (2009: $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 $1,765,000 (2009: $1,731,000) at the balance sheet date.

Details of significant associated companies are included in Note 43.

21. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2010	2009
	$'000	$'000
Unquoted equity shares		
- Subsidiaries engaged in property development, at cost less impairment (Note 21(a))	**225,744**	239,264
- Other subsidiaries, at cost less impairment (Note 21(b))	**172,483**	153,250
	398,227	392,514

Details of significant subsidiaries are included in Note 43.

(a) Subsidiaries engaged in property development

	The Company	
	2010	2009
	$'000	$'000
Equity investments at cost	**241,482**	257,482
Less: Allowance for impairment	**(15,738)**	(18,218)
	225,744	239,264

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

21. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Subsidiaries engaged in property development (continued)

Movements in allowance for impairment are as follows:

	The Company	
	2010	2009
	$'000	$'000
Beginning of financial year	**18,218**	18,824
Write-back during the financial year	**(2,480)**	(606)
End of financial year	**15,738**	18,218

(b) Other subsidiaries

	The Company	
	2010	2009
	$'000	$'000
Equity investments at cost	**202,072**	202,072
Less: Allowance for impairment	**(29,589)**	(48,822)
	172,483	153,250

Movements in allowance for impairment are as follows:

	The Company	
	2010	2009
	$'000	$'000
Beginning of financial year	**48,822**	41,818
(Write-back)/Impairment charge during the financial year	**(19,233)**	7,853
Write-off during the financial year	**-**	(849)
End of financial year	**29,589**	48,822

22. INVESTMENT PROPERTIES

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**54,883**	51,884	**31,000**	34,000
Currency translation differences	**(1,802)**	(1,105)	**-**	-
Additions	**99**	-	**-**	-
Net fair value gains/(losses) recognised in profit or loss (Note 6)	**3,375**	4,104	**2,000**	(3,000)
End of financial year	**56,555**	54,883	**33,000**	31,000

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

22. INVESTMENT PROPERTIES (continued)

Certain investment properties are leased to non-related parties under operating leases (Note 34(b)).

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

The following amounts are recognised in profit or loss:

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Rental income	**1,500**	1,350	**1,392**	1,423
Direct operating expenses arising from:				
- investment properties that generated rental income	**94**	61	**1,392**	1,423
- investment properties that did not generate rental income	**84**	136	**448**	462

Rental income of the Company is derived from a subsidiary.

Details of investment properties of the Group:

Location	Description and existing use	Approximate land area (in sq. metres)	Tenure	Carrying amount	
				2010	2009
				$'000	$'000
United States of America					
745 Epperson Drive City of Industry, California 91748	Office and warehouse	3,408	Freehold	**4,347**	5,163
Hong Kong					
7/F & 8/F Ever Gain Centre No. 28 On Muk Street Shatin New Territories Hong Kong	Office and warehouse	8,798	Leasehold expiring in year 2047	**26,878**	24,435
Malaysia					
No.986 Jalan Perusahaan and No.988-990, Solok Perusahaan Tiga, Kawasan MIEL Prai Industrial Estate Prai, Pulau Pinang, Malaysia	Office and warehouse	7,980	Leasehold expiring in year 2071	**2,232**	2,012
Leong Sin Nam Farm, Jalan Ampang Tambun, Ampang Ipoh, Perak, Malaysia	Farming lands	1,048,718	17 lots freehold, 3 lots leasehold expiring in year 2045	**3,852**	3,612
Lot No.2987 & 2988, Jalan Bidor, Teluk Intan, Bidor, Perak, Malaysia	Industrial land	396,875	Leasehold expiring in year 2094	**4,452**	4,862

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

22. INVESTMENT PROPERTIES (continued)

Details of investment properties of the Group: (continued)

Location	Description and existing use	Approximate land area (in sq. metres)	Tenure	Carrying amount 2010 $'000	Carrying amount 2009 $'000
Malaysia					
Lot 645-650, Sek 44, Kawasan Perusahaan Pengkalan Chepa II, Jalan Padang Tembak Kota Bahru, Kelatan, Malaysia	Office and warehouse	4,908	Leasehold expiring in year 2048	**598**	591
No.147A, Kawasan Perindustrian Semabu, Kuantan, Pahang, Malaysia	Office and factory	19,475	Leasehold expiring in year 2046	**1,116**	1,089
No.9 & 11, Jalan Industri 3/6, Taman Perindustrian Temerloh, Mentakab, Pahang, Malaysia	Office and factory	4,047	Freehold	**547**	546
40 1/4 Milepost, Jalan Air Itam – Johor Bahru, Simpang Renggam, Johor, Malaysia	Industrial land	420,209	Interest in perpetuity	**9,522**	9,645
Lot No.30, Jalan Upper Lanang, Sibu, Sarawak, Malaysia	Office and warehouse	6,107	Leasehold expiring in year 2029	**716**	698
Lot 4183, Jalan Kuching, Taman Tunku Industrial Area, Miri, Sarawak, Malaysia	Office and warehouse	8,858	Leasehold expiring in year 2054	**1,263**	1,231
Lot 71, Sedeo Industrial Estate, Phase 2, Jalan Kolombong, Kota Kinabalu, Sabah, Malaysia	Office and warehouse	5,235	Leasehold expiring in year 2034	**779**	760
Lot 1632, Jalan Kidurong, Kidurong Light Industrial Estate, Bintulu, Sarawak, Malaysia	Industrial land	5,582	Leasehold expiring in year 2058	**253**	239
				56,555	54,883

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for the financial year ended 31 December 2010

23. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Plant and machinery, furniture and fittings $'000	Computer equipment and software development costs $'000	Motor vehicles and trucks $'000	Construction-in-progress $'000	Total $'000
The Group							
2010							
Cost or valuation							
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
Representing:							
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
Accumulated depreciation							
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
Accumulated impairment losses							
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
Net book value							
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 2010

23. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Plant and machinery, furniture and fittings $'000	Computer equipment and software development costs $'000	Motor vehicles and trucks $'000	Construction-in-progress $'000	Total $'000
The Group							
2009							
Cost or valuation							
Beginning of financial year							
Cost	-	-	172,942	10,883	3,725	1,011	188,561
Valuation	15,060	102,142	-	-	-	-	117,202
	15,060	102,142	172,942	10,883	3,725	1,011	305,763
Currency translation differences	(262)	(1,228)	(2,900)	(119)	(78)	(17)	(4,604)
Additions	-	52	6,352	232	155	279	7,070
Disposals	-	(364)	(29,675)	(160)	(348)	-	(30,547)
Reclassification/Transfer	-	-	239	(2)	-	(242)	(5)
End of financial year	14,798	100,602	146,958	10,834	3,454	1,031	277,677
Representing:							
Cost	-	-	146,958	10,834	3,454	1,031	162,277
Valuation	14,798	100,602	-	-	-	-	115,400
	14,798	100,602	146,958	10,834	3,454	1,031	277,677
Accumulated depreciation							
Beginning of financial year	-	-	123,241	9,208	3,167	-	135,616
Currency translation differences	-	-	(1,928)	(113)	(65)	-	(2,106)
Disposals	-	(125)	(20,331)	(150)	(294)	-	(20,900)
Depreciation charge (Note 7)	735	3,107	5,608	924	222	-	10,596
Reclassification/Transfer	-	-	(3)	(2)	-	-	(5)
End of financial year	735	2,982	106,587	9,867	3,030	-	123,201
Valuation/Cost less accumulated depreciation at end of financial year	14,063	97,620	40,371	967	424	1,031	154,476
Accumulated impairment losses							
Beginning of financial year	-	15,077	15,218	-	-	-	30,295
Currency translation differences	-	(136)	(385)	-	-	-	(521)
Impairment charge (Note 6)	110	2,248	2,383	-	-	-	4,741
Disposals	-	-	(2,850)	-	-	-	(2,850)
End of financial year	110	17,189	14,366	-	-	-	31,665
Net book value							
End of financial year	13,953	80,431	26,005	967	424	1,031	122,811

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

23. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant and machinery, furniture and fittings	Computer equipment and software development costs	Total
	$'000	$'000	$'000
The Company			
2010			
Cost			
Beginning of financial year	699	107	806
Additions	-	7	7
Disposals	-	(2)	(2)
End of financial year	699	112	811
Accumulated depreciation			
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
Accumulated impairment losses			
Beginning and end of financial year	270	-	270
Net book value			
End of financial year	**1**	**10**	**11**
2009			
Cost			
Beginning of financial year	747	103	850
Additions	-	7	7
Disposals	(48)	(3)	(51)
End of financial year	699	107	806
Accumulated depreciation			
Beginning of financial year	474	97	571
Disposals	(48)	(3)	(51)
Depreciation charge	1	4	5
End of financial year	427	98	525
Cost less accumulated depreciation at end of financial year	272	9	281
Accumulated impairment losses			
Beginning and end of financial year	270	-	270
Net book value			
End of financial year	2	9	11

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

23. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Location	Description and existing use	Approximate land area (in sq. metres)	Tenure	Net book value 2010 $'000	Net book value 2009 $'000
Singapore					
3 Senoko Way	Office, factory and warehouse	27,638	30 years leasehold with effect from April 1994 with an option to renew for a further 30 years	**30,300**	31,000
United States of America					
755 Epperson Drive City of Industry, California 91748	Office and warehouse	4,068	Freehold	**5,770**	6,348
The People's Republic of China					
286, 288 Chigang Road West Henan, Guangzhou	Office, factory and warehouse	30,872	Leasehold expiring in year 2043	**10,646**	11,718
300 Kai Ming Road Shanghai Songjiang Industrial Zone, Songjiang, Shanghai	Office, factory and warehouse	35,199	Leasehold expiring in year 2046	**9,750**	10,807
Malaysia					
Lot No.66134 & 154475, Jalan Jelapang, Jelapang Industrial Area, Ipoh, Perak, Malaysia	Factory and trading depot	29,428	Leasehold expiring in year 2033 and 2048 respectively	**1,656**	1,722
Lot No.65644, Jalan Jelapang, Jelapang Industrial Area, Ipoh, Perak, Malaysia	Factory and trading depot	20,334	Leasehold expiring in year 2033	**1,355**	1,418
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	**5,621**	7,351
No.121 & 191, Jalan Utas, Shah Alam, Selangor, Malaysia	Factory and trading depot	39,775	Leasehold expiring in year 2074 and 2073 respectively	**7,622**	10,437
Lot PTD 90047, 6th Miles, Jalan Kota Tinggi, Pandan, Johor Bahru, Johor, Malaysia	Office, warehouse, factory and trading depot	27,757	Interest in perpetuity subject to payment of annual rent	**7,321**	7,605

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

23. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Location	Description and existing use	Approximate land area (in sq. metres)	Tenure	Net book value 2010 $'000	Net book value 2009 $'000
Malaysia					
Lot 2050, Jalan Bintawa, Pending Industrial Estate, Kuching, Sarawak, Malaysia	Factory and trading depot	13,804	Leasehold expiring in year 2027	**1,224**	2,095
Lot No. 1347 & 1348 Jalan Swasta, Pending Industrial Estate, Kuching, Sarawak, Malaysia	Industrial building and land	29,368	Leasehold expiring in year 2027	**3,735**	3,883
				85,000	94,384

(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:

	The Group 2010 $'000	The Group 2009 $'000
Freehold properties	**1,188**	1,204
Leasehold properties	**68,458**	71,285

24. INTANGIBLE ASSETS

Composition:

	The Group 2010 $'000	The Group 2009 $'000
Goodwill arising on consolidation (Note 24(a))	**-**	-
Other (Note 24(b))	**17**	-
	17	-

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010

24. INTANGIBLE ASSETS (continued)

(a) Goodwill arising on consolidation

	The Group	
	2010	2009
	$'000	$'000
Cost		
Beginning and end of financial year	**5,361**	5,361
Accumulated impairment		
Beginning and end of financial year	**(5,361)**	(5,361)
Net book value	**-**	-

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

The goodwill in the CGUs was fully impaired in 2008.

(b) Other

	The Group	
	2010	2009
	$'000	$'000
Cost		
Beginning of financial year	**-**	-
Additions	**17**	-
End of financial year	**17**	-

25. TRADE AND OTHER PAYABLES - CURRENT

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Trade payables - Non-related parties	**18,022**	27,482	**-**	-
Other payables				
- Non-related parties	**8,981**	10,259	**257**	173
- Subsidiaries	**-**	-	**259,927**	266,073
	8,981	10,259	**260,184**	266,246
Loan from an associated company	**1,155**	1,155	**1,155**	1,155
Other accruals for operating expenses	**43,020**	42,154	**1,667**	1,902
	71,178	81,050	**263,006**	269,303

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

26. BORROWINGS - CURRENT

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Short-term bank borrowings	**26,857**	51,349	**13,000**	31,000

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 6 months $'000
The Group	
At 31 December 2010	
Bank borrowings	**26,857**
At 31 December 2009	
Bank borrowings	51,349
The Company	
At 31 December 2010	
Bank borrowings	**13,000**
At 31 December 2009	
Bank borrowings	31,000

(a) Secured liabilities

Included in current borrowings are the following secured liabilities:

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Short-term bank borrowings	**6,857**	17,349	**1,000**	6,000

Short-term bank borrowings of a subsidiary of $5,857,000 (2009: $6,349,000) are secured by a first mortgage over an investment property of a subsidiary with a carrying amount of $26,878,000 (2009: $24,435,000).

Short-term bank borrowings of the Company of $1,000,000 (2009: $6,000,000) are secured by a charge over available-for-sale financial assets of $1,920,000 (2009: $2,246,000) and fixed deposit in Hong Kong Dollar of $6,951,000 (2009: $7,527,000) held by the Company.

As at 31 December 2009, short-term bank borrowings of a subsidiary of $5,000,000 were secured by a first mortgage over a freehold development property with a carrying amount of $110,958,000. The mortgage was discharged during the financial year ended 31 December 2010.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

26. BORROWINGS - CURRENT (continued)

(b) Carrying amounts and fair values

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

27. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	The Group	
	2010	2009
	$'000	$'000
Current		
Provision for restructuring costs/termination benefits (Note 27(a))	**-**	160
Non-current		
Provision for retirement benefits (Note 27(b))	**2,237**	2,523
	2,237	2,683

(a) Provision for restructuring costs/termination benefits

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

	The Group	
	2010	2009
	$'000	$'000
Beginning of financial year	**160**	946
Provision utilised	**(17)**	(259)
Write-back of provision (Note 6)	**(143)**	(527)
End of financial year	**-**	160

(b) Provision for retirement benefits

Movements in provision for retirement benefits are as follows:

	The Group	
	2010	2009
	$'000	$'000
Beginning of financial year	**2,523**	2,510
Currency translation differences	**62**	(32)
Provision made	**314**	303
Provision utilised	**(412)**	(258)
Provision written-back	**(250)**	-
End of financial year	**2,237**	2,523

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

27. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (continued)

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

	The Group	
	2010	2009
	$'000	$'000
Present value of unfunded obligations/liabilities in the balance sheet	**2,237**	2,523

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 2010, 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 $176,000 and $138,000 (2009: $174,000 and $129,000) respectively.

The principal actuarial assumptions used are discount rate at 5.9% (2009: 6.2%) per annum and expected rate of salary increases at 6.0% (2009: 6.0%) per annum.

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

28. DEFERRED INCOME TAXES

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

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Deferred income tax assets				
- to be recovered within one year	**21**	716	**-**	170
- to be recovered after more than one year	**1,360**	2,259	**-**	47
	1,381	2,975	**-**	217
Deferred income tax liabilities				
- to be settled within one year	**1,857**	426	**170**	-
- to be settled after more than one year	**17,758**	18,183	**68**	-
	19,615	18,609	**238**	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

28. 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 depreciation	Recognition of construction revenue	Fair value gains-net	Total
	$'000	$'000	$'000	$'000
The Group				
2010				
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**
2009				
Beginning of financial year	14,909	785	2,356	18,050
Currency translation differences	(220)	-	(90)	(310)
Effects of change in Singapore tax rate credited to profit or loss	(24)	(44)	-	(68)
(Credited)/Charged to profit or loss	(342)	509	472	639
End of financial year	14,323	1,250	2,738	18,311

Deferred income tax assets

	Unabsorbed capital allowances and unutilised tax losses	Provisions	Total
	$'000	$'000	$'000
The Group			
2010			
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)**
2009			
Beginning of financial year	(3,048)	(1,968)	(5,016)
Currency translation differences	(23)	13	(10)
Effects of change in Singapore tax rate charged to profit or loss	46	45	91
Charged to profit or loss	1,547	711	2,258
End of financial year	(1,478)	(1,199)	(2,677)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

28. DEFERRED INCOME TAXES (continued)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of $39,633,000 (2009: $51,558,000) and unrecognised capital allowances of $1,000,000 (2009: $3,387,000) 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.

	(Decelerated)/ Accelerated tax depreciation $'000
The Company	
2010	
Beginning of financial year	**(217)**
Charged to profit or loss	**455**
End of financial year	**238**
2009	
Beginning of financial year	-
Credited to profit or loss	(217)
End of financial year	(217)

29. SHARE CAPITAL

	Number of ordinary shares	*Amount*
	Issued share capital '000	Share capital $'000
2010 and 2009		
Beginning and end of financial year	**573,920**	**218,568**

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

The call option granted to a shareholder on 22 April 2007 to subscribe for unissued shares of the Company expired during the financial year ended 31 December 2009. There are no unissued shares under option as at 31 December 2010.

30. CAPITAL RESERVES

Composition:

	The Group	
	2010	2009
	$'000	$'000
Capital reserve arising on consolidation	**2,352**	2,352
Share of capital reserve of an associated company	**3,714**	3,714
Negative goodwill of subsidiaries	**-**	4,079
	6,066	10,145

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

31. OTHER RESERVES

(a) Composition:

	The Group			The Company	
		31.12.2009	1.1.2009		
	2010	(Restated)	(Restated)	**2010**	2009
	$'000	$'000	$'000	**$'000**	$'000
Property revaluation reserve	**84,241**	96,087	101,887	**-**	-
Fair value reserve	**66,586**	13,195	(39,927)	**3,690**	1,678
Foreign currency translation reserve	**(32,649)**	(30,485)	(29,935)	**-**	-
General reserve	**1,120**	1,120	1,120	**-**	-
	119,298	79,917	33,145	**3,690**	1,678

(b) Movements:

	The Group			The Company	
		2009	2008		
	2010	(Restated)	(Restated)	**2010**	2009
	$'000	$'000	$'000	**$'000**	$'000
(i) *Property revaluation reserve*					
Beginning of financial year	**96,087**	101,887	88,465	**-**	-
Effect of changes in tax rates	**-**	-	68		
Reduction in property revaluation reserve arising from impairment of properties (Note 10(c))	**(3,655)**	-	-	**-**	-
Revaluation gains on property, plant and equipment	**-**	-	29,058	**-**	-
Tax on revaluation reserve changes (Note 10(c))	**914**	-	(7,264)	**-**	-
Non-controlling interests	**1,077**	-	(7,023)	**-**	-
	(1,664)	-	14,771	**-**	-
Transfer to retained profits	**(10,182)**	(5,800)	(1,417)	**-**	-
End of financial year	**84,241**	96,087	101,887	**-**	-
(ii) *Fair value reserve*					
Beginning of financial year	**13,195**	(39,927)	(1,460)	**1,678**	(2,021)
Fair value gains/(losses) on financial assets, available-for-sale (Note 18)	**54,199**	19,654	(44,979)	**2,012**	4,627
Transfer to profit or loss					
- on impairment (Note 6)	**-**	37,818	4,677	**-**	2,300
- on disposals (Note 6)	**-**	(3,220)	-	**-**	(3,228)
Tax on fair value changes	**-**	-	1,190	**-**	-
Non-controlling interests	**(808)**	(1,130)	645	**-**	-
	53,391	53,122	(38,467)	**2,012**	3,699
End of financial year	**66,586**	13,195	(39,927)	**3,690**	1,678

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

31. OTHER RESERVES (continued)

(b) Movements: (continued)

	The Group			The Company	
		2009	2008		
	2010	(Restated)	(Restated)	**2010**	2009
	$'000	$'000	$'000	**$'000**	$'000
(iii) *Foreign currency translation reserve*					
Beginning of financial year – As restated (Note 40)	**(30,485)**	(29,935)	(27,279)	**-**	-
Net foreign currency translation differences on financial statements of foreign subsidiaries and associated companies (Note 10(c))	**1,231**	(1,370)	(5,347)	**-**	-
Transfer to profit or loss upon liquidation of a subsidiary (Note 10(c))	**(1,652)**	-	12	**-**	-
Non-controlling interests	**(1,748)**	820	2,679	**-**	-
	(2,169)	(550)	(2,656)	**-**	-
Transfer to retained profits	**5**	-	-	**-**	-
End of financial year	**(32,649)**	(30,485)	(29,935)	**-**	-
(iv) *General reserve*					
Beginning and end of financial year	**1,120**	1,120	1,120	**-**	-

32. DIVIDEND

No dividend has been declared/recommended for the financial year ended 31 December 2010.

33. 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. There was no specific sum in the original statement of claim filed which seeks, inter alia that YHSM pays general damages.

The matter came up for trial before the High Court on 25 and 26 January 2010 and the Plaintiff was then claiming for damages of approximately $2.6 million (RM6.2 million) with interest and cost thereon. The High Court on 10 March 2010 granted judgement against YHSM in favour of the Plantiff. The Court did not make any award on the quantum of damages as there was no evidence adduced by the Plaintiff to substantiate its claims for damages alleged to be suffered. Consequently, the court ordered that damages be assessed before the High Court Registrar in a separate hearing. Notwithstanding that, YHSM has on 28 June 2010, filed an appeal against the decision of the High Court, based on the advice from its legal advisors, YHSM has a strong case to appeal. The case is pending Court hearing.

(b) In a prior financial year, the Central Jakarta District Court has 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

33. CONTINGENT LIABILITIES (continued)

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 has on 5 April 2010 filed a counter memorandum to the court. The case is still pending the Indonesia Supreme Court decision.

34. 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:

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Not later than one year	**1,772**	671	**543**	514
Between one and five years	**2,662**	2,175	**2,170**	2,057
Later than five years	**4,476**	4,758	**4,476**	4,758
	8,910	7,604	**7,189**	7,329

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

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

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

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Not later than one year	**1,899**	729	**67**	52
Between one and five years	**579**	635	**76**	13
	2,478	1,364	**143**	65

(c) Other commitments

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

	The Group	
	2010	2009
	$'000	$'000
Capital commitments in respect of purchase of property, plant and equipment approved and contracted for	**11,215**	2,101
Commitment in respect of property development expenditure approved and contracted for	**34,960**	46,368
	46,175	48,469

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35. 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:

	SGD	CAN	USD	HKD	RMB	RM	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2010								
Financial assets								
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
	422,649	1,909	59,108	34,597	19,841	34,604	6,281	578,989
Financial liabilities								
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)
	(391,372)	(152)	(35,079)	(29,608)	(19,536)	(28,666)	(4,423)	(508,836)
Net financial assets	31,277	1,757	24,029	4,989	305	5,938	1,858	70,153
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	**2,468**	**1,758**	**19,960**	**7,118**	**-**	**-**	**(498)**	

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for the financial year ended 31 December 2010

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

	SGD	CAN	USD	HKD	RMB	RM	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2009								
Financial assets								
Cash and cash equivalents	41,951	1,586	16,591	10,602	6,146	14,149	2,303	93,328
Trade and other receivables	20,528	229	4,444	946	1,831	39,409	8,418	75,805
Intra-group balances	368,510	-	18,657	61,126	30,528	-	-	478,821
Other financial assets	2,221	-	10	27	4	454	21	2,737
	433,210	1,815	39,702	72,701	38,509	54,012	10,742	650,691
Financial liabilities								
Borrowings	(45,000)	-	-	(6,349)	-	-	-	(51,349)
Intra-group balances	(368,510)	-	(18,657)	(61,126)	(30,528)	-	-	(478,821)
Other financial liabilities	(27,883)	(1)	(2,238)	(613)	(5,391)	(38,755)	(6,169)	(81,050)
	(441,393)	(1)	(20,895)	(68,088)	(35,919)	(38,755)	(6,169)	(611,220)
Net financial (liabilities)/assets	(8,183)	1,814	18,807	4,613	2,590	15,257	4,573	39,471
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	7,562	1	(4,370)	3,282	(2,590)	(15,257)	(6,576)	
Currency exposure	(621)	1,815	14,437	7,895	-	-	(2,003)	

Legend:

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

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35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure is as follows:

	SGD $'000	USD $'000	HKD $'000	Other $'000	Total $'000
At 31 December 2010					
Financial assets					
Cash and cash equivalents	173	47	6,951	-	7,171
Other receivables	12,216	422	-	2,250	14,888
Loans to subsidiaries	15,229	6,639	-	-	21,868
Other financial assets	34	-	-	-	34
	27,652	7,108	6,951	2,250	43,961
Financial liabilities					
Borrowings	(13,000)	-	-	-	(13,000)
Loans from subsidiaries	-	-	(13,724)	-	(13,724)
Other financial liabilities	(260,821)	(752)	(272)	(1,161)	(263,006)
	(273,821)	(752)	(13,996)	(1,161)	(289,730)
Net financial (liabilities)/assets	(246,169)	6,356	(7,045)	1,089	(245,769)
Less: Net financial liabilities denominated in functional currency	246,169	-	-	-	246,169
Currency exposure	**-**	**6,356**	**(7,045)**	**1,089**	**400**
At 31 December 2009					
Financial assets					
Cash and cash equivalents	1,281	113	7,527	-	8,921
Other receivables	15,680	-	-	2,445	18,125
Loans to subsidiaries	17,066	7,175	29,744	-	53,985
Other financial assets	34	-	-	-	34
	34,061	7,288	37,271	2,445	81,065
Financial liabilities					
Borrowings	(31,000)	-	-	-	(31,000)
Loans from subsidiaries	-	-	(46,327)	-	(46,327)
Other financial liabilities	(268,148)	-	-	(1,155)	(269,303)
	(299,148)	-	(46,327)	(1,155)	(346,630)
Net financial (liabilities)/assets	(265,087)	7,288	(9,056)	1,290	(265,565)
Less: Net financial liabilities denominated in functional currency	265,087	-	-	-	265,087
Currency exposure	-	7,288	(9,056)	1,290	(478)

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for the financial year ended 31 December 2010

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD, HKD and CAN change against the SGD by 1% (2009: 6%), 1% (2009: 5%) and 1% (2009: 7%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position would be as follows:

	2010	2009
	Increase/(decrease)	
	Profit after tax	Profit after tax
	$'000	$'000
The Group		
USD against SGD		
- strengthened	**164**	710
- weakened	**(164)**	(710)
HKD against SGD		
- strengthened	**58**	324
- weakened	**(58)**	(324)
CAN against SGD		
- strengthened	**14**	104
- weakened	**(14)**	(104)
The Company		
USD against SGD		
- strengthened	**53**	363
- weakened	**(53)**	(363)
HKD against SGD		
- strengthened	**(58)**	(376)
- weakened	**58**	376

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 because of the investments held by the Group which are classified on the consolidated balance sheet 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 2010

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) *Price risk* (continued)

If prices for securities listed in Singapore, Hong Kong, United States and Malaysia change by 6% (2009: 2%), 7% (2009: 13%), 9% (2009: 8%) and 1% (2009: Nil) respectively with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would be:

	2010		2009	
	Increase/(decrease)			
	Profit after tax $'000	**Other comprehensive income $'000**	Profit after tax $'000	Other comprehensive income $'000
The Group				
Listed in Singapore				
- increased by	**-**	**5,658**	-	881
- decreased by	**-**	**(5,658)**	(881)	-
Listed in Hong Kong				
- increased by	**-**	**237**	-	463
- decreased by	**-**	**(237)**	(292)	(171)
Listed in United States				
- increased by	**-**	**942**	-	568
- decreased by	**-**	**(942)**	(568)	-
Listed in Malaysia				
- increased by	**204**	**-**	-	-
- decreased by	**(204)**	**-**	-	-
The Company				
Listed in Singapore				
- increased by	**-**	**60**	-	19
- decreased by	**-**	**(60)**	(19)	-
Listed in Hong Kong				
- increased by	**-**	**135**	-	292
- decreased by	**-**	**(135)**	(292)	-
Listed in United States				
- increased by	**-**	**471**	-	284
- decreased by	**-**	**(471)**	(284)	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

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

Borrowings of the Group and the Company at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD. If, for example, the SGD interest rates increase/decrease by 0.10% (2009: 0.10%) with all other variables including tax rate being held constant, the profit after tax would be lower/higher by $22,000 (2009: $43,000) and $11,000 (2009: $26,000) for the Group and the Company respectively as a result of higher/lower interest expense on these borrowings.

Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's borrowings (Note 26).

(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.

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

The credit risk for trade receivables is as follows:

	The Group	
	2010	2009
	$'000	$'000
By geographical areas		
Singapore	**19,484**	16,498
Malaysia	**25,184**	38,152
China and Hong Kong	**1,281**	2,595
North America	**1,582**	1,229
Indonesia	**1,743**	6,089
Europe	**1,657**	1,704
Other countries	**3,599**	3,622
	54,530	69,889

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

	The Group	
	2010	2009
	$'000	$'000
By types of customers		
Consumer food and beverage products		
Related parties	**125**	87
Non-related parties:		
- Supermarkets, minimart chains, provision shops and gas stations	**19,407**	19,682
- Hotels, bars/pubs, restaurants, food courts and coffee shops	**4,805**	5,289
- Wholesalers and distributors	**25,970**	42,251
- Vending sales	**106**	182
- Other	**84**	715
	50,497	68,206
Property development		
Non-related parties:		
- Individuals	**4,033**	1,683
	54,530	69,889

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

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

	The Group	
	2010	2009
	$'000	$'000
New customers with less than six months experience	**5,180**	1,606
Existing customers with no defaults in the past	**19,858**	34,477
Existing customers with some defaults in the past, but all defaults were fully recovered	**357**	296
	25,395	36,379

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

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

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

	The Group	
	2010	2009
	$'000	$'000
Past due less than three months	**26,683**	29,741
Past due three to six months	**1,914**	2,007
Past due over six months	**538**	1,762
	29,135	33,510

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2010

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

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

	The Group	
	2010	2009
	$'000	$'000
Trade receivables overdue and impaired	**1,216**	1,456
Less: Allowance for impairment	**(1,216)**	(1,456)
	-	-
Beginning of financial year	**1,456**	2,441
Currency translation differences	**(21)**	20
Allowance made (Note 7)	**802**	183
Allowance utilised	**(1,021)**	(1,188)
End of financial year	**1,216**	1,456

(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 date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than one year	Between one and two years
	$'000	$'000
The Group		
At 31 December 2010		
Gross-settled currency forwards		
- Receipts	**1,307**	**-**
- Payments	**(1,300)**	**-**
Trade and other payables	**(71,178)**	**-**
Borrowings	**(27,200)**	**-**
Other non-current liabilities	**-**	**(34)**
	(98,371)	**(34)**

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

35. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Less than one year $'000	Between one and two years $'000
The Group		
At 31 December 2009		
Gross-settled currency forwards		
- Receipts	299	-
- Payments	(300)	-
Trade and other payables	(81,050)	-
Borrowings	(52,362)	-
Other non-current liabilities	-	(36)
	(133,413)	(36)

	Less than one year $'000
The Company	
At 31 December 2010	
Other payables	**(263,006)**
Borrowings	**(13,178)**
	(276,184)
At 31 December 2009	
Other payables	(269,303)
Borrowings	(31,688)
	(300,991)

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

35. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk (continued)

The Group's and the Company's strategies, which were unchanged from 2009, are to maintain gearing ratio below 30% and 80% respectively. The gearing ratios as at 31 December 2010 and 31 December 2009 were as follows:

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Net debt	**-**	39,071	**282,559**	337,709
Total equity	**510,294**	434,462	**193,505**	166,976
Total capital employed	**510,294**	473,533	**476,064**	504,685
Gearing ratio	**Nil**	8%	**59%**	67%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial year ended 31 December 2009 and 2010.

(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	Level 2	Total
	$'000	$'000	$'000
The Group			
2010			
Assets			
Financial assets, at fair value through profit or loss	**20,429**	**-**	**20,429**
Financial assets, available-for-sale	**108,148**	**400**	**108,548**
	128,577	**400**	**128,977**
2009			
Assets			
Financial assets, available-for-sale	54,707	440	55,147
The Company			
2010			
Assets			
Financial assets, available-for-sale	**8,168**	**400**	**8,568**
2009			
Assets			
Financial assets, available-for-sale	6,743	440	7,183

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

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

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

36. FINANCIAL INSTRUMENTS

A subsidiary of the Group had open forward foreign currency contracts, amounting to $1,300,000 (2009: $300,000) as at 31 December 2010. The fair value gain amounted to $7,000 (2009: fair value loss amounted to $1,000) as at 31 December 2010.

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

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	
	2010	2009
	$'000	$'000
Amount billed by Orchard Parade Holdings Limited Group:		
- Rental expense	**(46)**	(57)
- Professional fees	**(29)**	(31)
Amount billed to/(by) other related parties:		
- Sales of goods and services	**295**	300
- Professional fees	**(447)**	(428)
- Sales commission and marketing fees	**(529)**	(350)
Amount billed to/(by) Sino Land Company Limited Group:		
- Sales of goods and services	**4**	7
- Rental expense	**(58)**	(59)
Professional fees paid/payable to Chang See Hiang & Partners	**(13)**	(3)

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

38. RELATED PARTY TRANSACTIONS (continued)

(a) Sales and purchases of goods and services (continued)

Other related parties comprise of companies that are controlled by the shareholders of the Company's ultimate holding company.

Outstanding balances at 31 December 2010, 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 25 respectively.

(b) Key management personnel compensation

The key management personnel compensation is as follows:

	The Group	
	2010	2009
	$'000	$'000
Wages and salaries	**2,989**	2,305
Employer's contribution to defined contribution plans including Central Provident Fund	**163**	64
Other benefits	**545**	678
	3,697	3,047

Included in the above is total compensation to directors of the Company amounting to $1,130,000 (2009: $1,077,000).

39. SEGMENT INFORMATION

Management has determined the operating segments based on the reports that are used to make strategic decisions as reviewed by the President and 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 2010

39. SEGMENT INFORMATION (continued)

The segment information provided to the CEO for the reportable segments for the year ended 31 December 2010 is as follows:

	Consumer food and beverage products $'000	Property development $'000	Other $'000	Elimination $'000	The Group $'000
Year ended 31 December 2010					
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)
Net profit					**26,896**
Segment assets	290,476	469,013	207,385	(339,026)	627,848
Associated companies	3,204	-	-	-	3,204
Unallocated assets					1,985
Consolidated total assets					**633,037**
Segment liabilities	123,393	20,744	281,640	(353,483)	72,294
Unallocated liabilities					50,449
Consolidated total liabilities					**122,743**
Other segment items					
Additions to property, plant and equipment	6,266	-	138	-	6,404
Additions to investment properties	-	-	99	-	99
Gain on liquidation of a subsidiary	(1,526)	-	-	-	(1,526)
Interest income	480	11	9	-	500
Depreciation	8,575	-	971	-	9,546
Fair value gains on investment properties	-	-	(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 2010

39. SEGMENT INFORMATION (continued)

	Consumer food and beverage products $'000	Property development $'000	Other $'000	Elimination $'000	The Group $'000
Year ended 31 December 2009					
Revenue					
- External sales	379,472	21,123	1,622	-	402,217
- Inter-segment sales	-	-	3,148	(3,148)	-
	379,472	21,123	4,770	(3,148)	402,217
Profit/(Loss) from operation	4,129	8,661	(35,347)	-	(22,557)
Share of results of associated companies	887	-	-	-	887
Segment result	5,016	8,661	(35,347)	-	(21,670)
Finance expense					(1,292)
Loss before income tax					(22,962)
Income tax expense					(3,034)
Net loss					**(25,996)**
Segment assets	306,322	473,357	171,099	(369,541)	581,237
Associated companies	3,014	-	-	-	3,014
Unallocated assets					5,173
Consolidated total assets					**589,424**
Segment liabilities	150,475	23,902	293,012	(384,775)	82,614
Unallocated liabilities					72,348
Consolidated total liabilities					**154,962**
Other segment items					
Additions to property, plant and equipment	7,061	-	9	-	7,070
Loss on liquidation of a subsidiary	42	-	-	-	42
Interest income	223	4	21	-	248
Depreciation	9,527	-	1,069	-	10,596
Fair value gains on investment properties	(293)	-	(3,811)	-	(4,104)
Write-back of allowance for foreseeable losses on development properties	-	(1,836)	-	-	(1,836)
Impairment loss on property, plant and equipment	2,493	-	2,248	-	4,741
Property, plant and equipment written-off	2,744	-	-	-	2,744
Impairment of financial assets, available-for-sale	-	-	40,779	-	40,779
Net foreign exchange loss	90	-	2,344	-	2,434

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

39. SEGMENT INFORMATION (continued)

Geographical information

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

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

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

	Revenue		Non-current assets	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Singapore	**164,062**	135,704	**42,250**	38,342
Malaysia	**166,004**	196,812	**65,710**	76,482
China and Hong Kong	**22,909**	31,089	**51,067**	54,290
North America	**14,963**	9,572	**10,169**	11,594
Other countries	**31,903**	29,040	**-**	-
	399,841	402,217	**169,196**	180,708

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

40. PRIOR-YEAR RESTATEMENT

The Group has reclassified a total amount of $20,924,000 from foreign currency translation reserve to retained profits, both within equity, as a prior-year adjustment. This adjustment arises from the realisation of the net foreign exchange loss relating to the reduction of the Group's net investment in Hong Kong upon the disposal of a subsidiary in 1994 and the discontinuation of a subsidiary's operation in Canada in 2003. This net foreign exchange loss should have been recognised in the income statements of the respective prior years.

The prior-year restatement affected the following items in the financial statements:

	As previously reported $'000	Adjustment $'000	Restated $'000
2009			
Balance sheet as at 31 December 2009			
Other reserves - Foreign currency translation reserve	(51,409)	20,924	(30,485)
Retained profits	91,751	(20,924)	70,827
2008			
Balance sheet as at 1 January 2009			
Other reserves - Foreign currency translation reserve	(50,859)	20,924	(29,935)
Retained profits	110,747	(20,924)	89,823

In accordance with the requirements of the Singapore Financial Reporting Standards, the restated balance sheets of both the beginning and the end of the 2009 financial year are provided as comparatives.

41. 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 2011 or later periods and which the Group has not early adopted:

- Amendments to FRS 24 – Related party disclosures (effective for annual periods beginning on or after 1 January 2011)

The management anticipates that the adoption of the above amendment to FRS in the future period will not have a material impact on the financial statements of the Group and of the Company in the period of its initial adoption.

42. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Yeo Hiap Seng Limited on 18 March 2011.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

43. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP

Name of company/ Country of incorporation	Principal activities	Country of business	Equity holding **2010** **%**	 2009 %
Significant subsidiaries held by the Company				
YHS (Singapore) Pte Ltd (Singapore) (1)	Investment holding, manufacture, sale, distribution and export of beverages, sauces, canned food and provision of vending services	Singapore	**100**	100
YHS Dunearn Pte Ltd (Singapore) (1)	Property development	Singapore	**100**	100
Yeo Hiap Seng (Shanghai) Co., Ltd (People's Republic of China) (3)	Manufacture and distribution of beverages	People's Republic of China	**100**	100
Significant subsidiaries held by subsidiaries				
Yeo Hiap Seng (Guangzhou) Food & Beverages Ltd (People's Republic of China) (2)	Manufacture and distribution of beverages	People's Republic of China	**100**	100
Yeo Hiap Seng (Hong Kong) 2000 Pte Limited (Hong Kong) (2)	Distribution of beverages and canned food	Hong Kong	**100**	100
Ranko Way Limited (Hong Kong) (2)	Property holding	Hong Kong	**100**	100
YHS Trading (USA) Inc. (USA) (3)	Distribution of beverages and canned food	USA	**100**	100
YHS (USA) Inc. (USA) (3)	Owns and leases fixed assets	USA	**100**	100
Yeo Hiap Seng (Malaysia) Berhad (Malaysia) (2)	Production, marketing and sale of beverages and food products	Malaysia	**60.7**	60.7
Bestcan Food Technological Industrial Sendirian Berhad (Malaysia) (2)	Production of instant noodles	Malaysia	**60.3**	60.3

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2010

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

Name of company/ Country of incorporation	Principal activities	Country of business	Equity holding 2010 %	Equity holding 2009 %
Significant subsidiaries held by subsidiaries (continued)				
Yeo Hiap Seng (Sarawak) Sendirian Berhad (Malaysia) (2)	Production of sauces and non-alcoholic beverages	Malaysia	**60.7**	60.7
Yeo Hiap Seng Trading Sendirian Berhad (Malaysia) (2)	Distribution of food and beverages	Malaysia	**60.7**	60.7
Yeo Hiap Seng (Perak) Sendirian Berhad (Malaysia) (2)	Investment holding	Malaysia	**60.7**	60.7
PT YHS Indonesia (Indonesia) (2)	Distribution of food and beverages	Indonesia	**60.7**	60.7
Significant associated companies held by subsidiaries				
Langfang Yili Dairy Products Co., Ltd (People's Republic of China) (3)	Manufacture and sale of packaged dairy milk and other related products	People's Republic of China	**25**	25

Legend:

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

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

ANALYSIS OF SHAREHOLDINGS

as at 15 March 2011

SHARE CAPITAL

Issued and Fully Paid-up Capital	:	S$218,568,491.64
Number of Shares Issued	:	573,920,439
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 999	172	26.50	37,234	0.01
1,000 - 10,000	328	50.54	1,255,451	0.21
10,001 - 1,000,000	137	21.11	5,219,016	0.91
1,000,001 & above	12	1.85	567,408,738	98.87
Total	649	100.00	573,920,439	100.00

TOP TWENTY SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Shares
Jelco Properties Pte Ltd	195,225,636	34.02
Far East Organisation Pte Ltd	177,412,324	30.91
HSBC (Singapore) Nominees Pte Ltd	31,089,452	5.42
Mayban Nominees (S) Pte Ltd	30,800,000	5.37
RHB Bank Nominees Pte Ltd	30,000,000	5.23
Sino Land Company Limited	24,661,978	4.30
Bank of East Asia Nominees Pte Ltd	23,377,497	4.07
DBS Vickers Securities (S) Pte Ltd	14,729,334	2.57
United Overseas Bank Nominees Pte Ltd	13,356,108	2.33
Citibank Nominees Singapore Pte Ltd	10,999,155	1.92
DBS Nominees Pte Ltd	10,385,516	1.81
The Hain Celestial Group, Inc.	5,371,738	0.94
OCBC Securities Private Ltd	804,497	0.14
Raffles Nominees (Pte) Ltd	285,644	0.05
Eng Wan Investment Pte Ltd	228,000	0.04
OCBC Nominees Singapore Pte Ltd	133,028	0.02
DB Nominees (S) Pte Ltd	104,000	0.02
KB Nominees Pte Ltd	100,000	0.02
Woh Cheong Co Pte Ltd	100,000	0.02
Oversea-Chinese Bank Nominees Pte Ltd	87,222	0.02
Total	569,251,129	99.22

ANALYSIS OF SHAREHOLDINGS

as at 15 March 2011

SUBSTANTIAL SHAREHOLDERS

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

Notes:

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

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

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

4. (i) Pursuant to undertakings dated 1 July 2006 executed by Jelco and FEO in favour of Pepsico and Seven-Up (in consideration of Pepsico and Seven-Up entering into exclusive bottling appointments with the Company effective as of 1 July 2006) whereby Jelco and FEO agreed to provide Pepsico and Seven-Up with preferential rights, in the event, inter alia, that Jelco and FEO cease collectively to own 51% of the capital of the Company for the time being, to acquire from Jelco and FEO shares in the Company to be transferred, upon the respective terms of such undertakings.

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

5. Based on information available to the Company as at 15 March 2011, approximately 14.92% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-fifth Annual General Meeting of the Company will be held in The Auditorium, Yeo Hiap Seng Limited, 3 Senoko Way, Singapore 758057 on Wednesday, 27 April 2011, 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 2010 and the reports of the Directors and Auditors thereon.

2. To approve the payment of $741,904 as Directors' fees for the financial year ended 31 December 2010. (2009: $725,000)

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

   (ii) To re-elect the following Directors:
   (a) Mr. Wee Kheng Jin; and
   (b) Mr. Yap Ng Seng,
   each of whom retires pursuant to Article 103 of the Articles of Association of the Company.

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

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

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

SPECIAL BUSINESS

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

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

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

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

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

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

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."

7. 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:

NOTICE OF ANNUAL GENERAL MEETING

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

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

(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."

8. 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

9. 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, 7 April 2011

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 3(i)(c) – Subject to his re-election, Dr. Tan Chin Nam, who is an independent Director, will continue to serve as member of the Remuneration Committee.

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

Item 3(iii)(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 6 – The Ordinary Resolution, if passed, will authorise the Directors from the date of this Annual General Meeting up to the next Annual General Meeting, to issue shares in the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, for such purposes as they consider would be in the interests of the Company, up to a number not exceeding 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 7 – 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 28,238,458 shares on 15 March 2011 representing approximately 4.92% 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 2010 and certain assumptions, are set out in Paragraph 2.7 of the Company's letter to shareholders dated 7 April 2011.

Item 8 – 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 9 – The Ordinary Resolution, if passed, will authorise the Directors to issue shares in the Company pursuant to the Yeo Hiap Seng Limited Scrip Dividend Scheme to participating shareholders who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

PROXY FORM -
ANNUAL GENERAL MEETING

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

IMPORTANT
1. For investors who have used their CPF monies to buy Yeo Hiap Seng Limited shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We ______________________________

of ______________________________

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

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to vote for me/us on my/our behalf at the Fifty-fifth Annual General Meeting of the Company to be held on 27 April 2011 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on at his/their discretion, as he/they will on any other matter arising at the Meeting.

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

No.	Resolutions	To be used on a show hands		To be used in the event of a poll	
		For *	Against *	No. of Votes For **	No. of Vote Against **
1.	Adoption of Audited Financial Statements and Reports				
2.	Approval of Directors' Fees				
3.	(i) (a) Re-election of Mr. Irwin David Simon as Director				
	(b) Re-election of Mr. Tjong Yik Min as Director				
	(c) Re-election of Dr. Tan Chin Nam as Director				
	(ii) (a) Re-election of Mr. Wee Kheng Jin as Director				
	(b) Re-election of Mr. Yap Ng Seng as Director				
	(iii) (a) Re-appointment of Mr. Ngiam Tong Dow as Director				
	(b) Re-appointment of Mr. S. Chandra Das as Director				
4.	Re-appointment of PricewaterhouseCoopers LLP as Auditors				
5.	Any Other Ordinary Business				
6.	Approval of Share Issue Mandate				
7.	Approval of Renewal of Share Purchase Mandate				
8.	Approval of Issue of Shares pursuant to the YHS Share Incentive Plan				
9.	Approval of Issue of Shares pursuant to the Yeo Hiap Seng Limited Scrip Dividend Scheme				

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

Dated this ________ day of ________________ 2011.

____
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.

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

3 Senoko Way
Singapore 758057

Tel: 65 6752 2122
Fax: 65 6752 3122