



PSC Corporation Ltd

The Consumer Essentials Group



FIRST IN FAMILY ESSENTIALS

2011

ANNUAL REPORT



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VISION

To be a multi-faceted consumer essentials company with strategic investments in the region

MISSION

Building strong partnerships, growing new markets

Fostering an open and creative culture, attracting and nurturing talents

Providing innovative products, portfolio building, meeting stakeholders' needs

Achieving operational excellence

Building strong financial capabilities

EXECUTIVE CHAIRMAN'S MESSAGE



In line with the Group's tight control measures, distribution expenses remained relatively stable at \$38.86 million, while administrative expenses decreased 6.1% to \$29.34 million due in part to a lower level of operating activities.

In addition, we also leveraged on our comprehensive distribution network which enabled us to develop mutually beneficial relationships with customers. Profit before interest and tax for Consumer Business improved 44.8% to \$8.68 million.

Dear Shareholders,

PSC Group faced significant challenges in FY2011. Against a steadily improving local economy which has been plagued by the global financial turmoil, the Group has maintained its prudent approach in managing its business. With continuous improvements in its operations and deployment of its investments, the Group has a healthy balance sheet with a reasonable leverage.

By having diverse consumer businesses within the fast moving consumer goods ("FMCG") segment and by focusing on brand management as an important driver for the Group's future growth, we have established extensive business networks which have enabled us to gain leverage for our different business lines. Over the years, riding on our comprehensive distribution network, excellent brand reputation and strategic marketing initiatives, we have built significant market shares for popular proprietary brands such as Royal Umbrella, Beautex, Fortune and Sobe. Our continuous efforts in research and development have also enabled us to launch many successful consumer products. Customers have witnessed our results all these years and have grown to associate PSC with quality and innovation – the two hallmarks of the Group.

The year in review

PSC's revenue for FY2011 saw an increase to \$392.84 million which represented a 5.1% increase from FY2010. However, impacted by high raw material costs, PSC's gross profit for FY2011 was reduced to \$76.16 million which was a decrease of 6.6% from FY2010, while gross profit margin declined from 21.8% in FY2010 to 19.4% in FY2011.

In line with the Group's tight control measures, distribution expenses remained relatively stable at \$38.86 million, while administrative expenses decreased 6.1% to \$29.34 million due in part to a lower level of operating activities. Coupled with net finance costs of \$4.44 million (as compared to an income of \$4.86 million in FY2010), as well as share of losses amounting to \$2.07 million incurred by our associates in Singapore and Cambodia (as compared to share of profits of \$4.81 million in FY2010), the Group's FY2011 net profit declined 74.1% to \$4.49 million.

Notwithstanding the lower profitability, PSC's Consumer Business, which generated 57.0% of our total revenue, was further strengthened in FY2011. We were able to achieve this through an enhanced product mix in Singapore and Malaysia, by adopting flexible operational strategies and strategic marketing initiatives covering both general and modern retail channels. In addition, we also leveraged on our comprehensive distribution network which enabled us to develop mutually beneficial relationships with customers. Profit before interest and tax for Consumer Business improved 44.8% to \$8.68 million.

The two key projects under Health Solutions continued to progress well in FY2011. The Cheras Rehabilitation Hospital in Malaysia is expected to be operational by the second half of 2012, while the Likas Nuclear and Radiotherapy Medical Center in Kota Kinabalu is scheduled to commence operations by 2013. As the bulk of work for these two projects had been completed and billed, revenue for Health Solutions stood at \$2.06 million – 68.1% lower than FY2010. Though we believe that our Health Solutions business will remain positive with the support of the rigid demand for healthcare in the region, we will adopt a cautious approach and review our business plans and strategies accordingly before making any further investments.

Our packaging business under the Group's Strategic Investments, which generated 42.5% of our total revenue, witnessed an 8.8% increase in revenue to \$166.80 million in FY2011, but profit before interest and tax dipped 25.7% to \$6.21 million due primarily to high raw material costs. The business successfully commenced its fourth plant in China in February 2011, this time in the Tongzhou district of Nantong City. The plant not only generated new business for the Group in FY2011, but more significantly, managed to generate profits 11 months after commencement. We view this as a feat considering the intense competition faced by the packaging industry in China.

Our packaging business will focus on improving efficiency to produce higher quality corrugated paper packaging products, and at the same time, keeping production costs lean. We look forward to the completion of the Nantong

Rugao's plant upgrading exercise to improve the quality and efficiency of its production line and ancillary equipment. We believe this will ultimately enhance the plant's competitiveness in the Nantong Rugao Area.

Dividend

To reward loyal shareholders, who continue to believe in the Group's growth strategies, the Board of Directors has decided to declare a dividend of 1.0 Singapore cents per share, a payout that is similar to last year, notwithstanding the Group's lower profitability in FY2011.

Realising investments

Part of our strategy to add value to the Group is to identify investment opportunities, and to acquire a stake in enterprises where we believe have potential and subsequently divest them at the right time to realise the investment. During the year in review, we divested our entire stake (17.63%) in Malaysia-listed Pulau Springs Berhad ("PSB") for a total cash consideration of approximately \$8.89 million in September 2011. The proceeds from the share sale represented 8.2% of PSC's market capitalisation at that point in time.

During the year in review, we also spotted favourable demand for our property interests and investment properties in China and Malaysia and decided on a divestment to realise gains. This resulted in an 86.8% surge in other income to \$6.71 million. The Group is cautiously optimistic about the China property market. We will continue to seek further development opportunities by monitoring the market situation in various Asian markets where we will build our foothold. At the same time, we also hold a prudent approach in developing our China interest by appropriately adjusting our plan according to market and policy variations.

For the years ahead, we will simultaneously focus our efforts on identifying investment gems that we believe will strengthen the Group's financial position, as well as to adopt a cautious approach in evaluating any further investment opportunities.

Rising to meet challenges

Looking ahead, in light of the uncertainties of the overall operating environment as well as the inflationary pressures faced by the global economies, focus will be placed on strengthening our cost management, financial and risk control in order to meet challenges arising from these external factors. In addition, priority will be given to optimising management processes in order to improve our ability to respond to contingencies and to enhance the overall efficiency of the Group.

We will also keep up with our prudent capital management, ensuring healthy cash flows as we believe a strong cash position will equip the Group with sufficient resources to fund growth plans when opportunities arise. We have improved our cash position in FY2011. As at 31 December 2011, our cash and cash equivalents stood at \$49.37 million – a 27.4% increase as compared with that of 31 December 2010. This robust liquidity is able to effectively support our existing operations as well as to fund new development plans.

As a Group, we will leverage on our leadership position in the FMCG segment to further strengthen our foothold in the industry. Specifically, we will continue with our three-pronged growth strategy in FY2012 to augment our Consumer Business – a key driver of PSC. All efforts will be channelled into expansion of our current portfolio of products, adding new agencies to expand our range of third party products, as well as widening our distribution network in Singapore and Malaysia to expand our market coverage.

We have witnessed success with this strategy in FY2011. Socma, our marketing and distribution arm in Malaysia, expanded its snacks category with five new products. In Singapore, our Retail Chilled Division under the Fortune Food Group expanded its nutritious offerings by launching three Omega 3-related soy based products and two new UHT organic soymilk, while Tipex launched a new type of baby wipes under the renowned Beautex brand, as well as introduced BabyLove GrowPants, a type of training pants for babies, into the market. We will continue to enhance our brand portfolio in order to provide additional range of high quality and value products to our customers, thereby encouraging customer loyalty and acting as growth drivers for future profits.



EXECUTIVE CHAIRMAN'S MESSAGE

Our various subsidiaries will continue to build foundations for future growth by expanding their agency portfolio through addition of new brands and products. Topseller entered into partnership agreements with three new principals, *Vance Chemical, Ligo and Liu Shen*, to distribute and market their products in Singapore. The Food Services division of the Fortune Food Group secured distributorship for short grain rice and basmati rice from the USA, India and Pakistan, effectively expanding its pool of rice suppliers beyond Thailand and Vietnam.

Under our Lifestyle business arm, D&P's success in expanding its distribution network for Rockport in FY2011 is extremely noteworthy. It opened two concept stores and secured retail space in all departmental stores in Singapore. In Malaysia and Brunei, it started seven concept stores and penetrated into two departmental stores respectively. Moving forward, the Group will closely monitor market conditions and implement appropriate business plans and strategies accordingly.

As a consumer business, apart from the introduction of new products and agencies, strategic marketing initiatives continue to be of considerable significance to the Group's growth potential. In addition to our focus on exclusive brands, we will continue to optimise results from our current product portfolio through various measures including enhanced marketing initiatives. Many of these marketing initiatives had experienced resounding success and market response which became the talk of the town in FY2011. The Group is cautiously optimistic about the development of the local retail industry. We are confident that our determined efforts to continually expand and diversify our product portfolio, improve operational performance, business process efficiency and management controls will allow us to sharpen our competitive advantage in the intensely competitive market for consumer business.

Let me assure you that by building on the platform that we have already established, the Group is confident of sustaining its growth momentum in the extremely competitive FMCG market.

The Group will keep monitoring the risks affecting our operations and adjust our plans and executions for your best interests. We will continue to build on the strategic momentum to reach our full growth potential in both existing markets and in new ones.

Corporate citizenship

We believe in the importance of corporate social responsibility and actively focus on social investments in order to make contributions to the society. Through Tipex, our tie up with "The Straits Times School Pocket Money Fund" for the annual Beautex "Life's Beautiful" Art Competition, we aim to nurture and provide young talents with opportunities through their participation in art creation. Such an event also allows us to raise funds for needy, school-going children; the future leaders of society.

Words of appreciation

I would like to offer my utmost appreciation to every member of the staff for their loyalty and diligence. The Group relies on the dedicated efforts, efficiency and responsiveness from uncompromising management and staff in order to achieve our successes. We will strengthen and reinforce the overall quality of our management team by recruiting individuals of high calibre to improve operational management and to enhance the potential for progress of the Group's business.

I am sure that the Group will march forward to the future secured in the belief that we will continue to reward the confidence of both our employees and shareholders with increased shareholder value in the coming years. I look forward to working closely with each and every valued member of the PSC family, including our suppliers, to achieve better results in FY2012.

I would also like to take this opportunity to thank you, our valued shareholder, for your ongoing and relentless support and for sharing in our future mission and strategic vision. To our customers, thank you for trusting the PSC brand. We will keep monitoring risks and adjust our plans for the best interests of our shareholders.

Dr Allan Yap
Executive Chairman

执行董事主席致辞

尊敬的各位股东：

2011财年，普威集团面临巨大挑战。本地经济原本稳步提升，但却遭受全球金融危机的重创。因此，本集团在设计业务方面一直保持谨慎态度。随著经营的不断提升和各项投资的陆续开展，本集团的资产负债状况稳健，杠杆合理。

快速消费品（“FMCG”）部门的消费品业务多种多样，侧重品牌管理，这是推动我们未来增长的重要新元素。本集团已经建立了广泛的业务网络，使得我们在不同的业务线确立优势。过去几年，借助于我们的全面分销网络、卓越的品牌声誉和策略性的市场营销，我们的知名专属品牌夺得了很大的市场份额，如 Royal Umbrella、Beautex、Fortune 和 Sobe。本集团不断投入研发，因此我们能够不断推出众多备受欢迎的消费品。客户在这些年已经见证了我们的成绩，并逐步将普威集团与创新、优质—本集团的两大标杆—联系在一起。

回顾年度

普威集团2011财年的收入增加到3亿9千2百84万新元，比2010财年增长5.1%。但是，由于受原材料成本高涨的影响，本集团2011财年的毛利减少到7千6百16万新元，比2010财年下降6.6%；而毛利率则由2010财年的21.8%下滑到2011财年的19.4%。

在本集团的严格控制措施下，分销开支保持相对稳定，为3千8百86万新元，而部分因为经营活动减少，行政开支下降6.1%到2千9百34万新元。加上净融资成本4百44万新元（而2010财年则为收入4百86万新元）以及由我们在新加坡和马来西亚的联营公司所产生的应占亏损2百7万新元（而2010财年则为应占利润4百81万新元），本集团2011财年的纯利减少74.1%到4百49万新元。

尽管盈利能力下降，贡献本集团总收入57.0%的普威集团的消费品业务，在2011财年得到进一步加强。我们能够取得这个进步，主要是得益于透过改善在新加坡和马来西亚的产品组合，采用灵活的经营策略，实施覆盖传统和现代零售渠道的策略性市场营销活动。另外，本集团还借助于全面的分销网络，与客户建立互惠关系。因此，消费品业务的除所得税前利润增加44.8%到8百68万新元。

保健部门的两个主要项目在2011财年继续进展良好。在马来西亚的 Cheras 复健医院 (Cheras Rehabilitation Hospital) 预期于2012下半年开始运营，而位于哥打京那巴鲁 (Kota Kinabalu) 的Likas核及放射医疗中心 (Nuclear and Radiotherapy Medical Center) 也计划在2013年前开始营业。这两个项目的主体工作已经完成并付款，保健部门实现收入2百零6万新元，比2010财年减少68.1%。尽管我们相信，在本地区人们对保健需求旺盛支持下，本集团的保健部门业务前景不乏乐观，但我们仍将谨慎经营，在做任何更多投资前，仔细检讨业务计划和策略。

我们的包装业务属于本集团策略性投资，占我们总营业额的42.5%，2011财年营业额增长8.8%达1亿6千6百80万新元，但由于原材料上涨，税前利润下降25.7%至6百21万新元。2011年2月，该业务位于中国南通市通州区的四厂成功投产。该厂不仅在2011财年为本公司创造新的业务，更重要的是，于投产后11个月即得以创造利润。我们认为，在包装行业竞争如此激烈的情况下，这是一个壮举。

本集团的包装业务将注重提高效率，生产高质量瓦楞纸包装产品，同时消减生产成本。我们预期在南通如皋地区的厂房升级举措的完成，将提升其生产线和辅助设备的质量和效率。我们相信这将最终提高该厂在南通如皋地区的竞争力。



在本集团的严格控制措施下，分销开支保持相对稳定，为3千8百86万新元，而部分因为经营活动减少，行政开支下降6.1%到2千9百34万新元。

另外，本集团还借助于全面的分销网络，与客户建立互惠关系。因此，消费品业务的除所得税前利润增加44.8%到8百68万新元。

执行董事主席致辞



股息

为回报一如既往信任本集团发展策略的忠实股东，在我们2011财年盈利能力下降情况下，董事会仍然决定派发每股1分(新加坡货币)的股息，与去年的派息水平相当。

实现收益

我们为本集团增创价值的策略之一为发掘投资机遇，购入我们认为具备发展潜力企业的股份，随后适时剥离以实现投资收益。回顾年度，我们于2011年9月以总现金代价约8百89万新元出售我们于马来西亚上市公司 Pulai Springs Berhad (“PSB”) 的全部股份 (17.63%)。出售股份所得款项占当时普威集团市场资本化总额的8.2%。

于回顾年度，我们还发现中国和马来西亚市场对本集团物业权益和投资物业的需求可观，决定剥离投资以变现收益，因此其它收入猛增86.8%到6百71万新元。本集团对中国房地产市场抱审慎乐观态度。我们将继续寻找更多发展机会，留意各亚洲市场的发展状况，并在那儿建立我们的立足点。同时，我们还谨慎开发中国业务，根据市场和政策变化适时调整计划。

展望来年，我们将一边集中精力寻找投资良机，相信这将进一步增强本集团的财务状况，一边以谨慎态度评估这些投资机会。

迎接挑战

展望未来，在整体营商环境充满不确定性和全球经济面临通胀压力下，我们将重点加强成本管理、财务和风险控制，勇敢迎接这些外部不利因素所带来的挑战。而且，本集团将优先改善管理流程，提高我们应对各种突发因素的能力，并提升本集团的整体效率。

我们亦将奉行审慎的资本管理，确保稳健的现金流，因为我们相信良好的现金状况将使本集团具备充足的资源，在机遇到来时，满足增长计划的资金需求。我们的现金状况已于2011财年得到改善。截至2011年12月31日，我们的现金及现金等值物高达4千9百37万新元一较2010年12月31日增长27.4%。此充沛的流动资金将可为我们的现有经营给予有效的支持，并为新的发展机会补充资金。

作为一个集团，我们将凭借快速消费品部门的主导地位，进一步巩固我们在这个行业的地位。尤其是，我们将继续我们在2012财年的三管齐下发展策略，以扩大我们的消费业务—普威集团的主要发展动力。所有的努力都将朝向丰富现有产品组合，增加新代理以扩大我们第三方产品的范围，同时拓宽我们在新加坡及马来西亚的分销网络，从而扩大我们的市场覆盖范围。

利用这个策略，我们在2011财年收获了成功。我们在马来西亚的营销与经销公司 Socma，在其零食类别中新添五款产品。在新加坡，我们鸿运食品旗下的冷藏零售部门扩大了营养产品供应范围，推出了三款 Omega 3 相关大豆产品和两款新的超高温处理 (UHT) 有机豆浆，而 Tipex 则推出了一款新的知名 Beaufex 品牌的儿童纸巾和 BabyLove GrowPants，一种婴儿的训练裤。我们将继续扩大品牌种类，为顾客提供更丰富的优质高附加值产品。这样，顾客对本集团产品的忠诚度必将大大增强，从而带来日后的利润增长。

我们的各家子公司将继续推出新的品牌和产品，扩大其代理产品的范围，为未来增长打下良好基础。Topseller 向新加坡市场新推 Vance Chemical、Ligo 和六神 等三个品牌，而鸿运食品集团下的餐饮服务部门顺利签下从美国、印度及巴基斯坦进口的短颗粒和长颗粒香米 (basmati rice) 的分销代理权，将该部门大米供货商的经营范围有效扩大至泰国和越南以外。

2011财年期间，D&P 在扩大 Rockport 经销网络方面的成功极为引人注目。它在新加坡开设了两家概念店，并在各百货商店设立了零售柜台。在马来西亚和文莱，D&P 开设了七家概念店，并渗入两家百货商店。展望未来年度，本集团将密切监控市况，并依此相应实施业务计划和策略。

作为消费业务，除了引入新的产品和代理品牌之外，战略市场策略将继续对本集团的增长潜力构成重要意义。除了专注于本公司的专属产品外，我们将通过改善市场策略在内的各种措施，继续优化公司现有产品组合的回报。这些市场策略中有许多相当成功，市场反应热烈，因而成为2011财年街头巷议的话题。本集团对当地零售业的发展情况审慎乐观。我们有充分的信心，通过竭诚的努力，不断扩大和丰富产品组合，改善营运表现，提高业务流程效率以及加强管控，将强化我们的竞争优势，从容应对消费业务市场的激烈竞争。

我可以向你们保证，依靠我们已经建立好的平台，本集团有信心在竞争白热化的 FMCG 市场中不断维持增长动力。

本集团将持续监察营运风险，调整计划和具体执行，为你们带来最大利益。我们将乘势战略动力，在现有和新开发市场全面发挥增长潜力。

企业公民

我们意识到企业社会责任的重要性，并积极专注于社会投入，做出应有的贡献。通过 Tipex，我们携手“The Straits Times School Pocket Money Fund”举办每年一度的 Beautex “美好生活 (Life's Beautiful)” 艺术大赛，旨在培养青年人才，通过让他们参与艺术创造过程，为他们提供机遇。这项活动也让我们为生活贫困的学龄儿童募集资金，他们是这个社会未来的领导者。

鸣谢

我在此谨向各位员工的忠诚和勤奋表示最诚挚的谢意。本集团依靠坚定的管理层和员工，专注投入，提高效率，积极响应，得以取得成功。我们将招聘干练人士，加强及巩固管理队伍整体素质，以改善营运管理，提高集团业务的发展潜力。

我肯定地告诉大家，本集团在向未来迈进的同时，将持续回报员工和股东的对我们的信任，在未来几年里，增加股东价值。我希望与普威大家庭的各位尊敬的股东，包括我们的供应商精诚合作，力争2012财年再创佳绩。

我谨借此机会感谢各位尊敬的股东，感谢你们不懈的支持和分享我们的未来任务和战略愿景，并感谢各位顾客对普威品牌的信任。我们将继续监察风险，调整计划，使股东利益最大化。

Allan Yap博士
执行董事主席



BOARD OF DIRECTORS



DR ALLAN YAP

EXECUTIVE CHAIRMAN

Dr Allan Yap joined PSC Corporation Ltd in September 2002 and was appointed as Executive Chairman in February 2003. His portfolio includes 29 years of experience in finance, investment and banking. Dr Allan Yap is the Executive Chairman of Intraco Limited and Tat Seng Packaging Group Ltd. He is the Chairman of Hanny Holdings Limited and an Alternate Director of Television Broadcasts Limited, both of which are Hong Kong-listed companies. He is also the Chairman of China Enterprises Limited, the shares of which are traded on the OTC Securities Market in the United States of America. Dr Allan Yap is the Chairman and Chief Executive Officer of Burcon NutraScience Corporation, a public listed company listed on the Toronto Stock Exchange in Canada, NASDAQ Stock Exchange in the United States of America, and the Frankfurt Stock Exchange in Germany. He received an Honorary Degree of Doctor of Laws from the University of Victoria, Canada.



MR FOO DER RONG

MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

Mr Foo has been holding the position of Managing Director and Chief Executive Officer of PSC Corporation Ltd for the past 9 years. He is presently the Executive Director of Intraco Limited and Tat Seng Packaging Group Ltd, both Singapore-listed companies.

Mr Foo graduated with a Bachelor of Commerce degree from Nanyang University. He has a wealth of experience and knowledge in business development, corporate restructuring, investment strategies and operations management in FMCG, services and manufacturing.



DR JOHN CHEN SEOW PHUN

DEPUTY CHAIRMAN/
NON-EXECUTIVE DIRECTOR

Dr John Chen sits on the Board of a number of public listed companies. He was a Member of Parliament from 1988 to 2006. He served as the Assistant Secretary General of the National Trades Union Congress from 1991 to 1997. He was a Minister of State from 1997 to 2001. He is presently the Managing Director of JCL Business Development Pte Ltd, and the Chairman of SAC Capital Private Limited. Dr John Chen has been a Board member of the Economic Development Board, the Housing & Development Board, the Port of Singapore Authority and Singapore Power Ltd.



MADAM TANG CHEUK CHEE
EXECUTIVE DIRECTOR

Madam Tang was appointed as an Executive Director of the Board on 1 August 2011. Madam Tang has a wealth of management experience and is well versed in marketing, business development and investments in property and securities. She is presently the Executive Director of Intraco Limited and Tat Seng Packaging Group Ltd, both Singapore-listed companies. Madam Tang also sits on the Boards of Richstream Pte Ltd and SingExpress Travel Pte Ltd and is the Marketing Director of Ette Bright International. Madam Tang holds a degree in Business Management from Zhongshan University, Guangzhou, one of the top Universities in the People's Republic of China.



MR CHEE TECK KWONG PATRICK
NON-EXECUTIVE DIRECTOR/INDEPENDENT DIRECTOR

Mr Chee, PBM, was appointed as an Independent Director on 1 August 1990. Mr Chee holds a Bachelor of Laws (Hons) Degree from the University of Singapore. Mr Chee is admitted as a Solicitor of the Senior Courts of England and Wales. Since 1980 he has been an advocate and solicitor of the Supreme Court of the Republic of Singapore. He is now practicing as a Senior Legal Consultant with KhattarWong.

Mr Chee is a Notary Public and a Commissioner for Oaths. He is a member of Singapore Institute of Arbitrators and Singapore Institute of Directors. He also sits on the Board of other public listed companies.

Mr Chee is active in community service and is the Vice Chairman of Teck Ghee Community Club and the Organising Chairman of National Street Soccer League. Mr Chee is the recipient of the National Day Awards 2003 – The Public Service Medal (Pingat Bakti Masyarakat) from the President of Republic of Singapore.



MR TAO YEOH CHI
NON-EXECUTIVE DIRECTOR/
INDEPENDENT DIRECTOR

Mr Tao has a strong background in human resource management and has over 20 years of experience in the print and broadcast media and also in the high-end manufacturing sector. He currently sits on the board of several companies listed on the Singapore Exchange Securities Trading Limited.

BOARD OF DIRECTOR



MR LIEN KAIT LONG

NON-EXECUTIVE DIRECTOR/
INDEPENDENT DIRECTOR

Mr Lien was appointed the Independent Director and Chairman of the Nominating Committee of PSC Corporation Ltd on 1 June 2005. He has extensive experience in accounting and finance, corporate management and business investment. He currently serves as an Independent Director on the Board of several Singapore and Chinese companies listed on the Singapore Exchange Securities Trading Limited.

The listed companies that he has present and prior experience in are from diverse industries including manufacturing, telecommunications, offshore and marine, oil and gas renewable energy and property, textile and food and beverage. He has held a number of senior management positions, as well as, executive directorships in various public and private corporations in Singapore, Hong Kong and China. Between March 2004 and March 2006, he was the Deputy President of Shenzhen Flink Investment & Development Co., Ltd. China. Prior to that, Mr Lien was the Finance Director of PDC Corp. Ltd. between 2002 and 2003, and an Executive Director in China Strategic Holdings Limited Hong Kong from 1998 to 2002. Between 1996 and 1998, Mr Lien was the General Manager in charge of the China division of Hong Leong Corporation Limited and was responsible for overseeing the group's joint venture operations in China. He was also the Director of China Yuchai International Ltd at that time. From 1993 to 1996, he was in charge of international operations of the RGM Group, a conglomerate of diverse businesses and was also a director in charge of international operations in Asia Pacific Resources International Limited. He was the Finance Director of China Strategic Holdings Limited Hong Kong from 1992 to 1993. From 1981 to 1992, Mr Lien was the General Manager (Finance and Investment) of United Industrial Corporation Ltd. He was the Group Accountant cum Personal Assistant to Executive Chairman of the Industrial and Commercial Bank Ltd Singapore from 1974 to 1981.

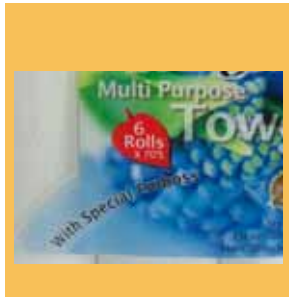
Mr Lien holds a degree in Bachelor of Commerce from Nanyang University, and is a fellow of the Institute of Certified Public Accountants of Singapore since July 2004 and of CPA Australia since May 2004.



MR CHAN SEK NIN JACKEY

NON-EXECUTIVE DIRECTOR

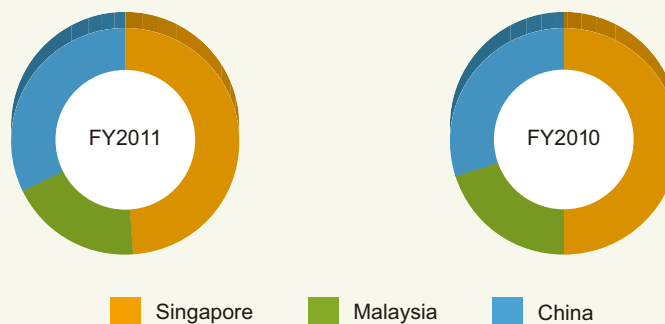
Mr Chan is presently holding the capacity of Chief Operating Officer in Hanny Holdings Limited and has over 19 years of solid experience in sales and marketing in connection with the media industry by holding senior positions in Television Broadcasts Limited during the period of 1981-2000. He also has extensive experience in property development, project management and strategic alliance management through senior positions in other private and public listed companies.



GROUP FINANCIAL SUMMARY

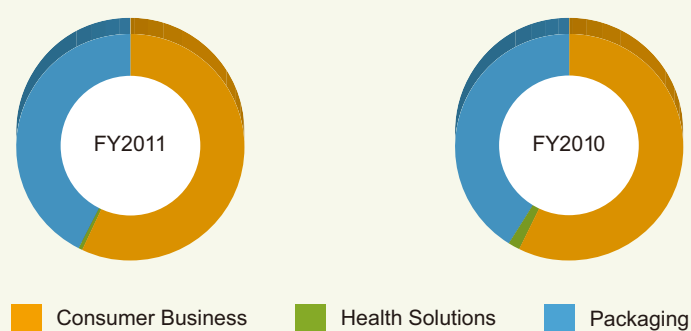


TURNOVER BY GEOGRAPHICAL SEGMENTS (\$ MILLION)



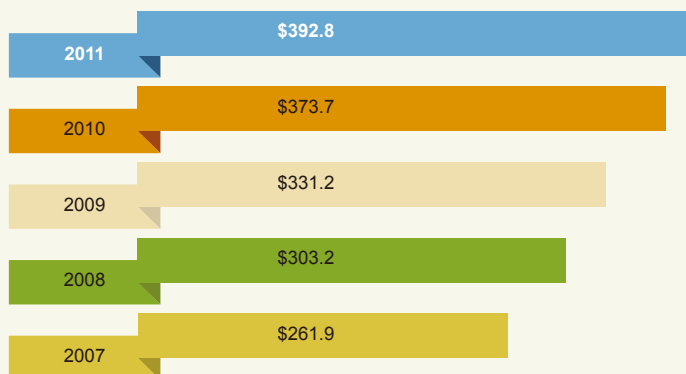
	FY2011		FY2010	
Singapore	\$192.9	49.1%	\$187.8	50.2%
Malaysia	\$73.4	18.7%	\$74.3	19.9%
China	\$126.5	32.2%	\$111.6	29.9%

TURNOVER BY BUSINESS SEGMENTS (\$ MILLION)

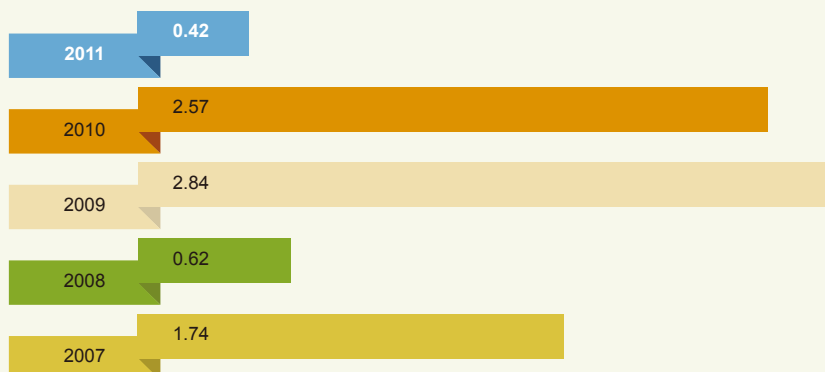


	FY2011		FY2010	
Consumer Business	\$224.0	57.0%	\$214.0	57.3%
Health Solutions	\$2.0	0.5%	\$6.4	1.7%
Packaging	\$166.8	42.5%	\$153.3	41.0%

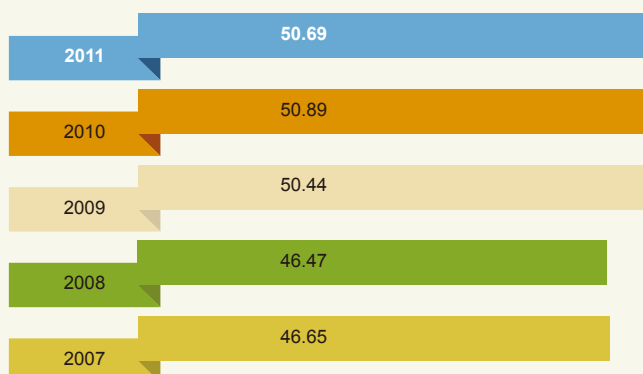
TURNOVER (\$ MILLION)



BASIC EARNINGS PER SHARE (CENTS)



NAV PER SHARE (CENTS)





OPERATIONAL REVIEW

PSC Corporation Ltd ("PSC" or the "Group") is a multi-faceted consumer essentials company with strategic investments in the region. Its two clusters, Consumer Essentials and Strategic Investments, form the pillars of PSC's business.

The **Consumer Essentials** cluster, which focuses on providing living essential products and services to consumers, houses two regional business segments:

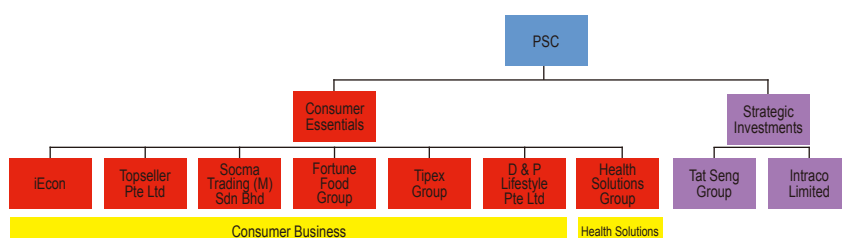
- Consumer Business has major subsidiaries involved in fast moving consumer goods ("FMCG") manufacturing, marketing and brand management, as well as lifestyle businesses. It also has a franchise and marketing business.
- Health Solutions provides healthcare consultancy services on a turnkey basis.

The **Strategic Investments** cluster focuses on generating value and financial asset capabilities by investing in promising enterprises in high growth sectors. To date, the Group has investments in a regional trading business, and a packaging company based in China.

Here is an overview of the Group's business structure:

HOLDING COMPANY

Key business clusters



CONSUMER ESSENTIALS CLUSTER

iEcon

Founded in 1982, iEcon is the largest franchised minimart chain in Singapore. This franchise retail concept is engineered to meet the demands of modern lifestyle and changing consumer preferences. Strategically located in neighbourhoods island-wide, iEcon provides not just shopping conveniences for household and grocery items, but also essential services such as bill payments via AXS, Nets, Cash Card top-up, EZ-Link services, EPINS, iCash and prepaid SIM card registration.

With its strong brand name, operational expertise, well-established supply chain and information management systems, iEcon continually attracts franchisees that recognise the Management's relentless efforts to make iEcon the preferred shopping choice amongst heartlanders.

In FY2011, iEcon widened its product offerings with an enlarged pool of suppliers. To boost sales, it also held several successful island-wide promotions, including the well-received Chinese New Year Scratch & Win and the Seventh-month shopping promotions.

OPERATIONAL REVIEW



Moving forward, iEcon will continue to look at ways to sharpen its business model and enhance competitiveness.

Topseller Pte Ltd

Established in 1977, Topseller Pte Ltd (“Topseller”) – a wholly-owned subsidiary of PSC – is an established distributor as well as a developer of popular brands for household and grocery products. It carries renowned brands such as Royal Umbrella, Golden Peony, Gitangkim and Harmuni for rice products, Promax, Sunnyfresh and Singpo for detergent products, as well as the Golden Circle, Harmuni and Soyelite brand of cooking oil. In addition, Topseller has forged strong partnerships with international brands such as 3M, Lion, Kao, Pauls and Unico, amongst others.

To fend off the keen competition and alleviate the impact of rising costs, Topseller successfully expanded its distribution coverage and added more agency lines to widen its product offerings in 2011. It gained significant market share and penetration for the Royal Umbrella brand when the rice products were supplied to some petrol kiosks in Singapore. Various promotional activities like road shows were also rolled out to establish presence in different market segments. At the same time, Topseller expanded its agency portfolio with four new brands – Vance Chemical, Ligo, Liu Shen and Isklar.

While Topseller always strives to keep its selling prices at the lowest possible, it was forced to raise the prices for products under the rice category between December 2011 and February 2012 as a result of escalating costs, mainly due to the prolonged floods that hit Thailand in late 2011.

While rising costs will continue to pose challenges in FY2012, Topseller is determined to meet these challenges head on. It will continue with its tight cost management programme, introduce new products under its proprietary brands, source for new agencies to increase its product offerings and expand its distribution coverage.

It also plans to further develop established proprietary brands like Royal Umbrella and introduce new products by implementing holistic promotion plans with key accounts to drive growth. It will continue to work closely with these key accounts, conduct more promotional activities to boost sales and enhance branding. E-Initiatives are also being explored to reach out to different target markets.

Socma Trading (M) Sdn Bhd

Socma Trading (M) Sdn Bhd (“Socma”) is PSC’s marketing and distribution arm in Malaysia. A sole distributor of many popular brands within the FMCG sector, its products are categorised into four main sectors: Confectionery (Mentos, Chupa Chups, Smint, Fruit-tella and Happydent); Snacks (Tao Kae Noi, Tai Sun and Supernut); Grocery (Mazola, Carbonell, Soyelite, Golden Circle and Harmuni Coconut Milk); and Beverages (Wong Lo Kat Herbal Drink).

Several sales and promotional campaigns were held in FY2011 to generate buzz amongst consumers for Socma’s Confectionery products.

Mentos Be Momentos was a highly successful campaign which gained active participation from consumers nationwide. The campaign, which encouraged consumers to share their special moments with Mentos, was supported with TV commercials, consumer contest and displays in supermarkets and hypermarkets.

To further drive its Mentos Gum range, Socma conducted a Fresh Breath awareness campaign through Facebook. The two-month campaign was well received, reaching out to over 6,000 consumers in Malaysia.

In conjunction with talk-of-town movies – ‘Rio’ and ‘Alvin & Chipmunks 3’, major campaigns and road shows were held to promote Chupa Chups. Consumers were able to enjoy their favourite lollipop as they participated in fun activities arising from the movie tie-ups. In addition, attractive promotions and creative Christmas displays were used to further drive sales during the year-end festive period.

To stimulate brand awareness and convince consumers to switch to the brand, product trials and sampling for Smint Tin were conducted at recreational outlets, LRT stations, corporate buildings, hypermarkets and supermarkets.

Snacks category recorded significant sales growth in FY2011, driven by aggressive in-store promotions for Tao Kae Noi, Tai Sun and Supernut during festive seasons such as Chinese New Year and Mooncake festival. In early 2011, through TV commercials and print advertisements, Tao Kae Noi successfully launched five new products – Super Crisp Classic 24g, Big Bang Value Pack Classic, Big Bang Value Pack Grilled Squid, Super Crisp Jumbo Sheet Classic and Super Crisp Jumbo Sheet Hot Chilli Squid – all of which received positive response from consumers. Tao Kae Noi also conducted sampling activities in hypermarkets.

Beverage category also delivered positive growth in FY2011. Aggressive Chinese New Year in-store displays and promotions, sampling at major mosques during the Ramadan month, and road shows at top university campuses were conducted to drive sales for Wong Lo Kat.

Under the Groceries category, Mazola and Harmuni continued to be well-received by consumers, evident from consumers’ overwhelming response during the Ramadan in-store promotions.

Moving forward, Socma will continue to leverage on opportunities to increase its market share in Malaysia’s FMCG sector. In particular, Socma expects to witness further growth in the Snacks category Year 2012, as well as launch new products under the Confectionery category.

Fortune Food Group

Fortune Food Group (“Fortune Food”) is a leading and innovative food manufacturer and distributor in Singapore. It has two business divisions, i) Retail Chilled – which specialises in manufacturing and distributing soy based products under its proprietary brands, and ii) Food Services – which distributes branded commodity and agency food products to channels such as hawkers and food court operators, restaurants, food and airline caterers and ship chandlers.



CONSUMER ESSENTIALS



OPERATIONAL REVIEW

Retail Chilled Division

The Division leverages on its strong distribution network covering hypermarkets, supermarkets, minimarts, provision stores and wet markets island-wide to drive sales of its products, including Sobe – the first fresh, pasteurised soy milk brought to the Singapore market by Fortune Food in 1995, as well as Fortune Tofu and noodle products, amongst others.

In FY2011, through continual research and development, the Division expanded its offerings to include a wider range of healthier and more nutritious products, targeted at the more health conscious and affluent consumers. It launched three Omega 3-related products, namely the Fortune Chinese Tofu with Omega 3; Fortune Tau Kwa with Omega 3; and Fortune Egg Tofu with Omega 3. In November 2011, two types of UHT organic soy milk were also launched: Sobe Organic Regular Soymilk, and Sobe Organic Unsweetened Soymilk.

Boosted by the stream of new product launches and heightened sales and marketing activities, the Retail Chilled Division delivered growth of 5.2%, in terms of sales volume and value. Selective advertising, public relations and other activities have also strengthened the top-of-mind recall of the proprietary Fortune and Sobe brands.

In FY2012, the Company will continue to develop healthier functional products targeted at specific consumer groups. It will also focus on boosting sales of Sobe Organic products and explore distribution of new dairy products.

Food Services Division

The Food Services Division started FY2012 on a good note by securing the distributorship for short grain rice and basmati rice from the USA, India and Pakistan. This feat effectively expanded the Division's pool of rice suppliers beyond Thailand and Vietnam. For the rest of FY2012, the Division expects to introduce more rice types to the market to complement its existing range.



To cement its position as a leading distributor of food products, it will continue to look at ways to excite customers with new products. In particular, it will focus on developing its house brands and acquiring new distributorships.

Tipex Group

Tipex Group ("Tipex") is one of the major distributors of tissue paper products in Singapore. Its Beautex brand of tissue products are manufactured by its subsidiary in Malaysia – Tips Industry (M) Sdn Bhd. Beautex was added to the Singapore Book of Records in 2007 as the first to launch a complete range of premium and economical three-ply tissue products. Besides Beautex, Tipex also owns other tissue paper brands such as Mood, Hibis, Comfy and Parity. In addition, Tipex is the exclusive distributor of high quality diaper brands such as PetPet, Fitti and BabyLove, as well as the adult diaper brand, Certainty in Singapore.

In line with its goal of improving the lifestyle of modern consumers via reliable and value-for-money products, Tipex launched Beautex Baby Wipes in FY2011. The baby wipes, which are alcohol and soap free, unscented and with a pH value of 5.5, had been microbiologically tested for superior hygiene and quality. Tipex also introduced BabyLove GrowPants, a type of training pants for babies, to the Singapore market.

OPERATIONAL REVIEW



Last year, Tipex revamped the packaging of the Beautex 2-ply series to enable customers to identify the wide Beautex range of products with ease. Additionally, to usher in the year of the water dragon in 2012, Tipex unveiled its dragon themed series Chinese New Year box tissues. The limited edition Beautex and Mood box tissues were well-received in the market.

To build the Beautex brand, Tipex consistently teams up with its partners to initiate innovative marketing campaigns. One such collaboration was with Celestial Resort in Pulau Ubin last year, where it held a lucky draw for Beautex customers.

Not forgetting to give back to the society, Tipex continued with the 3rd Beautex "Life's Beautiful" Art Competition in 2011. The scale of the event was bigger as Tipex roped in The Straits Times' Little Red Dot, an English publication for primary school children, to co-organise the competition. The annual event, which was well-received by the media and students, aimed to nurture budding young talents and instill the spirit of charity in them. Winning artworks were printed on special edition Beautex box tissues and were sold to the public. For every 5-box pack sold, Tipex donated \$0.20 to The Straits Times School Pocket Money Fund ("Fund"). Through this competition, Tipex successfully sold a total of over 12,000 packs of box tissue to aid the Fund.

Moving ahead, Tipex will continue to engage its customers, listen to their changing needs, and actively maintain a range of product offerings that suit their demands. It will continue to invest in research and development, as well as rigorous checks to uphold its commitment to produce high quality products. It will work hand in hand with its principals to strengthen their brand positioning in the market.

D & P Lifestyle Pte Ltd

Focusing on the lifestyle business, D & P Lifestyle Pte Ltd ("D & P") is a regional distributor of footwear and apparel, representing coveted brands around the world, including Rockport. It provides brand management, marketing, distribution and logistics support to its principals.

In FY2011, D & P successfully expanded the distribution network for Rockport in Singapore, Malaysia and Brunei. It opened two concept stores in Harbourfront Centre and Suntec City, as well as secured retail space in all departmental stores in Singapore. In Malaysia and Brunei, it started seven concept stores and penetrated into two departmental stores respectively.

Of special mention is the fact that D & P, through its sound business strategy, had raised the combined Rockport sales in Singapore and Malaysia by tenfold in FY2011, as compared to when the brand was under its previous distributor's care.

D & P will continue to work hard at growing the sales of Rockport, open more concept stores and cement Rockport as the top three shoe brands in Singapore and Malaysia.

Health Solutions Group

PSC's healthcare division, Health Solutions Group ("Health Solutions"), is designed as a one-stop resource centre to provide holistic healthcare consultancy services. Headquartered in Singapore with its technical support based in Kuala Lumpur, Health Solutions offers in-house expertise in medical facilities architecture and design, project engineering and management, medical and non-medical equipment planning, information and communication technology, as well as its own brand of operational management.

Health Solutions' focus in FY2011 was to oversee the completion of two hospitals in Malaysia, namely the Likas Nuclear and Radiotherapy Medical Center in Kota Kinabalu and the Cheras Rehabilitation Hospital.

Progress is on track for the Likas Nuclear and Radiotherapy Medical Center, which is scheduled to commence operations by 2013. Health Solutions is the turnkey contractor for this hospital project. The main hospital building as well as the mechanical and electrical works have been completed. Most of the medical equipment has been delivered and final building fixture and fittings are in progress.

The Cheras Rehabilitation Hospital is expected to be operational by the second half of 2012. Health Solutions, which is the medical equipment planning and procurement consultant for this hospital project, has successfully completed the handover of the medical and non-medical equipment package and is going through the post-handover works with the government of Malaysia.

Recognising that healthcare is a growing business due to an aging population, Health Solutions is constantly assessing the region's healthcare development opportunities, both in the public and private sectors. In addition to actively working to secure more government projects in Malaysia, Health Solutions has plans to diversify its business into medical devices and healthcare products sectors.

STRATEGIC INVESTMENTS CLUSTER

Tat Seng Packaging Group Ltd

PSC owns a 64.0% stake in Singapore-listed Tat Seng Packaging Group Ltd ("Tat Seng"), a leading manufacturer of corrugated paper packaging products with two plants in Singapore and four in China. Its customers include multi-national corporations and manufacturers in the electronics, metal stamping, pharmaceutical and chemical industries, as well as the printing and publishing industry.





In FY2011, despite the intense competition and tough operating conditions, Tat Seng achieved a turnover of S\$166.80 million, representing an increase of 8.8% from S\$153.28 million in FY2010. The revenue growth was mainly attributed to the additional new business gained from its China's Nantong Tongzhou plant which commenced operations in February 2011.

Tat Seng's gross profit margin, however, was hit by higher raw material costs while its net profit margin was impacted by increased distribution and selling expenses, as well as administrative and general expenses. During the year in review, Tat Seng also incurred higher finance expenses, amidst higher interest rates, due to additional bank borrowings to fund its expansion in China. Correspondingly, profit after tax fell 34.4% to S\$4.27 million in FY2011.

Notwithstanding the lower profit, Tat Seng generated a positive cash flow of S\$2.10 million from its operating activities, and closed the year with a cash and cash equivalent of S\$21.17 million as at 31 December 2011 – S\$3.93 million higher compared to the corresponding period last year. With a healthy cash position, Tat Seng believes it is well-poised to be amongst the first to act on business opportunities that may arise in FY2012.

Singapore Operations

As with all manufacturing companies, Tat Seng's operations in Singapore face rising business costs and a shrinking manufacturing base as one of Tat Seng's major customers moved its manufacturing facility out of Singapore, resulting in a 3.75% decline in the Singapore operations' revenue.

Despite higher raw material and labour costs, the Singapore operations remained profitable in FY2011 as the Management continued to focus its efforts in raising productivity while keeping operations lean to combat the rising costs.

To brace itself for more challenges ahead, Tat Seng will continue to streamline its Singapore operations, achieve greater efficiency by synchronising the resources at its two Singapore plants, and sharpen its competitive edge.

China Operations

The PRC government's quantitative easing policy to stimulate economic growth during the financial crisis in 2009 and 2010, coupled with the surge in demand for carton boxes have led to more competitors setting up new production facilities in China. This intense competition, and rising raw material, energy and labour costs pose immense challenges for Tat Seng's operations in China.

Despite the difficult environment, Tat Seng's Nantong Tongzhou plant was able to generate profits in December 2011, 11 months after it commenced operations in February 2011. This was achieved because of its focus on production efficiency. During the year in review, the plant managed to establish a good reputation amongst customers due to its high product quality and customer-centric services. Where possible, the Management will continue to lower production costs as it continues to sharpen production skills and efficiency.

A new 2.5 corrugator was installed at Tat Seng's Hefei plant in FY2011. Actual production commenced in December 2011, with a total output of 4.35 million square metres and a defective rate of 2.31% in the month. The commencement of this new production line has raised the plant's production capacity. Consequently, the Management secured more orders from existing customers and is confident of attracting new ones. With a wider potential customer base, the Management believes it is in a good position to enlarge its current customer portfolio, focus on and target customers with higher value orders, thus improving profit margins.

Tat Seng's R&D centre at the Suzhou plant achieved a breakthrough in 2011 with five new practical patents, three of which were awarded the Provincial Hi-Tech Product Certificate. The R&D centre also attained the "Municipal R&D Institution" status, conferred by the Suzhou Municipal Government. The Suzhou plant was named a Jiangsu Province Hi-Tech Enterprise in November 2011. This enables the plant to enjoy preferential corporate tax rate of 15% instead of the standard 25% rate for a period of three years.

Given a wider choice of suppliers, the Nantong Rugao plant has been able to provide their customers paperboard products with improved quality. To ensure that it can adequately meet or even exceed the customers' requirements, the plant will undergo an upgrading exercise in FY2012 to improve the quality and efficiency of its production line and ancillary equipment. The Management views this as a positive move as it will enhance its competitiveness in the Nantong Rugao Area.

The emergence of the Jing-Jin-Ji Area (京津冀地) as another rapid economic growth zone – after China's Yangtze River Delta -- has stimulated huge demand for carton packaging. As part of the Group's strategic plan to continually expand its corrugated packaging business in China, Tat Seng will be setting up a joint venture company, Tianjin Dansun Packaging Co., Ltd., with a local partner, Shanghai Yunyi Packaging Products CO., Ltd. in Tianjin, China. This plant is scheduled to start operation by end of 2012.

Looking ahead, the European sovereign debt crisis, political instability in the Middle East as well as the resultant volatility in crude oil prices will continue to cast a pall on the global economic conditions. Rising fuel prices caused by the Middle East situation will heighten Tat Seng's production and transportation costs. This, combined with other inflationary pressures, will further put operating costs on an upward trend.

The Management is taking steps to mitigate the effects of these unfavourable factors and ensure that Tat Seng's business can continue to grow in a sustainable manner. It will review business processes to improve cost structure and enhance efficiency, and invest in skilled labour and continual research and development.



OPERATIONAL REVIEW



Intraco Group

Intraco Limited ("Intraco") is an integrated solutions trading company with markets across the ASEAN (Association of Southeast Asian Nations) region, China, India, GCC (Gulf Cooperation Council), Taiwan, South Korea, Japan, the USA and South Africa.

Intraco operates mainly in four key business units, namely the Lighting Division, Plastic Division, Seafood Division and Wireless Telecommunications Division. Intraco's revenue in FY2011 remained relatively stable at S\$174.68 million.

During the year in review, the Lighting Division recorded a turnover of S\$6.34 million with a gross profit of S\$1.04 million. Although the slew of cooling measures to curb speculation in Singapore's property market along with the anticipated slow down in the local economy may impact the Division's business in FY2012, the strong demand for public housing and construction services is expected to drive the LED lighting industry. To protect its margins, the Lighting Division will be selective in taking sales orders, ensuring they yield reasonable margins. Concurrently, it will explore new LED lighting products of higher value and offer to its customers working on Build-to-Order HDB projects or those under the Design, Build and Sell Scheme.

Despite the heightened competition, turnover from the Plastic Division rose 56.1% while gross profit margin improved 4.9%, driven by increased sales in Vietnam and Myanmar which continue to hold immense potential. Moving forward, the Division expects to source more new plastic supplies from the Middle East, India and Iran. It will also place more marketing efforts in Southeast Asia as China's economy starts to slow down. The Division expects more volatility in FY2012 amidst the ongoing European debt crisis and the uncertain global economic outlook. Resin prices may be impacted due to the volatility in US dollar and rising oil prices. To protect its financial position, the Division will continue with its tight cost control program and strengthen its sales and marketing programme.

Intraco's Seafood Division provides top quality processed fish to the United States of America ("USA") and counts a number of multinational companies as its customers. In the last quarter of FY2011, the business was further strengthened when it became a one-stop supply chain that sourced for fresh catches in Norway and Russia, to send to China for processing. This processed fish will then be transported for onward sales to the USA market. In FY2012, the Group will expand its sales and marketing network to cover more states in the USA and widen its product offerings beyond the current haddock and cod.

The Wireless Telecommunications Division is in the business of leasing telecommunications infrastructure in Singapore's North East Line ("NEL"), providing for SingTel Mobile, Starhub Mobile and Mobile One. Its NEL telecommunications infrastructure exceeds the expected Quality-of-Service standards set by the Info-Communications Development Authority of Singapore. Additionally, the Division provides professional services in the management, operation and maintenance of the NEL telecommunications infrastructure. With a lean manpower, the Division continues to be profitable and to further drive growth, it will explore opportunities in new telecommunications infrastructure projects such as 4G in NEL and Thomson MRT lines.

Looking ahead, Intraco will continue to diversify by building new business models that leverage on the latest trends, and provide new value-added products and services in its various areas of expertise.





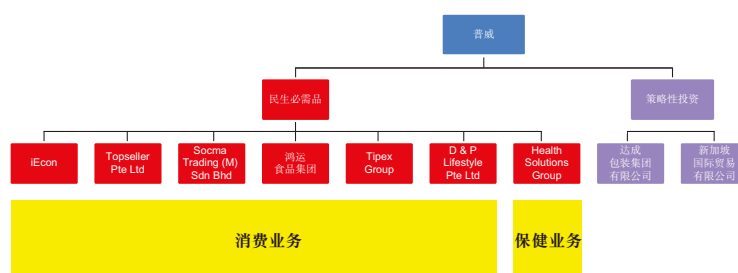
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民生必需品组别专注于向消费者提供生活必需品和服务，包括两个地区的业务分部：

- 消费业务包括五个子公司，涉及快速消费品（「FMCG」）的生产、营销及品牌管理、以及时尚生活业务。消费者业务同时包括特许经营与营销业务。
- 保健业务以总承包方式提供医疗保健的咨询服务。

策略性投资部门则侧重于对高增长领域内发展前景良好的企业进行投资，为集团增值并提高金融资产能力。截止目前，本集团已投资一项区域性贸易业务及一家中国包装公司。

以下为本集团的业务架构概览：



民生必需品组别

iEcon

iEcon成立于1982年，是新加坡规模最大的特许经营迷你超市连锁业务。这项特许经营零售概念独特，其设计旨在迎合现代人的生活方式，并满足消费者日新月异的需求。由于开设于全岛邻里坊间，地理位置优越，iEcon不仅便于客户购买家庭用品及食品杂货，还为客户提供基本生活用品服务，包括使用AXS进行的帐单支付、Nets付款、现金卡添值、易通卡、EPINS、iCash以及电话预付SIM卡登记等服务。

由于iEcon强大的品牌、营运专长、成熟的供应链及信息管理系统，不断吸引新的特许经营商加盟。他们相信集团管理层会不断努力使iEcon成为本地人的最佳购物选择。

在2011财年期间，iEcon的供应商群扩大，店内产品供应增加。为了增加销量，iEcon还成功进行数次全岛性促销活动，包括反响热烈的“农历新年刮刮乐赢大奖”和“农历七月中元”购物活动。

继往开来，iEcon将继续探索运作方法，改善业务模式，提高竞争力。

Topseller Pte Ltd

Topseller Pte Ltd (“Topseller”) 成立于1977年，是普威的全资子公司。Topseller 已成为一家稳固的家庭用品及食品杂货的大众品牌经销商和开发商。Topseller 经营众多知名品牌，如皇族安培哪、金牡丹、Gitangkim及Harmuni等大米产品，Promax、Sunnyfresh及Singpo等洗衣类产品以及金圈、Harmuni和Soyalite食用油等。除此之外，Topseller还与3M、Lion、Kao、Pauls 和 Unico等国际知名品牌建立紧密的合作关系并经销其产品。

为了避开激烈的竞争以及减缓成本上升的影响，Topseller在2011年期间成功扩大了分销规模，增加更多品牌代理渠道，以丰富产品供应。例如将皇族安培哪大米供应给新加坡的部分加油站，Topseller又为该品牌赢得更大的市场份额和渗透率。Topseller还展开包括路演在内的各式促销活动，以便在不同细分市场建确立知名度。与此同时，Topseller积极增加其代理品牌组合，新增Vance Chemical、Ligo、六神和Isklar等四个品牌。

尽管Topseller一直努力将售价降至最低，但在2011年12月至2012年2月期间，大米类产品价格由于成本不断上升而被迫上涨，主要是因为2011年末泰国长期遭受洪水袭击。

虽然成本不断上升对2012财年带来挑战，但Topseller从容不迫，勇敢面对这些困难。Topseller将继续执行成本紧缩管理计划，以专属品牌引进新产品，寻找新的代理品牌，增加产品供应，并扩大分销范围。

Topseller还计划进一步发展类似于皇族安培哪的经久不衰专属品牌，并通过执行与大客户的大型促销计划引进新产品，推动业务增长。Topseller将继续和这些大客户紧密合作，推出更多促销活动，以提升销量和加强品牌推广。此外Topseller还积极探索电子促销方式，以打入不同的目标市场。

Socma Trading (M) Sdn Bhd

Socma Trading (M) Sdn Bhd (“Socma”) 是普威在马来西亚的营销与经销公司，是FMCG部门众多大众品牌的独家经销商。其品牌分为四大类：糖果 (Mentos、Chupa Chups、Smint、Fruit-tella 及 Happydent)；零食 (Tao Kae Noi、Tai Sun 及 Supernut)；杂货 (Mazola、Carbonell、Soyalite、金圈食用油及 Harmuni 椰浆)；及饮料 (王老吉凉茶)。

2011财年期间已针对Socma的糖果产品举行多项销售及促销活动，受到消费者的广泛关注。

Mentos Be Momentos是一项非常成功的活动，获得了全国消费者的积极响应和参与。这项活动旨在鼓励消费者与曼妥思分享他们人生中的特别时刻，辅以电视广告播出，加入消费者有奖竞猜，并在超市和大卖场播放。

为进一步扩大曼妥思口香糖的覆盖范围，Socma通过Facebook进行了一项Fresh Breath认知活动。这个活动为期两个月，得到积极响应，在马来西亚有超过6,000名消费者参与其中。

在里约大冒险及鼠来宝3成为街头巷议的话题期间，Socma举行了重大活动及路演，以推广Chupa Chups糖果。消费者可以一边参加与电影有关的娱乐活动，一边享受他们爱吃的lollipop棒棒糖。此外，还举行一些精彩的促销活动和富有创意的圣诞展示，以进一步推动年末节庆期间的销售。

为增强品牌意识及说服消费者转换品牌，本集团在娱乐场所、轻轨车站、办公大楼、大卖场及超市进行罐装Smint样品试吃促销。

2011财年期间，由于在农历春节和中秋节等节庆季节积极展开Tao Kae Noi、Tai Sun及Supernut等零食的店内促销活动，零食类别的销售额取得显著增长。2011年早期，借助电视广告和印刷广告，Tao Kae Noi成功推出5款新产品：Super Crisp Classic 24g、Big Bang Value Pack Classic、Big Bang Value Pack Grilled Squid、Super Crisp Jumbo Sheet Classic 及 Super Crisp Jumbo Sheet Hot Chilli Squid，均受到消费者积极回应。Tao Kae Noi亦在超市内进行试吃活动。





饮料类别在2011财年也有积极增长。农历新年里诱人的店内陈列及促销，斋月期间在清真寺举行的试吃活动以及在顶尖大学校园里的路演活动，均有助于促进王老吉的销售。

在杂货类别，Mazola 和 Harmuni继续广受消费者好评，斋月店内促销期间消费者踊跃响应便可见一斑。

继往开来，Socma将继续把握机会，扩大马来西亚FMCG部门的市场份额。特别是，Socma预期零食类别在2012年度将见证更多增长，并在糖果类别下推出新款产品。

鸿运食品集团

鸿运食品集团（“鸿运食品”）是新加坡首屈一指的创新食品制造商兼经销商。鸿运食品有两个业务部门：i) 零售冷冻饮品—专注于生产及分销其专属品牌下以大豆为原料的产品；及ii) 餐饮服务—负责经销知名大宗商品及代理食品，分销渠道覆盖小贩和食阁业者、餐馆、酒席承办商、飞机餐饮供应商及船具商等。

冷藏零售部门

该部门借助其遍布全岛的由霸级市场、超市、迷你市场、杂货店和湿巴刹组成的强大分销网络来推动产品销售，其中包括Sobe — 鸿运食品于1995年引进新加坡市场的首款新鲜消毒包装豆浆，以及鸿运豆腐和面条食品等。

于2011财年，通过不断研发，该部门扩大了供应范围，增加了更多更健康、更营养的产品，目标客户锁定更注重健康的富裕人群。该部门推出了三款Omega 3相关产品，即加入Omega 3的鸿运牌中式豆腐、加入Omega 3的鸿运牌豆乾及加入Omega 3的鸿运牌鸡蛋豆腐。于2011年11月，还推出了两款超高温处理（UHT）有机豆浆：Sobe有机常规豆浆及Sobe有机无糖豆浆。

受新产品推出、销售及市场推广活动加强的推动，冷藏零售部门按销量及价值计，取得了5.2%的增长。选择性广告、公关及其他推广活动亦巩固了专有品牌「鸿运」和Sobe在消费者心目中无可替代的地位。

于2012财年，本公司将继续面向特殊消费者群体开发更健康的功能型产品。我们还将专注于提高的Sobe有机产品的销量并开拓新型乳制品的销售渠道。

餐饮服务部门

通过顺利签下从美国、印度及巴基斯坦进口的短颗粒米和长颗粒香米 (basmati rice) 的分销代理权，餐饮服务部门于2012财年迎来开门红。这一成绩将该部门大米供应商的经营范围有效扩大至泰国和越南以外。在2012财年的剩余时间里，该部门将向市场推出更多品种的大米，以完善其现有供应范围。

为巩固其领先食品分销商的地位，其将继续开拓以新产品取悦客户的渠道。尤其是专注于发展自有品牌和争取新的分销代理权。

Tipex集团

Tipex集团（“Tipex”）是新加坡纸类产品的主要经销商之一。其Beautex品牌的纸巾产品乃由其位于马来西亚的子公司Tips Industry (M) Sdn Bhd负责生产。2007年，Beautex因最先推出全系列的高级与经济型三层纸巾产品，被列入了《新加坡纪录大全》。除了Beautex，Tipex还拥有其他纸巾品牌，如Mood、Hibis、Comfy 和Parity等。此外，Tipex在新加坡是PetPet、Fitti 和 BabyLove等优质婴儿纸尿裤品牌以及成人尿片品牌Certainty的独家经销商。

尊崇其通过可信赖及物有所值的产品价值来提升现代消费者的生活品味的目标，Tipex于2011财年推出了Beautex Baby Wipes。Baby Wipes不含酒精和肥皂，亦不含香精，PH值为5.5，经微生物检测，以保证超常洁净和高品质。Tipex亦通过向新加坡市场引进BabyLove GrowPants——一种婴儿训练裤，扩大了其第三方品牌产品的代理范围。

去年，Tipex亦重新设计了Beautex两层系列产品的包装，使客户很容易就能辨别Beautex丰富的产品组合。此外，为迎接2012年水龙年，Tipex还推出了龙主题系列盒装纸巾。限量版Beautex和Mood盒装纸巾市场反应良好。

为建设Beautex品牌，Tipex持续与合作夥伴携手进行有创意的市场推广活动。其中一项这样的合作是去年在Pulau Ubin 与Celestial Resort的合作，后者为Beautex客户举行了抽奖活动。

不忘回馈社会，Tipex于2011年举办了第三届Beautex「美好生活（Life's Beautiful）」艺术大赛。这次由于Tipex携手英国小学儿童出版物The Straits Times' Little Red Dot举办，比赛的规模更大。该年度盛会，获得媒体及学生的一致好评，旨在发现及培养青年人才并向其灌输慈善理念。获奖艺术品印刷在Beautex盒装纸巾上，并向大众销售。每卖出5盒装，Tipex便向The Straits Times School Pocket Money Fund（“基金”）捐献出0.20新元。通过这个竞争，Tipex成功授出共12,000盒纸巾，以资助该基金。

展望未来，Tipex将继续专注于客户，倾听他们不断变化的需要，并积极地保持多种产品供应以适应他们的需求。Tipex将继续投资研发，以及严格检查以践行它生产高质量产品的承诺。Tipex将紧密配合其代理商，加强他们在市场中的品牌地位。

D & P Lifestyle Pte Ltd

D & P Lifestyle Pte Ltd（“D & P”）专注于时尚生活业务，是家地区性的运动鞋服经销商，代理分销世界奢侈品牌，包括Rockport，并为其客户提供品牌管理、营销、分销及物流等服务。

2011财年期间，D & P成功在新加坡、马来西亚和文莱扩大Rockport的分销网络。它在Harbourfront Centre和Suntec City购物中心开设了两家概念店，并在新加坡各百货商店设立零售柜台。在马来西亚和文莱，D & P开始经营七家概念店，并在两家百货商店设柜。

值得特别注意的是，D & P透过有效的业务策略，使2011财年期间Rockport在新加坡和马来西亚的销售额大幅提升，相比在上一届分销商管理下提高了十倍。

D & P将继续努力增加Rockport的销售，开设更多概念店，并巩固Rockport作为新加坡和马来西亚三大鞋类品牌的地位。

Health Solutions Group

本集团的保健业务部 Health Solutions Group（“Health Solutions”），旨在成为一个一站式资源中心，提供全面医疗保健咨询服务。Health Solutions总部设于新加坡，技术支持部门则设在吉隆坡，提供的服务包括：医疗设备架构与设计的专业知识、项目工程和管理、医疗和非医疗设备规划、信息与通信技术及其专属品牌的经营和管理。



2011财年，Health Solutions专注于监察位于马来西亚两家医院的竞争情况，即位于哥打京那巴鲁（Kota Kinabalu）的Likas核及放射医疗中心（Nuclear and Radiotherapy Medical Center）及Cheras复健医院（Cheras Rehabilitation Hospital）。

Likas核及放射医疗中心（Nuclear and Radiotherapy Medical Center）项目进展良好，计划于2013年底前开始运营。Health Solutions是医院项目的总承包商。医院的主楼和机电工程均已告完工，多数医疗设备已经交付，末期大楼的固定装置和设施正在筹备安装。马来西亚卫生部正在为此医院批授零散医疗设备配套项目。

Cheras复健医院（Cheras Rehabilitation Hospital）预期于2012年第二季度开始营业。Health Solutions是此医院项目的医疗设备顾问，正在进行医疗设备的测试和调试工作。

意识到随著人口老化保健业务蒸蒸日上后，Health Solutions不断评估本区域的公共和私营保健行业的发展机会。为进一步确保在马来西亚获得更多的政府项目，Health Solutions已计划将其业务分散至医疗设备及医疗保健产品领域。

2011财年期间，Health Solutions还扩充人力资源。它将继续与普威的高层密切合作，增强自身实力，使Health Solutions处于有利地位，以抓住难得的增长机会。

策略性投资

达成包装集团有限公司

普威集团拥有新加坡上市公司达成包装集团有限公司（“Tat Seng”）64.0%的股权。Tat Seng是一家生产瓦楞纸包装产品的主要企业，在新加坡拥有两所工厂，在中国拥有四所。其客户包括跨国公司，电子、金属冲压、制药与化工业以及印刷和出版业的制造商。

2011财年期间，尽管竞争激烈且经营环境恶劣，Tat Seng仍取得了1亿6千6百80万新元的营业额，比2010财年1亿5千3百30万新元增长8.8%。收入增长主要归功于2011年2月投入运营的中国南通通州工厂所获得的新增业务。

但是，Tat Seng的毛利率受到原材料成本上涨的冲击，而其净利率则受到分销及销售开支以及行政和一般开支增加的影响。在回顾年度期间，在利率上涨的背景下，由于增加银行借款为中国的业务拓展提供资金，Tat Seng产生更高的财务费用。相应地，2011财年期间的税后利润为4百27万新元，下跌34.4%。

尽管利润降低，截止2011年12月31日，Tat Seng的经营活动产生积极现金流量2百10万新元，现金及现金等值物2千1百20万新元，同比去年增加3百90万新元。在稳健的现金状况下，Tat Seng相信有望于2012财年涌现的商机中拔得头筹。

新加坡业务

和所有制造公司一样，Tat Seng在新加坡的业务面临日益上涨的商业成本及逐渐萎缩的制造群。Tat Seng的重要客户将其制造基地迁出新加坡，导致Tat Seng在新加坡的业务收入降低3.75%。

尽管原材料及劳动成本上涨，由于管理层始终致力于提高生产力，降低营业成本，新加坡业务于2011财年仍取得可观利润。

为更好地迎接未来的挑战，Tat Seng将继续改善新加坡业务流程，通过整合新加坡两厂的资源取得更高的效率，增强竞争力。

中国业务

中国政府于2009年及2010年金融危机期间采取的一系列刺激经济增长的宽松政策，加上对硬纸箱的需求激增，以致更多竞争者在中国建立起新的生产基地。如此激烈的竞争及日益上涨的原材料、能源及劳动成本，使Tat Seng在中国的业务倍受挑战。

尽管时局艰难，Tat Seng的南通通州工厂于2011年2月投入运营后的11个月，即2011年12月得以盈利。这得益于其对生产力的专注。于回顾年度期间，因其高质的产品和以客户为中心的服务，该厂在客户中建立起良好的声誉。该厂管理层将在继续提高生产技能及效率的同时，尽可能继续降低生产成本。

2011财年期间，2.5米瓦楞纸机在Tat Seng位于合肥的工厂安装成功。2011年12月正式投产，当月总产出量为4百35万，次品率为2.31%。这一新生产线的投产提高了工厂的生产能力。因此，管理层承接了更多现有客户的订单，并有信心取得更多新订单。由于潜在的客户基础得以拓宽，管理层相信当适时扩大当前客户组合，并重点关注和锁定具有更高订单值的客户，以提高利润率。

位于苏州的研发中心于2011年获得重大突破，取得五项新型实用专利，其中三项获得省级高科技产品证书。研发中心亦荣获苏州市政府颁发的“市级研发机构”称号。苏州工厂于2011年11月荣获江苏省高科技企业称号，这使工厂享有为期三年的企业优惠税率15%（标准税率为25%）。

由于对供应商的选择更为宽泛，南通如皋工厂得以向其客户提供更高质的卡纸产品。为确保能充分满足，甚至超越客户要求，工厂将于2012财年进行设备升级，以提高生产线及辅助设备的质量和效率。管理层认为这将增强其在南通如皋地区的竞争力，因此不失为一项积极的举措。

京津冀地区作为紧随中国长江三角洲崛起的又一个经济快速发展区域，刺激了对纸板箱的巨大需求。在中国持续扩大瓦楞纸包装业务作为本集团策略性计划的一部份，Tat Seng与当地的工作伙伴（上海蕴怡包装制品有限公司）合作，在中国的天津地区建立了天津丹盛包装有限公司的合资公司，该厂预备在2012年底运作。

展望未来，欧洲主权债务危机，中东的政局动荡，以及所导致的原油价格波动，都将继续给全球经济状况蒙上阴影。中东紧张局势导致的燃油价格飙升，将提高Tat Seng的生产和运输成本。此加上其他通胀压力，都将进一步推动营运成本上升。

管理层正采取措施以减少这些不利因素的影响，确保Tat Seng的业务能继续可持续发展。其将检讨业务流程，以改善成本结构和提高效率，投入资金招募技术娴熟的劳动力并不断进行研发。

新加坡国际贸易集团

新加坡国际贸易集团（“Intraco”），是一家提供综合解决方案的贸易公司，其市场遍布亚细安地区、中国、印度、海湾合作委员会国、台湾、韩国、日本、美国及南非。

Intraco主要经营四大业务单元，即照明设备部门、塑料部门、海鲜部门和无线通讯部门。Intraco 2011财年的收入相对稳定在1亿7千4百68万新元。

于回顾年度期间，照明设备部门录得营业额6百30万新元，其中毛利为1百万新元。随著预期地方经济下滑，新加坡改为采取降温措施来抑制物业市场的投机行为，这些可能影响该部门2012财年的业务，但预计公屋和建设服务的需求强烈，此将带动LED照明行业发展。为保持利润率，照明部门将选择性承接销售订单，以保证它们带来合理的利润率。同时，该部门将开发新的高价值LED照明产品，并向从事有关接单承接组屋项目或设计、建造和销售计划下的客户提供。

尽管竞争激烈，塑料部门的营业额仍上升56%，而毛利率提高5%，主要是因为维也纳和缅甸的销售增加，而该等国家仍孕育巨大发展潜力。继往开来，该部门预计会从中东、印度和伊朗采购更多新的塑料供应品。此外，由于中国的经济开始滑坡，塑料部门还将在东南亚开展更多营销活动。该部门预计，在欧洲债务危机持续和全球经济前景不明朗下，2012财年期间经济将更为动荡。树脂价格或会因美元波动和油价上涨而受到影响。为保持其财务状况，该部门将继续实施严格成本控制措施，并加强其销售和营销活动。

Intraco的海鲜部门为美利坚合众国（“美国”）提供优质加工海产品，许多跨国公司都是它的客户。2011财年第四季度，该业务得到进一步加强，成为一站式供应链，在挪威和俄罗斯采购海鲜品，并在中国加工鱼产品。成品鱼将运到美国市场进行销售。于2012财年期间，集团将扩大其销售和市场推广网络，以覆盖美国更多州份，并丰富除现有黑线鳕和鳕鱼以外的产品供应。

无线通讯部门属于新加坡东北线（North East Line）（“NEL”）的电讯基建租赁业务，提供SingTel Mobile、Starhub Mobile和Mobile One。其NEL电讯基建超过新加坡资讯通信发展管理局（Info-Communications Development Authority of Singapore）所设定的预期优质服务标准。此外，该部门还提供有关管理、经营和维护NEL电讯基建的专业服务。该部门虽人力有限，但继续获得盈利，并将发掘新的电讯基建项目机会，如NEL和汤申地铁线（Thomson MRT lines）的4G网络。

展望未来，Intraco将继续通过建立贴近最新趋势的新业务模式来实施多元化，并在各类专业领域内提供新的增值产品和服务。

CORPORATE INFORMATION



BOARD OF DIRECTORS

Allan Yap
Executive Chairman

Tang Cheuk Chee
Executive Director

Foo Der Rong
Managing Director & CEO

John Chen Seow Phun
Deputy Chairman /
Non-Executive Director

Chee Teck Kwong Patrick
Non-Executive Director /
Independent Director

Tao Yeoh Chi
Non-Executive Director /
Independent Director

Lien Kait Long
Non-Executive Director /
Independent Director

Chan Sek Nin Jackey
Non-Executive Director

COMPANY SECRETARIES

Go Kim Chuan Mark
Chong Eng Wee

REGISTERED OFFICE

348 Jalan Boon Lay
Singapore 619529
Tel: 6268 4822

SHARE REGISTRAR

M&C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

AUDITORS

KPMG LLP
Certified Public Accountants
(Partner in charge
– Lo Mun Wai, since FY2009)
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

BANKERS

United Overseas Bank Limited
Development Bank of Singapore Limited
Standard Chartered Bank

CORPORATE GOVERNANCE STATEMENT

The Company is committed to complying with the Code of Corporate Governance 2005 (“Code”) so as to ensure greater transparency and to safeguard the interests of shareholders. This statement highlights the main corporate governance practices that were in place during the financial year. For easy reference, sections of the Code under discussion are specifically identified.

1 BOARD MATTERS

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.

1.1 Role of the Board

The Board of Directors (the “Board”) comprises 3 Executive Directors and 5 Non-Executive Directors. 3 of the 5 Non-Executive Directors are Independent Directors. The Board’s primary role is to protect and enhance long-term shareholder value. To fulfil this, apart from its statutory responsibilities, the Board performs the following roles:

- provides entrepreneurial leadership and sets the overall strategy and direction for the Group;
- approve major funding proposals, investment and divestment proposals of the Company;
- reviews the performance of management by establishing management’s goals and monitoring the achievement of those goals;
- reviews and endorses the framework of remuneration for the Board and key executives as may be recommended by the Remuneration Committee;
- supervises executive management, ensures that the Company has the necessary resources to meet its goals and establish a framework of prudent and effective controls to assess and manage risks;
- oversees the processes of risk management, financial reporting and compliance and evaluates the adequacy of internal controls; and
- assumes the responsibilities for corporate governance.

1.2 Board Processes

To assist the Board in the discharge of its oversight function, various Board Committees, namely, the Audit Committee (“AC”), Nominating Committee (“NC”) and the Remuneration Committee (“RC”) have been constituted with clearly defined terms of reference. The terms of reference set out the duties, authority and operating procedures which are reviewed and monitored regularly. The minutes of the meetings of these committees are circulated within the Board.

The schedule of all Board and Board Committee meetings for a calendar year is usually given to all Directors well in advance. Besides the scheduled quarterly Board meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances. Board meetings will be convened when they are deemed necessary, to review the Group’s operations, conduct strategic review of the business affairs and address other specific significant matters that arise. The Company’s Articles of Association provide for meetings of directors by way of telephone and video conferencing. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information relating to the proposed transaction.

The agenda for meetings is prepared in consultation with the Chairman and Chief Executive Officer. The Agenda and submissions are circulated in advance of the scheduled meetings.

CORPORATE GOVERNANCE STATEMENT

1.3 Directors' Meetings Held in Financial Year 2011

The Board held 4 meetings during the financial year. The number of meetings attended by each member of the Board during the financial year is as follows:

Name of Director	Board meetings attended
Dr Allan Yap	3
Mdm Tang Cheuk Chee (appointed on 1 August 2011)	2
Mr Foo Der Rong	4
Dr John Chen Seow Phun	4
Mr Chee Teck Kwong Patrick	4
Mr Tao Yeoh Chi	4
Mr Lien Kait Long	4
Mr Chan Sek Nin Jackey	4
Mr Teo Kee Bock (resigned on 15 June 2011)	2

The Directors were appointed based on their experience, stature and potential to contribute to the proper guidance of the Group and its businesses. As such, we believe that each individual Director's contributions can be reflected in ways other than the reporting of attendances at Board meetings and/or Board Committee meetings.

1.4 Matters Requiring Board Approval

The Directors have identified a few areas for which the Board has direct responsibility for decision making (which are embodied in its internal guidelines) such as the following:

- approval of the quarterly results announcements;
- approval of the annual report and accounts;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;
- approval of corporate strategy;
- authorisation of major transactions;
- approval of Board changes and appointments to Board Committees;
- increase in investment in businesses and subsidiaries;
- divestment in any of the Group companies; and
- commitments to term loans and lines of credit from banks and financial institutions by the Company.

While matters relating in particular to the Company's objectives, strategies and policies require the Board's direction and approval, the Management is responsible for the day to day operation and administration of the Company in accordance with the objectives, strategies and policies set by the Board.

1.5 Training of Directors

Our Directors are provided with extensive background information about our Group's history, mission, values and business operations. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education on Board processes and best practices as well as updates on relevant new laws and regulations. Directors also have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the business operations. The Company has set up a more formal procedure for the issue of appointment letters setting out directors' duties and obligations. Newly appointed Directors are also briefed on the business and organisational structure of the Group and its strategic directions.

CORPORATE GOVERNANCE STATEMENT

1.6 Board Composition and Balance

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.

All Directors exercise independent judgement and make decisions objectively in the best interest of the Company. The assessment criteria in the Chairman's assessment of Directors include intensity of participation at meetings, quality of interventions and special contribution.

The Board comprises members with diverse expertise and experience in business and management, accounting, finance, human resources and law.

As at the date of this report, the Board comprises 8 suitably qualified members:

Name of Director	Date of appointment/ Date of last re-election	Functions	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major appointments over the preceding three years
Dr Allan Yap	10 May 2002/ 24 April 2009	Executive Chairman	Executive Chairman of Intraco Limited Executive Chairman of Tat Seng Packaging Group Ltd Chairman, Executive Director of Hanny Holdings Limited Chairman, CEO and Director of China Enterprises Limited Chairman, CEO and Director of Burcon NutraScience Corporation Alternate Director of Television Broadcast Limited	Executive Director of Neo Telemedia Limited (formerly known as BIG Media Group Limited) Director of MRI Holdings Limited (In members' voluntary liquidation) Executive Director of Rosedale Hotel Holdings Limited (formerly known as Wing On Travel (Holdings) Limited) Executive Director of See Corporation Limited
Mdm Tang Cheuk Chee	Date of appointment as Director: 1 August 2011	Executive Director	Executive Director of Tat Seng Packaging Group Ltd and Intraco Limited	

CORPORATE GOVERNANCE STATEMENT

1.6 Board Composition and Balance (cont'd)

Name of Director	Date of appointment/ Date of last re-election	Functions	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major appointments over the preceding three years
Mr Foo Der Rong	Date of appointment as Director: 1 August 1990 Date of appointment as Managing Director: 1 September 2002	Managing Director & Chief Executive Officer	Executive Director of Intraco Limited Executive Director of Tat Seng Packaging Group Ltd	Independent Director of Sino Techfibre Limited and China Farm Equipment Limited
Dr John Chen Seow Phun	9 June 2003/ 23 April 2010	Deputy Chairman/ Non-Executive Director Member of Audit, Nominating and Remuneration Committees	Chairman of Matex International Limited Independent Director of Fu Yu Corporation Limited Non-Executive Deputy Chairman of Tat Seng Packaging Group Ltd Independent Director of Thai Village Holdings Ltd, OKP Holdings Limited, Hiap Seng Engineering Ltd, HLH Group Limited and HLYNX Pte Ltd	Independent Director of Hongguo International Holdings Limited (Delisted)

CORPORATE GOVERNANCE STATEMENT

1.6 Board Composition and Balance (cont'd)

Name of Director	Date of appointment/ Date of last re-election	Functions	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major appointments over the preceding three years
Mr Chee Teck Kwong Patrick	1 August 1990/ 23 April 2010	Non-Executive Director/ Independent Director Chairman of Audit Committee, Member of Nominating and Remuneration Committees	Director of CSC Holdings Limited Independent Director of Ramba Energy Limited, Tat Seng Packaging Group Ltd, Singapore Windsor Holdings Ltd, Hengxin Technology Ltd, China International Holdings Limited and Hai Leck Holdings Limited	Independent Director of King's Safetywear Limited (Delisted)
Mr Tao Yeoh Chi	13 November 1997/ 29 April 2011	Non-Executive Director/ Independent Director Chairman of Remuneration Committee and Member of Audit Committee	Non-Executive Independent Director of Next-Generation Satellite Communications Limited and Eratat Lifestyle Limited	Independent Director of China Titanium Ltd

CORPORATE GOVERNANCE STATEMENT

1.6 Board Composition and Balance (cont'd)

Name of Director	Date of appointment/ Date of last re-election	Functions	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major appointments over the preceding three years
Mr Lien Kait Long	1 June 2005/ 24 April 2009	Non-Executive Director/ Independent Director Chairman of Nominating Committee and Member of Audit Committee	Director of China Enterprises Limited Independent Director of Tat Seng Packaging Group Ltd, 8Telecom International Holdings Co., Ltd, China Jishan Holdings Limited, Falcon Energy Group Limited, Youcan Foods International Limited, CMZ Holdings Ltd and Renewable Energy Asia Group Limited and Viking Offshore and Marine Ltd (formerly known as Novena Holdings Limited)	Independent Director of Memstar Technology Ltd, MRI Holdings Limited, Ocean International Holdings Limited and Kian Ho Bearings Ltd
Mr Chan Sek Nin Jackey	5 July 2007/ 29 April 2011	Non-Executive Director	Chief Operating Officer of Hanny Holdings Limited Independent Non-Executive Director of SMI Corporation Limited Director of Eastern Spark Development Limited	Director of Onland Development Limited

Please also refer to the “Board of Directors” section of the annual report for information relating to the Directors.

CORPORATE GOVERNANCE STATEMENT

1.6 Board Composition and Balance (cont'd)

The composition of the Board is determined in accordance with the following principles:

- the Board should comprise 8 to 10 Directors. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified;
- to form a strong independent element on the Board, it should comprise at least one-third of non-executive independent Directors;
- the Board should have enough Directors to serve on various committees of the Board without over-burdening the Directors or making it difficult for them to fully discharge their responsibilities;
- the Board should comprise Directors with a broad range of competencies and expertise both nationally and internationally; and
- Directors appointed by the Board are subject to election by shareholders at the following Annual General Meeting ("AGM") and thereafter, Directors are subject to re-election according to the provisions in the Articles of Association. Article 87 of the Articles of Association of the Company states that one-third of the directors shall retire from office by rotation with the exception of the Director holding office as Managing Director.

The Board regularly examines its size and, with a view to determining the impact of its number upon effectiveness, decides on what it considers an appropriate size for itself taking into account the scope and nature of the Company's operations. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience to enable Management to benefit from a diverse perspective of issues that are brought before the Board. The NC is of the view that the Board comprises Directors capable of exercising objective judgment on the corporate affairs of the Company independently of Management and that no individual or small group of individuals dominate the Board's decision-making process.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills and knowledge, the NC, in consultation with the Board, determines the selection criteria for the position based on the skills and knowledge deemed necessary for the Board to best carry out its responsibilities. Candidates may be suggested by Directors or Management or sourced from external sources. The NC will interview the candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his responsibilities, good decision making track record, relevant experience and financial literacy. The NC will make a recommendation to the Board on the appointment. The Board then appoints the most suitable candidate who must stand for election at the next AGM of shareholders.

Particulars of interests of Directors who held office at the end of the financial year in shares and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Report.

CORPORATE GOVERNANCE STATEMENT

1.7 Independent Members of the Board of Directors

The Board has 3 Independent Directors, representing at least one-third of the Board: Mr. Chee Teck Kwong Patrick, Mr Tao Yeoh Chi and Mr Lien Kait Long. The criteria for independence are based on the definition given in the Code, which considers an Independent Director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view of the best interest of the Company. The independence of each Director is reviewed annually by the NC.

1.8 Chairman and Chief Executive Officer

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.

There is a distinct separation of responsibilities between the Executive Chairman and the Chief Executive Officer ("CEO"), which ensures that there is a balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making at the top of the Company. These posts are held by Dr Allan Yap and Mr Foo Der Rong respectively.

The Chairman leads the Board and is responsible for the effective working of the Board including:

- scheduling of meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties while not interfering with the flow of the Group's operations;
- preparing the meeting agenda (in consultation with the CEO);
- ensuring that Board meetings are held when necessary;
- facilitating contributions from the Non-Executive Directors and encouraging constructive relationships between the Directors;
- exercising control over the quality, quantity and timeliness of information flow to the Board, ensuring effective communication with the Company's shareholders;
- ensuring, fostering constructive and effective communication with shareholders; and
- encouraging high standards of corporate governance.

CORPORATE GOVERNANCE STATEMENT

1.9 Board Membership

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

In appointing Directors, the Board considers the range of skills and experience required in the light of:

- geographical spread and diversity of the Group's businesses;
- the strategic direction and progress of the Group;
- the current composition of the Board; and
- the need for independence.

The Board has delegated to the NC the functions of developing and maintaining a transparent and formal process for the appointment of new Directors, making recommendations for Directors who are due for retirement by rotation to seek re-election at a general meeting and determining the independent status of each Director.

The NC comprises 3 members, the majority of whom (including the Chairman) are independent – Mr Lien Kait Long (Chairman, and Independent Director), Mr Chee Teck Kwong Patrick (Independent Director) and Dr John Chen Seow Phun (Non-Executive Director). The NC Chairman is also a Director who is not a substantial shareholder and is not directly associated⁽¹⁾ with a substantial shareholder.

The NC is regulated by its terms of reference and its key functions include:–

- reviewing the Board structure, size and composition;
- assessing nominees or candidates for appointment and election to the Board and the various Board Committees overseeing the induction process for Directors;
- assessing the effectiveness and contributions of the Board as a whole;
- assessing the contribution of each individual Director to the effectiveness of the Board, in particular when a Director has multiple board representations and having regard to the Director's contribution and performance;
- reviewing the independence of the directors on an annual basis; and
- deciding a Director is able to and has been adequately carrying out his duties as Director of the Company based on internal guidelines such as attendance, contractibility and responsiveness.

The Company's Articles of Association provide that, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM, and prior to nominating a retiring Director for re-election, the NC will evaluate the Director's contribution and performance taking into consideration factors such as attendance, preparedness, participation and candour.

CORPORATE GOVERNANCE STATEMENT

1.9 Board Membership (cont'd)

The NC held 1 meeting. The number of meetings attended by each member of the NC during the financial year is as follows:

Name of director	Appointment	Number of meetings attended
Mr Lien Kait Long (Chairman)	Non-Executive/Independent	1
Mr Chee Teck Kwong Patrick	Non-Executive/Independent	1
Dr John Chen Seow Phun	Non-Executive	1

Note:

- (1) Under the Code, a Director would be considered to be “directly associated” to a substantial shareholder when the Director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

1.10 Board Performance

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.

We believe that Board performance is ultimately reflected in the performance of the Group and the Company. The Board should ensure compliance with applicable laws and Board members should act in good faith, with due diligence and care in the best interest of the Group and the shareholders. In addition to these fiduciary duties, the Board is charged with two key responsibilities of setting strategic direction and ensuring that the Group is ably led. The Board, through the delegation of its authority to the NC, will review the Board's composition annually to ensure that the Board has the appropriate mix of expertise and experience to lead the Group.

The NC uses an objective performance criteria to conduct Board assessments via the circulation of assessment forms to the Directors for their evaluation of various Board issues and processes such as the Board structure, conduct of Board meetings, review of the Company's corporate strategy and planning, ensuring and reviewing the Company's risk management and internal control processes, review of the Company's performance, review of the Board's compensation evaluations and communication with the Company's shareholders. The results of the Board assessment are discussed by the NC and suggestions arising from the assessment are circulated to the Board for consideration of the appropriate measures to be taken.

The individual Directors' assessments implemented by the NC are based on the Director's self assessment, the parameters of which include contribution and performance based on factors such as attendance, preparedness and participation. The evaluations are discussed by the NC and any appropriate action taken.

Selected performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes.

The financial indicators set out in the Code for the evaluation of Directors are in our opinion more of a measure of Management's performance and hence, less applicable to Directors. Moreover, the financial indicators provide snapshots of the Group's performance and do not reflect a complete measure of long-term creation of shareholders' wealth.

CORPORATE GOVERNANCE STATEMENT

1.11 Access to Information

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.

Directors receive a regular supply of information from Management about the Group so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers are circulated to all Directors prior to the scheduled meetings so that members may better understand the issues beforehand, allowing for more time at such meetings for questions that members may have. The Board papers provided include background or explanatory information relating to matters to be brought before the Board. A presentation is made to the Directors at the Board meeting on budgets, forecasts and variances from the budget disclosed.

All Directors have separate and independent access to the advice and services of the Company Secretary. At least one of the Company Secretaries attends the Board and Board Committee meetings and assists the Chairman of the Board and Board Committee meetings in ensuring that the relevant procedures are followed and that applicable rules and regulations are complied with as well as ensuring good information flow within the Board and its committees, between senior Management and the Non-Executive Directors, facilitating orientation and assisting with professional development as required. The appointment and removal of the Company Secretary is a matter which is approved by the Board.

The Board also has separate and independent access to the Company's senior Management.

Each Director has the right, at the Company's expense, to seek independent legal and other professional advice concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

2 REMUNERATION MATTERS

2.1 Procedure for Developing Remuneration Policies

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

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate Directors and key management executives.

The RC comprises solely of Non-Executive Directors, the majority of whom, including the Chairman, are independent. The RC comprises 3 members – Mr Tao Yeoh Chi (Chairman, and Independent Director), Mr Chee Teck Kwong Patrick (Independent Director) and Dr John Chen Seow Phun (Non-Executive Director).

CORPORATE GOVERNANCE STATEMENT

2.1 Procedure for Developing Remuneration Policies (cont'd)

The RC meets at least once each year and at other times as required. During the financial year, the RC held 2 meetings. The number of meetings attended by each member during the financial year is as follows:

Name of director	Appointment	Number of meetings attended
Mr Tao Yeoh Chi (Chairman)	Non-Executive/Independent	2
Mr Chee Teck Kwong Patrick	Non-Executive/Independent	2
Dr John Chen Seow Phun	Non-Executive	2

The RC is responsible for recommending to the Board a framework of remuneration for the Directors and senior management which is submitted to the whole Board for endorsement. The RC reviews and approves recommendations on remuneration policies and packages for Directors and senior management in the interests of improved corporate performance.

The RC's review of remuneration packages takes into consideration the long term interests of the Group and ensures that the interests of the Directors align with that of the shareholders. The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, profit sharing (where applicable) and benefits-in-kind.

In setting out the remuneration packages, the RC would take into consideration pay and employment conditions within the industry and in comparable companies. The remuneration packages should take into account the Company's relative performance and the performance of the individual Directors/senior Management.

The RC's recommendations are submitted to the entire Board. Each member of the RC shall abstain from voting on any resolution concerning his own remuneration.

The Directors' fees to be paid for any one year are submitted for shareholders' approval at the AGM.

2.2 Level and Mix of 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.

The remuneration packages of the CEO and the Executive Directors are determined based on the framework recommended by the RC. In doing so, the RC reviews the length of the fixed appointment period, the notice period for termination and the terms of the compensation package in the event of the termination of any Executive Directors' contracts of service to ensure that the terms of such clauses are not onerous to the Company. The Executive Directors' framework of remuneration includes a fixed element as well as a variable element in the form of a bonus and a profit sharing incentive which is linked to the Company's performance.

CORPORATE GOVERNANCE STATEMENT

2.2 Level and Mix of Remuneration (cont'd)

All Non-Executive Directors are paid a Director's fee, with additional fees for serving as the chairman or member of a Board Committee and attendance fees for Board and Board Committee meetings. These fees are recommended by the RC and submitted to the Board for endorsement. The remuneration of Non-Executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised.

The Company has implemented the PSC Executives' Share Option Scheme 2003 ("ESOS") for the Company's executives, including its Directors. The ESOS will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Information on the ESOS is set out in the Directors' Report. The RC is responsible for reviewing, approving and administering the ESOS.

2.3 Disclosure on Remuneration

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.

Summary compensation table of the directors receiving remuneration from the Company for the financial year ended 31 December 2011:

Directors	Base Salary	Bonus	Profit Sharing	Directors' Allowance ⁽²⁾ Fee ⁽³⁾	TOTAL	
S\$200,000 and below						
Mdm Tang Cheuk Chee (appointed on 1 August 2011)	74.22%	21.17%	0.00%	0.00%	4.61%	100%
Mr Teo Kee Bock ⁽⁴⁾ (resigned on 15 June 2011)	81.78%	13.53%	0.00%	0.00%	4.69%	100%
Dr John Chen Seow Phun	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr Chee Teck Kwong Patrick	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr Tao Yeoh Chi	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr Lien Kait Long	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr Chan Sek Nin Jackey	0.00%	0.00%	0.00%	100.00%	0.00%	100%
S\$500,001 to S\$1,000,000						
Mr Foo Der Rong (ceased on 31 March 2012)	52.59%	13.03%	30.11%	1.76% ⁽¹⁾	2.51%	100%
Dr Allan Yap	47.46%	11.55%	38.06%	0.00%	2.93%	100%

(1) Directors' Fee from the Group.

(2) Employer's CPF contribution is included here.

(3) Directors' Fee is subject to the approval of the shareholders at the forthcoming AGM

(4) Mr Teo Kee Bock actual remuneration is \$48,035 for the period he had served as a director of the Company as at 15 June 2011.

CORPORATE GOVERNANCE STATEMENT

2.4 Remuneration of Employees Related to Directors

As at 31 December 2011, we have one employee ("Employee A"), who is related to Mdm Tang Cheuk Chee, an Executive Director of the Company and one employee ("Employee B"), who is related to Mr Foo Der Rong, the CEO of the Company.

Employee A has been the Head of MIS overseeing the whole MIS department since 2008. The remuneration of this employee is determined by the CEO and the Senior Vice President-Group HR. On 1 March 2012, he was transferred and assumed the position of Assistant General Manager of a subsidiary of the Company. Mdm Tang Cheuk Chee abstains from all matters relating to the remuneration of this employee.

Employee B has been the Executive Director of a subsidiary since 1996. The remuneration of this employee is determined by the Executive Chairman and an Executive Director. The CEO abstains from all matters relating to the remuneration of this employee.

The basis of determining the remuneration of these related employees are the same as the basis of determining the remuneration of other unrelated employees.

Summary compensation table of the executives who are related to the Directors for the financial year ended 31 December 2011:

Remuneration Band	Salary	Bonus	Profit Sharing	Directors' Fee	Allowances and other benefits ⁽¹⁾	TOTAL
Range \$250,001 – \$500,000						
Employee B	84.10%	7.00%	0.00%	0.00%	8.90%	100%
Range \$250,000 and below						
Employee A	73.23%	10.68%	5.91%	0.00%	10.18%	100%

(1) Employer's CPF contribution is included here.

2.5 Remuneration of the Key Management Executives

Disclosure of the key management executives' remuneration (who are not Directors) which falls within bands of S\$500,000 and below (based on gross remuneration received) is set out below:

Key Management Executives	Base Salary	Bonus	Profit Sharing	Directors' Fee ⁽¹⁾	Allowance ⁽²⁾	TOTAL
Range S\$250,001-S\$500,000						
Foo Der Chyang Desmond (last day of service on 19 March 2012)	84.10% ⁽³⁾	7.00%	0.00%	0.00%	8.90%	100%
Tang Yick Chong (resigned on 13 March 2012)	77.14%	12.86%	0.00%	6.05%	3.95%	100%
Wong Juan Meng	77.44%	12.91%	6.45%	0.00%	3.20%	100%
Range \$250,000 and below						
Wee Jee Kin (resigned on 3 February 2012)	77.98%	11.40%	0.00%	0.00%	10.62%	100%
Teo Wai Leng Lena (resigned on 08 September 2011)	78.55%	12.99%	0.00%	0.00%	8.46%	100%

CORPORATE GOVERNANCE STATEMENT

2.5 Remuneration of the Key Management Executives (cont'd)

- (1) Directors' Fee from the Group.
- (2) Employers CPF contribution is included here.
- (3) Remuneration from a subsidiary.

The Company adopts a remuneration policy for staff comprising both a fixed and variable component. The fixed component is in the form of a base salary and allowances. The variable component is in the form of a variable bonus that is linked to the Company and each individual's performance.

3 ACCOUNTABILITY AND AUDIT

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

In presenting the annual financial statements and quarterly announcements to shareholders as well as any price sensitive reports to the public, the Board aims to provide the shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects.

The Board is provided with an analysis of the management accounts at the quarterly Board meetings which presents a balanced and understandable assessment of the Company's performance, position and prospects.

3.1 Audit Committee

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises 4 members, all of whom are Non-Executive Directors and the majority of whom, including the Chairman, are independent. The AC's members are Mr Chee Teck Kwong Patrick (Chairman, and Independent Director), Mr Tao Yeoh Chi (Independent Director), Dr John Chen Seow Phun (Non-Executive Director) and Mr Lien Kait Long (Independent Director). At least 2 members have accounting or related financial management expertise or experience.

The AC's main objective is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls, overseeing the external audit process, reviewing the financial information to be disclosed to the public and ensuring that arrangements are in place for the independent investigation and follow up of reports by staff of improprieties in financial reporting and other matters. To achieve this, the AC ensures that its members have the appropriate qualifications to provide independent, objective and effective oversight.

Specifically, the AC meets periodically to perform the following functions:

- (a) review the audit plans of the external and internal auditors;
- (b) review the external and internal auditors' reports;
- (c) review the co-operation given by the Company's officers to the external and internal auditors;
- (d) review the adequacy of the internal audit function;

CORPORATE GOVERNANCE STATEMENT

3.1 Audit Committee (cont'd)

- (e) evaluate the effectiveness of the Group's system of internal controls, including financial, operational and compliance controls, and risk management, by reviewing written reports from internal and external auditors, and Management responses and actions to correct any deficiencies;
- (f) review the financial statements of the Company and the Group before their submission to the Board;
- (g) review non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors;
- (h) nominate external auditors for appointment or re-appointment and approve the remuneration and terms of engagement of the external auditor;
- (i) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual issued by SGX-ST, and by such amendments made thereto from time to time; and
- (j) review interested person transactions (as defined in Chapter 9 of the Listing Manual issued by SGX-ST) to ensure that they are on normal commercial terms and arms' length basis and not prejudicial to the interests of the Company or its shareholders in any way.

Apart from the duties listed above, the AC may commission and review the findings of internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore or other applicable law, rule or regulation which has or is likely to have material impact on the Company's or Group's operating results and/or financial position.

The AC meets from time to time with the Group's external and internal auditors and the executive Management to review accounting, auditing and financial reporting matters so as to provide the necessary checks and balances to ensure that an effective control environment is maintained in the Group. The AC also studies proposed changes in accounting policies, examines the internal audit functions and discusses the accounting implications of major transactions. Furthermore, the AC advises the Board regarding the adequacy of the Group's internal controls and the contents and presentation of its interim and annual reports. Based on the information provided to the AC, nothing has come to the AC's attention indicating that the system of internal controls and risk management is inadequate.

The AC is also authorised to investigate any matter within its terms of reference and has full access to and co-operation of Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The AC meets annually with the internal auditors and the external auditors, without the presence of the Company's Management to review the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, and the independence and objectivity of the internal and external auditors. The AC has recommended the re-appointment of KPMG LLP as external auditors at the forthcoming AGM of the Company.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

CORPORATE GOVERNANCE STATEMENT

3.1 Audit Committee (cont'd)

In appointing the audit firms for the Company, its subsidiaries and significant associates, the Audit Committee is satisfied that the Company has complied with the Rules 712 and 715 of the Listing Manual of the SGX-ST.

In October 2008, the Audit Committee Guidance Committee issued the Guidebook for Audit Committees in Singapore. SGX-ST has distributed the Guidebook to all members of the Board. Where appropriate, the AC will adopt relevant best practices set out in the Guidebook, which will be used as references to assist the AC in performing its functions.

During the financial year, the AC held 4 meetings. The number of meeting attended by each member during the financial year is as follows:

Name of director	Appointment	Number of meetings attended
Mr Chee Teck Kwong Patrick (Chairman)	Non-executive/Independent	4
Mr Tao Yeoh Chi	Non-executive/Independent	4
Dr John Chen Seow Phun	Non-executive	4
Mr Lien Kait Long	Non-executive/Independent	4

3.2 Internal Controls

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.

The Board recognises that it is responsible for the overall internal control framework, but accepts that no cost effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The AC will:

- satisfy itself that adequate measures are in place to identify and mitigate any material business risks associated with the Group;
- ensure that a review of the effectiveness of the Group's material internal controls, including financial, operating and compliance controls and risk management, is conducted at least annually. Such reviews can be carried out by internal auditors/external auditors;
- ensure that the internal control recommendations made by internal and external auditors have been implemented by the Management; and
- ensure the Board is in a position to comment on the adequacy of the internal controls of the Group.

Relying on the reports from the internal and external auditors and management representation letters, the AC carries out assessments of the effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors.

CORPORATE GOVERNANCE STATEMENT

3.2 Internal Controls (cont'd)

The Directors have received and considered the confirmations in accordance with Rule 705(5) of the Listing Manual of the SGX-ST from the Chief Executive Officer, the Executive Director, the Group Financial Controller and senior management of the subsidiaries in relation to the financial information for the year.

Material associates and joint ventures which the Company does not control are not dealt with for the purposes of this statement.

Based on the various management controls put in place and the reports from the internal and external auditors, reviews and confirmations by the Management; and in the absence of any evidence to the contrary, the Board with the concurrence of the AC is of the opinion that the system of internal controls addressing financial, operational and compliance risks during the year are adequate to safeguard the assets and ensure the integrity of financial statements. The Management continues to focus on improving the standard of internal controls and corporate governance.

3.3 Whistle-Blowing Policy

The Group has adopted a constructive whistle-blowing policy and guideline in order to detect and deter any fraud or deliberate error in the preparation, evaluation, review or audit of any financial statements, financial reports and records of the Company.

Demonstrating its pledge to good corporate governance, the Group provides an avenue for employees to bring their complaints responsibly to report any possible improprieties in matters of financial reporting or other matters that they may encounter to the AC or any other committees established by the AC for such purpose without fear of reprisal. The establishment of the whistle-blowing structure also augments the Group's ability to detect potential fraud, providing another level of comfort and assurance to investors.

3.4 Internal Audit

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

The Group has an in-house internal audit function that is independent of the activities it audits. The aim of the internal audit function is to promote internal control in the Group and to monitor the performance and the effective application of internal audit procedures. It supports the directors in assessing key internal controls through a structured review programmed. The internal audit function is expected to meet or exceed the standard set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal audit function reports functionally to the Chairman of the AC and administratively to the CEO. The AC ensures that the internal audit function has adequate resources and has appropriate standing within the Group. The AC, on an annual basis, assesses the effectiveness of the internal auditors by examining:

- the scope of the internal auditors' work;
- the quality of the reports;
- the relationship with the external auditors; and
- the independence of the areas reviewed.

CORPORATE GOVERNANCE STATEMENT

3.4 Internal Audit (cont'd)

The AC has reviewed the annual internal audit plan FY2011 and is satisfied that the internal audit functions have been adequately carried out.

4 COMMUNICATION WITH OUR SHAREHOLDERS

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

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

The Company firmly believes in high standards of transparent corporate disclosure, pursuant to the SGX-ST's Listing Rules and the Singapore Companies Act, whereby shareholders are informed of all major developments that affect the Group. Information is communicated to our shareholders on a timely basis. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is made through:

- annual reports that are prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments and other disclosures required by the Singapore Companies Act and Singapore Financial Reporting Standards;
- quarterly announcements containing a summary of the financial information and affairs of the Group for that period;
- notices of and explanatory memoranda for AGMs and Extraordinary General Meetings;
- press releases on major developments of the Company and the Group;
- disclosure to the SGX-ST; and
- the Company's website at <http://www.psc.com.sg> at which our shareholders can access information on the Group.

Moreover, our shareholders are encouraged to attend the AGM to ensure a high level of accountability and to be updated on the Company's strategies and goals. The Company's Articles allow a shareholder to appoint up to 2 proxies to attend a shareholder's meeting on his behalf. The notice of the AGM is sent to our shareholders, together with explanatory notes, appendices or a circular on items of special business, at least 14 days before the meeting. The Chairmen of the AC, NC and RC are normally present and available to address questions relating to the work of their respective committees at general meetings. Furthermore, the external auditors are present to assist our Board in addressing any relevant queries by our shareholders.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Board also notes that there should be separate resolutions on each substantially separate issue that is to be tabled at the general meeting.

CORPORATE GOVERNANCE STATEMENT

5 DEALINGS IN SECURITIES

The Company has adopted its own internal Code of Conduct to provide guidance to all officers of the Company and its subsidiaries with regard to dealings in the Company's securities in compliance with Rule 1207(19) of the Listing Manual of the SGX-ST.

The Company notifies all employees that they are prohibited from trading in the Company's shares one month prior to the announcement of the Company's full year results and two weeks before the announcement of the first three quarters of the Company's financial results.

The Company has also issued a policy on Insider Trading to all employees which sets out the principles of relevant laws relating to insider trading which are applicable at all times.

6 INTERESTED PERSON TRANSACTIONS

The Company is required to comply with the requisite rules under Chapter 9 of the Listing Manual issued by SGX-ST for interested person transactions. To ensure compliance with Chapter 9, the AC meets quarterly to review if the Company will be entering into an interested person transaction in order to ensure that the interested person transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the shareholders. Save as disclosed in the audited financial statements of this Annual Report, there are no interested person transactions for the financial year ended 31 December 2011.

7 MATERIAL CONTRACTS

Save as disclosed in the audited financial statements of this Annual Report, there are no material contracts of the Company or its subsidiaries involving the interests of the CEO, directors or controlling shareholders subsisting at the end of the financial year ended 31 December 2011 or have been entered into since the end of the previous financial year.

8 RISK MANAGEMENT

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as deliberate on appropriate measures to control and mitigate these risks. Management is accountable to the Board for ensuring the effectiveness of risk management and adherence to risk appetite limits.

On a day-to-day basis, business units have primary responsibility for risk management. The various business units provide the senior Management with a timely assessment of key risk exposures and the associated Management responses. These units also recommend risk appetite and control limits.

The significant risk management policies are as disclosed in the audited financial statements of this Annual Report.

DIRECTORS' REPORT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2011.

Directors

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

Allan Yap
Tang Cheuk Chee (Appointed on 1 August 2011)
Foo Der Rong
Chee Teck Kwong Patrick
Tao Yeoh Chi
John Chen Seow Phun
Lien Kait Long
Chan Sek Nin Jackey

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Holdings at beginning of the year	Holdings at end of the year
Name of director and corporation in which interests are held		
Allan Yap		
PSC Corporation Ltd		
– ordinary shares	–	96,555,500*
– options to subscribe for ordinary shares between 20/08/2004 and 19/08/2013	1,000,000	1,000,000
– options to subscribe for ordinary shares between 22/01/2010 and 21/01/2019	10,000,000	10,000,000
Tang Cheuk Chee		
PSC Corporation Ltd		
– ordinary shares	–	96,555,500*
Foo Der Rong		
PSC Corporation Ltd		
– ordinary shares	876,750	876,750
– options to subscribe for ordinary shares between 20/08/2004 and 19/08/2013	800,000	800,000
– options to subscribe for ordinary shares between 22/01/2010 and 21/01/2019	5,000,000	5,000,000

* Allan Yap is deemed to be interested in 96,555,500 shares held by his wife, Tang Cheuk Chee in the capital of the Company.

DIRECTORS' REPORT

Directors' Interests (cont'd)

	Holdings at beginning of the year	Holdings at end of the year
Name of director and corporation in which interests are held		
Chee Teck Kwong Patrick PSC Corporation Ltd – ordinary shares	800,000	800,000
Tao Yeoh Chi PSC Corporation Ltd – options to subscribe for ordinary shares between 22/01/2010 and 21/01/2014	600,000	600,000
John Chen Seow Phun PSC Corporation Ltd – ordinary shares	1,000,000	1,000,000
Lien Kait Long PSC Corporation Ltd – ordinary shares	5,530	5,530
– options to subscribe for ordinary shares between 22/01/2010 and 21/01/2014	500,000	500,000
Chan Sek Nin Jackey PSC Corporation Ltd – options to subscribe for ordinary shares between 22/01/2010 and 21/01/2014	500,000	500,000

* Tang Cheuk Chee has a direct and deemed interested of 49,449,500 and 47,106,000 shares in the capital of the Company respectively.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2012.

Except as disclosed under the “Share options” section of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

DIRECTORS' REPORT

Directors' Interests (cont'd)

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in notes 25 and 35 to the financial statements, since the end of the last 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.

Share options

The PSC Executives' Share Option Scheme (the Scheme) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 8 July 2003. The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Tao Yeoh Chi (Chairman), Chee Teck Kwong Patrick and John Chen Seow Phun.

Other information regarding the Scheme is set out below:

- The maximum number of shares issued or to be issued for options under the Scheme is 10% of the issued share capital of the Company when the Scheme was first adopted on 8 July 2003. Pursuant to the EGM of the Company held on 28 September 2007, the maximum number of shares issued or to be issued for options under the Scheme had been changed to 15% of the issued share capital of the Company.
- Options may be granted at the average of the closing price of the Company's shares on the Singapore Exchange Securities Trading Limited (SGX-ST) for the 5 business days immediately preceding the date of grant ("Market Price") or at a price of up to 20% discount of the Market Price.
- Under the Scheme, a non-discounted option vests 1 year after the date of grant and a discounted option vests 2 years after the date of grant.
- Unless they are cancelled or lapsed prior to the expiry date, options granted will expire 120 months after the date of grant, except for options granted to non-executive directors which will expire 60 months after the date of grant.

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price of the options	Options outstanding at 01/01/2011	Options exercised	Options cancelled	Options outstanding at 31/12/2011	Number of option holders at 31/12/2011	Exercise period
20/08/2003	\$0.220	2,060,000	—	—	2,060,000	4	20/08/2004 – 19/08/2013
22/01/2009	\$0.160	15,820,000	—	—	15,820,000	7	22/01/2010 – 21/01/2019
22/01/2009	\$0.160	1,600,000	—	—	1,600,000	3	22/01/2010 – 21/01/2014
		19,480,000	—	—	19,480,000		

DIRECTORS' REPORT

Share options (cont'd)

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Details of options granted to directors of the Company under the Scheme are as follows:

Name of director	Options granted for financial year ended 31 December 2011	Aggregate options granted since commencement of Scheme to 31 December 2011	Aggregate options exercised since commencement of Scheme to 31 December 2011	Aggregate options expired since commencement of Scheme to 31 December 2011	Aggregate options outstanding as at 31 December 2011
Allan Yap	–	11,000,000	–	–	11,000,000
Foo Der Rong	–	5,800,000	–	–	5,800,000
Chee Teck Kwong Patrick	–	1,000,000	(800,000)	(200,000)	–
Tao Yeoh Chi	–	800,000	–	(200,000)	600,000
John Chen Seow Phun	–	1,400,000	(1,000,000)	(400,000)	–
Lien Kait Long	–	500,000	–	–	500,000
Chan Sek Nin Jackey	–	500,000	–	–	500,000
Total	–	21,000,000	(1,800,000)	(800,000)	18,400,000

Since the commencement of the Scheme, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

- Chee Teck Kwong Patrick (Chairman), non-executive independent director
- Tao Yeoh Chi, non-executive independent director
- Lien Kait Long, non-executive independent director
- John Chen Seow Phun, non-executive director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

DIRECTORS' REPORT

Audit Committee (cont'd)

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associates, we have complied with Rules 712 and 715 of the SGX Listing Manual of the SGX-ST.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Allan Yap

Director

Tang Cheuk Chee

Director

16 March 2012

STATEMENT BY DIRECTORS

In our opinion:

- (a) the financial statements set out on pages 61 to 140 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Allan Yap
Director

Tang Cheuk Chee
Director

16 March 2012

INDEPENDENT AUDITORS' REPORT

Members of the Company
PSC Corporation Ltd

Report on the financial statements

We have audited the accompanying financial statements of PSC Corporation Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2011, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 61 to 140.

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, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

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

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

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

Opinion

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

INDEPENDENT AUDITORS' REPORT

Members of the Company
PSC Corporation Ltd

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.

KPMG LLP

*Public Accountants and
Certified Public Accountants*

Singapore

16 March 2012

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	Group		Company	
		2011	2010	2011	2010
		\$	\$	\$	\$
Assets					
Property, plant and equipment	4	68,454,930	66,260,994	16,435,909	17,655,747
Intangible assets	5	1,122,045	1,064,455	—	—
Investment properties	6	1,220,164	1,272,264	—	—
Subsidiaries	7	—	—	45,024,123	45,024,123
Loan to a subsidiary	7	—	—	9,500,000	6,000,000
Associates	8	48,039,832	49,597,432	20,265,039	20,983,641
Other financial assets	9	1,239,740	14,097,575	865,340	1,462,158
Deferred tax assets	10	838,597	496,847	—	—
Non-current assets		120,915,308	132,789,567	92,090,411	91,125,669
Inventories	11	62,634,581	57,048,381	7,589,604	6,780,725
Trade and other receivables	13	176,754,458	174,582,437	113,040,548	119,592,151
Other financial assets	9	21,056,618	20,838,240	4,533,227	3,615,840
Cash and cash equivalents	16	56,923,041	47,221,977	17,339,098	12,054,937
Assets held for sale	17	—	564,110	—	—
Current assets		317,368,698	300,255,145	142,502,477	142,043,653
Total assets		438,284,006	433,044,712	234,592,888	233,169,322
Equity					
Share capital	18	201,161,582	201,161,582	201,161,582	201,161,582
Reserves	18	80,683,339	81,795,303	11,701,013	9,517,200
Equity attributable to owners of the Company		281,844,921	282,956,885	212,862,595	210,678,782
Non-controlling interests		31,637,509	29,156,110	—	—
Total equity		313,482,430	312,112,995	212,862,595	210,678,782
Liabilities					
Loans and borrowings	19	808,066	—	—	—
Deferred income	22	92,963	97,525	—	—
Deferred tax liabilities	10	3,584,814	3,683,395	461,601	317,125
Non-current liabilities		4,485,843	3,780,920	461,601	317,125
Trade and other payables	23	90,184,688	75,874,304	21,268,692	22,173,415
Loans and borrowings	19	28,283,201	39,475,598	—	—
Deferred income	22	9,876	10,935	—	—
Current tax liabilities		1,837,968	1,789,960	—	—
Current liabilities		120,315,733	117,150,797	21,268,692	22,173,415
Total liabilities		124,801,576	120,931,717	21,730,293	22,490,540
Total equity and liabilities		438,284,006	433,044,712	234,592,888	233,169,322

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

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2011

	Note	2011 \$	2010 \$
Revenue	24	392,843,647	373,719,975
Cost of sales		(316,682,277)	(292,155,579)
Gross profit		76,161,370	81,564,396
Other income		6,705,794	3,590,257
Distribution expenses		(38,860,280)	(38,633,088)
Administrative expenses		(29,334,624)	(31,226,895)
Other expenses		(671,139)	(2,766,774)
Results from operating activities		14,001,121	12,527,896
Finance income		1,885,011	5,783,877
Finance costs		(6,322,905)	(923,639)
Net finance (costs)/income	26	(4,437,894)	4,860,238
Share of (losses)/profits of associates (net of tax)		(2,071,483)	4,812,734
Profit before tax		7,491,744	22,200,868
Tax expense	27	(3,003,013)	(4,894,002)
Profit for the year	25	4,488,731	17,306,866
Profit attributable to:			
Owners of the Company		2,316,005	14,238,465
Non-controlling interests		2,172,726	3,068,401
Profit for the year		4,488,731	17,306,866
Earnings per share			
Basic earnings per share (cents)	28	0.42	2.57
Diluted earnings per share (cents)	28	0.41	2.53

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2011

	2011 \$	2010 \$
Profit for the year	4,488,731	17,306,866
Other comprehensive income		
Foreign currency translation differences – foreign operations	4,275,939	(1,948,889)
Share of foreign currency translation differences of associates	876,534	(553,834)
Impairment loss on available-for-sale financial assets reclassified to profit or loss	520,900	–
Net change in fair value of available-for-sale financial assets	(1,334,803)	460,787
Net change in fair value of available-for-sale financial assets reclassified to profit or loss on disposal	(1,325,575)	–
Share of other reserve movement of an associate	33,212	310,728
Other comprehensive income for the year, net of tax	3,046,207	(1,731,208)
Total comprehensive income for the year	7,534,938	15,575,658
Total comprehensive income attributable to:		
Owners of the Company	4,448,453	13,205,403
Non-controlling interests	3,086,485	2,370,255
Total comprehensive income for the year	7,534,938	15,575,658

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2011

Group	← Attributable to		
	Share capital \$	Treasury shares \$	Other reserves \$
At 1 January 2010	202,363,853	(2,579,522)	2,979,089
Total comprehensive income for the year			
Profit for the year	—	—	—
Other comprehensive income			
Foreign currency translation differences			
– foreign operations	—	—	—
Share of foreign currency translation differences of associates	—	—	—
Net change in fair value of available-for-sale financial assets	—	—	—
Share of other reserve movement of associates	—	—	310,728
Total other comprehensive income	—	—	310,728
Total comprehensive income for the year	—	—	310,728
Transactions with owners, recognised directly in equity			
Contributions by and distributions to owners			
Dividends paid (note 18)	—	—	—
Share-based payment transactions	1,377,251	—	(261,452)
Total contributions by and distributions to owners	1,377,251	—	(261,452)
Transfer between reserves			
Appropriation of retained earnings to other reserves	—	—	520,388
Changes in ownership interests in subsidiaries			
Acquisition of non-controlling interests (note 30)	—	—	(115,000)
Disposal of subsidiaries (note 30)	—	—	—
Total changes in ownership interests in subsidiaries	—	—	(115,000)
Total transactions with owners	1,377,251	—	143,936
At 31 December 2010	203,741,104	(2,579,522)	3,433,753

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

owners of the Company →

Fair value reserve \$	Translation reserve \$	Retained earnings \$	Total \$	Non-controlling interests \$	Total equity \$
1,648,322	(3,521,394)	76,092,020	276,982,368	34,268,122	311,250,490
—	—	14,238,465	14,238,465	3,068,401	17,306,866
—	(1,418,400)	—	(1,418,400)	(530,489)	(1,948,889)
—	(363,105)	—	(363,105)	(190,729)	(553,834)
437,715	—	—	437,715	23,072	460,787
—	—	—	310,728	—	310,728
437,715	(1,781,505)	—	(1,033,062)	(698,146)	(1,731,208)
437,715	(1,781,505)	14,238,465	13,205,403	2,370,255	15,575,658
—	—	(8,337,029)	(8,337,029)	(605,086)	(8,942,115)
—	—	17,002	1,132,801	—	1,132,801
—	—	(8,320,027)	(7,204,228)	(605,086)	(7,809,314)
—	—	(520,388)	—	—	—
—	—	—	(115,000)	(1,187,250)	(1,302,250)
—	88,342	—	88,342	(5,689,931)	(5,601,589)
—	88,342	—	(26,658)	(6,877,181)	(6,903,839)
—	88,342	(8,840,415)	(7,230,886)	(7,482,267)	(14,713,153)
2,086,037	(5,214,557)	81,490,070	282,956,885	29,156,110	312,112,995

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2011

Group	←		
	Share capital \$	Treasury shares \$	Attributable to Other reserves \$
At 1 January 2011	203,741,104	(2,579,522)	3,433,753
Total comprehensive income for the year			
Profit for the year	—	—	—
Other comprehensive income			
Foreign currency translation differences			
– foreign operations	—	—	—
Share of foreign currency translation differences of associates	—	—	—
Impairment loss on available-for-sale financial assets reclassified to profit or loss	—	—	—
Net change in fair value of available-for-sale financial assets	—	—	—
Net change in fair value of available-for-sale financial assets transferred to profit or loss on disposal	—	—	—
Share of other reserve movement of an associate	—	—	894
Total other comprehensive income	—	—	894
Total comprehensive income for the year	—	—	894
Transactions with owners, recognised directly in equity			
Contributions by and distributions to owners			
Dividends paid (note 18)	—	—	—
Total contributions by and distributions to owners	—	—	—
Transfer between reserves			
Appropriation of retained earnings to other reserve	—	—	528,715
Total transactions with owners	—	—	528,715
At 31 December 2011	203,741,104	(2,579,522)	3,963,362

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

owners of the Company

Fair value reserve \$	Translation reserve \$	Retained earnings \$	Total \$	Non-controlling interests \$	Total equity \$
2,086,037	(5,214,557)	81,490,070	282,956,885	29,156,110	312,112,995
—	—	2,316,005	2,316,005	2,172,726	4,488,731
—	3,306,027	—	3,306,027	969,912	4,275,939
—	863,471	—	863,471	13,063	876,534
494,367	—	—	494,367	26,533	520,900
(1,239,054)	—	—	(1,239,054)	(95,749)	(1,334,803)
(1,325,575)	—	—	(1,325,575)	—	(1,325,575)
32,318	—	—	33,212	—	33,212
(2,037,944)	4,169,498	—	2,132,448	913,759	3,046,207
(2,037,944)	4,169,498	2,316,005	4,448,453	3,086,485	7,534,938
—	—	(5,560,417)	(5,560,417)	(605,086)	(6,165,503)
—	—	(5,560,417)	(5,560,417)	(605,086)	(6,165,503)
—	—	(528,715)	—	—	—
—	—	(6,089,132)	(5,560,417)	(605,086)	(6,165,503)
48,093	(1,045,059)	77,716,943	281,844,921	31,637,509	313,482,430

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Profit for the year		4,488,731	17,306,866
Adjustments for:			
Amortisation of deferred income		–	(14,488)
Depreciation of investment properties		27,157	27,979
Depreciation of property, plant and equipment		7,432,356	6,917,107
Gain/(Loss) on disposal of:			
– investment properties		(277,489)	–
– property interests		(1,940,666)	–
– property, plant and equipment		(170,290)	63,898
Impairment loss on amount due from an associate		–	41,413
Impairment loss on assets held for sale		–	1,863,466
Net finance costs/(income)		4,437,895	(4,860,238)
Property, plant and equipment impaired/written off		173,562	80,501
Share of losses/(profits) of associates (net of tax)		2,071,483	(4,812,734)
Tax expense		3,003,013	4,894,002
Unrealised exchange (gain)/loss on financial assets		(158,118)	1,909,640
		19,087,634	23,417,412
Changes in working capital:			
Inventories		(5,248,343)	(15,436,196)
Trade and other receivables		(2,744,191)	(27,852,653)
Trade and other payables		9,919,759	26,628,183
Cash generated from operating activities		21,014,859	6,756,746
Tax paid		(3,436,113)	(4,397,940)
Net cash from operating activities		17,578,746	2,358,806

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2011

	Note	2011 \$	2010 \$
Cash flows from investing activities			
Acquisition of non-controlling interests	30	–	(1,302,250)
Deposit paid for property interests		(43,224,107)	–
Dividends received		88,596	418,461
Interest received		2,022,388	2,910,706
Investment in an associate		(250,000)	(6,270,275)
Loan to an associate		(64,960)	(64,440)
Proceeds from redemption of held-to-maturity financial assets		3,209,442	2,882,670
Proceeds from disposal of:			
– an associate		–	12,536,780
– financial assets		62,530,235	–
– investment properties		832,466	–
– property, plant and equipment		617,129	397,317
– subsidiaries	30	–	5,159,185
Purchase of property, plant and equipment		(6,743,245)	(10,139,565)
Purchase of financial assets		(8,883,329)	(51,327,394)
Net cash from/(used in) investing activities		10,134,615	(44,798,805)
Cash flows from financing activities			
Decrease/(Increase) in pledged deposits		1,164,868	(3,874,468)
Dividends paid		(6,165,503)	(8,942,115)
Interest paid		(1,353,296)	(909,038)
Payment of finance lease liabilities		(439,992)	(277,524)
Proceeds from borrowings		77,161,137	71,382,243
Proceeds from issuance of shares under share option scheme		–	1,132,801
Repayment of borrowings		(88,064,582)	(60,562,265)
Net cash used in financing activities		(17,697,368)	(2,050,366)
Net increase/(decrease) in cash and cash equivalents		10,015,993	(44,490,365)
Cash and cash equivalents at 1 January		38,758,843	83,646,516
Effect of exchange rate fluctuations on cash held		597,325	(397,308)
Cash and cash equivalents at 31 December	16	49,372,161	38,758,843

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 16 March 2012.

1. Domicile and activities

PSC Corporation Ltd (the Company) is incorporated in the Republic of Singapore. The address of the Company's registered office is 348 Jalan Boon Lay, Singapore 619529.

The financial statements of the Company as at and for the year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

The Company is primarily involved in the supply of provisions and household consumer products. The Company also provides management services to its subsidiaries. The principal activities of the subsidiaries are set out in note 7 to the financial statements.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described below.

(c) Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3(g) – classification of leases
- Notes 3(i) and 9 – impairment of available-for-sale financial assets

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of preparation (cont'd)

(d) Use of estimates and judgements (cont'd)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3(q) – tax liabilities
- Note 5 – key assumptions on recoverable amounts relating to goodwill
- Note 10 – utilisation of tax losses
- Notes 20 and 31 – valuation of financial instruments

(e) Changes in accounting policies

(i) Measurement of non-controlling interests in business combinations

From 1 January 2011, the Group has applied the amendments to FRS 103 *Business Combinations* resulting from the *Improvements to FRSs 2010* in measuring at the acquisition date, non-controlling interests that are not present ownership interests and do not entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Such non-controlling interests are now measured at fair value (see note 3(a)(i)).

Previously, the Group has elected on a transaction-by-transaction basis whether to measure non-controlling interests that are not present ownership interests and do not entitle holders to proportionate share of the acquiree's net assets on liquidation at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date.

This change in accounting policy has been applied prospectively to new business combinations occurring on or after 1 January 2010 and has no material impact on earnings per share.

(ii) Identification of related party relationships and related party disclosures

From 1 January 2011, the Group has applied the revised FRS 24 *Related Party Disclosures* (2010) to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

The adoption of FRS 24 (2010) has resulted in additional parties being identified as related to the Group. Transactions and outstanding balances, including commitments, with these related parties for the current and comparative years have been disclosed accordingly in note 35 to the financial statements.

The adoption of FRS 24 (2010) affects only the disclosures made in the financial statements. There is no financial effect on the results and financial position of the Group for the current and previous financial years. Accordingly, the adoption of FRS 24 (2010) has no impact on earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2(e), which addresses changes in accounting policies.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investment in associates are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) Acquisition of non-controlling interests

Acquisition of non-controlling interests are accounted for as transaction with owners in their capacity as owners and therefore the carrying amounts of assets and liabilities are not changed and goodwill is not recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the adjustment to non-controlling interests and the fair value of consideration paid is recognised directly in equity and presented as part of equity attributable to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Accounting for subsidiaries and associates

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (cont'd)

(b) Foreign currency (cont'd)

(i) Foreign operations (cont'd)

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale. It would also prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Held-to-maturity financial assets comprise debt securities.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses (see note 3(i)(i)) and foreign currency differences on available-for-sale monetary items (see note 3(b)(i)), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

Repurchase agreements

Investments purchased subject to commitments to resell them at future dates at a fixed price are not recognised. The receivables are shown as collateralised by the underlying security. Investments sold under repurchase agreements continue to be recognised in the balance sheet and are measured in accordance with the accounting policy for either assets held for trading or investment as appropriate.

Repurchase and resell agreements not classified as at fair value through profit or loss are classified as liabilities held at cost and loans and receivables respectively. The difference between the sale and repurchase (purchase and resell) considerations is recognised on an accrual basis using the effective interest rate method over the period of the transaction and is included in the profit or loss as interest.

(ii) Non-derivative financial liabilities

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(ii) Non-derivative financial liabilities (cont'd)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)

Where share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. Where treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

(iv) Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (cont'd)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the asset to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

The estimated useful lives for the current and comparative periods are as follows:

• freehold buildings	50 years
• leasehold buildings	Remaining lease periods of 34 to 48 years
• leasehold improvements	Remaining lease periods of 37 to 44 years
• renovations	3 to 10 years
• furniture, fittings and office equipment	3 to 13 $\frac{1}{3}$ years
• warehouse equipment	6 to 10 years
• motor vehicles	4 to 10 years
• plant and machinery	6 to 10 years
• computers	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(e) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets and represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (cont'd)

(e) Intangible assets (cont'd)

(ii) Trademarks

Trademarks are amortised and recognised in profit or loss as an expense on a straight-line basis over their useful lives of 3 to 10 years. Amortisation commences from the date the trademarks are available for use.

(iii) Amortisation

Amortisation method, useful life and residual value of trademarks are reviewed at the end of each reporting period and adjusted if appropriate.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(f) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties are stated at cost less accumulated depreciation. The freehold land component of the investment properties is not depreciated. The freehold building component is depreciated on a straight-line basis over 50 years.

(g) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and, except for investment properties, the leased assets are not recognised in the Group's statement of financial position. Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (cont'd)

(h) Inventories

Trading goods

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

Manufactured corrugated paper products

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials is determined on a specific identification basis. In the case of work-in-progress and finished goods, cost includes raw materials, direct expenditure and an attributable portion of manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

Contract work-in-progress

Contract work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date (see note 3(m)(ii)) less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Contract work-in-progress is presented as part of inventories in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as deferred income in the statement of financial position.

(i) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (cont'd)

(i) Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables and held-to-maturity investment securities

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (cont'd)

(i) Impairment (cont'd)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (cont'd)

(j) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(k) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (cont'd)

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(m) Revenue

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(iii) Healthcare consultancy

Revenue arising from healthcare consultancy is recognised in profit or loss when the relevant services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (cont'd)

(n) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

(o) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(p) Finance income and finance costs

Finance income comprises interest income on funds invested (including held-to-maturity investments, repurchase agreements and fixed deposits), dividend income, fair value gains on financial assets at fair value through profit or loss, and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprises interest expense on borrowings, impairment losses recognised on available-for-sale financial assets, losses on disposal of available-for-sale financial assets and fair value losses on financial assets at fair value through profit or loss that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(q) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (cont'd)

(q) Tax (cont'd)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Group recognises tax liabilities, including those of the group's associates, based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Group believes that certain positions may not be fully sustained upon review by tax authorities, despite the Group's belief that its tax return positions are supportable. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multifaceted judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (cont'd)

(r) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effect of all dilutive potential ordinary shares, which comprise share options granted to employees.

(s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

(t) New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

4. Property, plant and equipment

Group	Freehold land \$	Freehold buildings \$	Leasehold buildings \$	Leasehold improvements \$
Cost				
At 1 January 2010	3,010,162	3,794,422	30,042,717	9,714,020
Additions	2,045	—	1,355,621	—
Disposals	—	—	—	—
Reclassification	—	—	76,094	—
Write-offs	—	—	—	—
Effect of movements in exchange rates	62,619	22,124	(1,122,783)	—
At 31 December 2010	3,074,826	3,816,546	30,351,649	9,714,020
At 1 January 2011	3,074,826	3,816,546	30,351,649	9,714,020
Additions	—	—	1,660,825	—
Disposals	—	—	—	—
Reclassification	—	—	5,785,021	—
Write-offs	—	—	—	—
Effect of movements in exchange rates	(66,310)	(23,404)	1,447,404	—
At 31 December 2011	3,008,516	3,793,142	39,244,899	9,714,020
Accumulated depreciation and impairment losses				
At 1 January 2010	532,082	2,917,281	7,330,777	2,433,776
Depreciation for the year	—	20,789	1,175,300	267,573
Disposals	—	—	—	—
Write-offs	—	—	—	—
Effect of movements in exchange rates	10,087	5,217	(186,174)	—
At 31 December 2010	542,169	2,943,287	8,319,903	2,701,349
At 1 January 2011	542,169	2,943,287	8,319,903	2,701,349
Depreciation for the year	—	20,178	1,287,620	267,573
Disposals	—	—	—	—
Impairment loss	—	—	—	—
Reclassification	—	—	(1,748)	—
Write-offs	—	—	—	—
Effect of movements in exchange rates	(10,670)	(6,290)	264,096	—
At 31 December 2011	531,499	2,957,175	9,869,871	2,968,922
Carrying amounts				
At 1 January 2010	2,478,080	877,141	22,711,940	7,280,244
At 31 December 2010	2,532,657	873,259	22,031,746	7,012,671
At 31 December 2011	2,477,017	835,967	29,375,028	6,745,098

NOTES TO THE FINANCIAL STATEMENTS

Renovations \$	Furniture, fittings and office equipment \$	Warehouse equipment \$	Motor vehicles \$	Plant and machinery \$	Computers \$	Total \$
7,854,393	5,980,300	916,805	6,727,056	56,856,155	1,994,907	126,890,937
481,408	396,984	312,888	857,981	7,469,703	479,948	11,356,578
—	(38,545)	(15,360)	(602,471)	(436,910)	(4,667)	(1,097,953)
—	—	—	—	(76,094)	—	—
(39,850)	(72,719)	—	(121,809)	(247,284)	(283,960)	(765,622)
5,658	2,945	—	(17,398)	(1,409,677)	8,572	(2,447,940)
8,301,609	6,268,965	1,214,333	6,843,359	62,155,893	2,194,800	133,936,000
8,301,609	6,268,965	1,214,333	6,843,359	62,155,893	2,194,800	133,936,000
261,591	554,447	61,225	388,913	4,841,710	460,638	8,229,349
—	(15,050)	(1,920)	(548,478)	(900,928)	(14,641)	(1,481,017)
—	(80,929)	—	—	(5,704,092)	—	—
(113,192)	(408,920)	—	(30,032)	(301,926)	(184,007)	(1,038,077)
(8,439)	6,130	—	23,158	1,685,884	(9,057)	3,055,366
8,441,569	6,324,643	1,273,638	6,676,920	61,776,541	2,447,733	142,701,621
3,260,313	3,828,322	472,777	3,096,391	37,615,795	1,396,217	62,883,731
782,692	428,743	117,113	822,789	3,148,750	153,358	6,917,107
—	(32,409)	(9,402)	(253,106)	(338,881)	(2,940)	(636,738)
(21,915)	(63,446)	—	(121,809)	(194,076)	(283,875)	(685,121)
2,967	(385)	—	(3,912)	(639,288)	7,515	(803,973)
4,024,057	4,160,825	580,488	3,540,353	39,592,300	1,270,275	67,675,006
4,024,057	4,160,825	580,488	3,540,353	39,592,300	1,270,275	67,675,006
822,730	477,965	137,770	710,420	3,441,852	266,248	7,432,356
—	(9,237)	(267)	(362,716)	(651,245)	(10,713)	(1,034,178)
—	19,318	—	—	7,524	—	26,842
—	(20,198)	—	—	21,946	—	—
(64,931)	(386,623)	—	(6,757)	(249,070)	(183,976)	(891,357)
(4,362)	(1,179)	—	10,133	794,463	(8,169)	1,038,022
4,777,494	4,240,871	717,991	3,891,433	42,957,770	1,333,665	74,246,691
4,594,080	2,151,978	444,028	3,630,665	19,240,360	598,690	64,007,206
4,277,552	2,108,140	633,845	3,303,006	22,563,593	924,525	66,260,994
3,664,075	2,083,772	555,647	2,785,487	18,818,771	1,114,068	68,454,930

NOTES TO THE FINANCIAL STATEMENTS

4. Property, plant and equipment (cont'd)

Company	Leasehold building \$	Leasehold improvements \$	Renovations \$
Cost			
At 1 January 2010	8,517,028	9,714,020	6,958,896
Additions	—	—	246,383
Disposals	—	—	—
Write-offs	—	—	—
At 31 December 2010	8,517,028	9,714,020	7,205,279
At 1 January 2011	8,517,028	9,714,020	7,205,279
Additions	—	—	212,888
Disposals	—	—	—
Write-offs	—	—	(3,000)
At 31 December 2011	8,517,028	9,714,020	7,415,167
Accumulated depreciation			
At 1 January 2010	4,477,188	2,433,776	2,594,790
Depreciation for the year	224,435	267,573	698,985
Disposals	—	—	—
Write-offs	—	—	—
At 31 December 2010	4,701,623	2,701,349	3,293,775
At 1 January 2011	4,701,623	2,701,349	3,293,775
Depreciation for the year	224,435	267,573	727,757
Disposals	—	—	—
Write-offs	—	—	(1,725)
At 31 December 2011	4,926,058	2,968,922	4,019,807
Carrying amounts			
At 1 January 2010	4,039,840	7,280,244	4,364,106
At 31 December 2010	3,815,405	7,012,671	3,911,504
At 31 December 2011	3,590,970	6,745,098	3,395,360

NOTES TO THE FINANCIAL STATEMENTS

Furniture, fittings and office equipment \$	Warehouse equipment \$	Motor vehicles \$	Plant and machinery \$	Computers \$	Total \$
1,074,542	564,826	2,178,847	338,229	1,283,040	30,629,428
8,587	230,193	365,888	143,000	346,966	1,341,017
(15,009)	(15,000)	(433,892)	(33,000)	(1,713)	(498,614)
—	—	—	—	(244,907)	(244,907)
1,068,120	780,019	2,110,843	448,229	1,383,386	31,226,924
1,068,120	780,019	2,110,843	448,229	1,383,386	31,226,924
24,683	30,560	69,845	—	426,997	764,973
—	—	(258,601)	—	(1,383)	(259,984)
(750)	—	—	—	(15,416)	(19,166)
1,092,053	810,579	1,922,087	448,229	1,793,584	31,712,747
628,591	245,839	930,054	195,710	781,008	12,286,956
91,077	92,430	218,202	43,414	94,610	1,730,726
(9,474)	(9,375)	(159,094)	(22,018)	(1,713)	(201,674)
—	—	—	—	(244,831)	(244,831)
710,194	328,894	989,162	217,106	629,074	13,571,177
710,194	328,894	989,162	217,106	629,074	13,571,177
93,155	110,739	204,964	41,013	200,235	1,869,871
—	—	(146,410)	—	(230)	(146,640)
(431)	—	—	—	(15,414)	(17,570)
802,918	439,633	1,047,716	258,119	813,665	15,276,838
445,951	318,987	1,248,793	142,519	502,032	18,342,472
357,926	451,125	1,121,681	231,123	754,312	17,655,747
289,135	370,946	874,371	190,110	979,919	16,435,909

NOTES TO THE FINANCIAL STATEMENTS

4. Property, plant and equipment (cont'd)

Included in property, plant and equipment of the Group are assets with a total carrying amount of \$2,075,283 (2010: \$555,345), which are under finance leases.

The following property, plant and equipment are pledged as security for secured bank loans and credit facilities (note 19):

	Group	
	2011	2010
	\$	\$
Carrying amounts		
Leasehold buildings	10,762,418	10,819,765
Plant and machinery	5,993,620	6,680,610
	16,756,038	17,500,375

5. Intangible assets

	Goodwill on consolidation	Trademarks	Total
	\$	\$	\$
Group Cost			
At 1 January 2010	1,182,227	363,050	1,545,277
Effect of movements in exchange rates	(117,772)	–	(117,772)
At 31 December 2010	1,064,455	363,050	1,427,505
At 1 January 2011	1,064,455	363,050	1,427,505
Effect of movements in exchange rates	57,590	–	57,590
At 31 December 2011	1,122,045	363,050	1,485,095
Accumulated amortisation			
At 1 January 2010 and 31 December 2010	–	363,050	363,050
At 1 January 2011 and 31 December 2011	–	363,050	363,050
Carrying amounts			
At 1 January 2010	1,182,227	–	1,182,227
At 31 December 2010	1,064,455	–	1,064,455
At 31 December 2011	1,122,045	–	1,122,045

NOTES TO THE FINANCIAL STATEMENTS

5. Intangible assets (cont'd)

Annual impairment tests for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating units which represent the lowest level within the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments as reported in note 29.

The aggregate carrying amount of goodwill is allocated to the packaging unit. The packaging businesses operate largely in Singapore and China.

The recoverable amount of the cash generating unit (CGU) is based on its value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of 5 years.

For the purpose of analysing each CGU, management used the following key assumptions:

	Growth rate %	Discount rate %
2011 Packaging	3 – 30	6 – 10
2010 Packaging	3 – 8	6 – 11

The forecasted growth rate is estimated based on past performance and the expectations of market developments relevant to each of the CGU. Discount rates reflect the current market assessment of the risks specific to each CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each CGU, regard has been given to the weighted average cost of capital to each CGU at the beginning of the budgeted year. Gross margins are based on average values achieved in the year preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements. The Group believes that any reasonably possible change in the above key assumptions is not likely to materially cause the recoverable amount to be lower than its carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

6. Investment properties

	Note	Group	
		2011 \$	2010 \$
Cost			
At 1 January		1,380,381	1,908,313
Effect of movements in exchange rates		(27,167)	36,178
Transfer to assets held for sale	17	—	(564,110)
At 31 December		1,353,214	1,380,381
Accumulated depreciation			
At 1 January		108,117	79,014
Depreciation charge for the year		27,157	27,979
Effect of movements in exchange rates		(2,224)	1,124
At 31 December		133,050	108,117
Carrying amounts			
At 1 January		1,272,264	1,829,299
At 31 December		1,220,164	1,272,264
Fair value			
At 31 December		1,639,760	1,843,080

Included in investment properties are a number of resort apartments that are leased to the developer for a guaranteed rental period of 3 years with an option to renew for an additional 3 years.

The fair values of the investment properties are based on valuations performed by independent professional valuers. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The valuations of the investment properties as at 31 December 2011 were based on the comparison and investment methods, where appropriate. In relying on the valuation reports, the directors have exercised their judgement and are satisfied that the valuation methods and estimates used are reflective of the current market conditions.

NOTES TO THE FINANCIAL STATEMENTS

7. Subsidiaries

	Company	
	2011	2010
	\$	\$
Equity investments at cost	48,218,053	48,218,053
Impairment losses	(3,193,930)	(3,193,930)
	45,024,123	45,024,123
Loan to a subsidiary	9,500,000	6,000,000

The loan to a subsidiary is unsecured, bears interest at 4% (2010: 4%) per annum and repayable in 2014.

In 2010, the Company assessed the carrying amount of its investment in subsidiaries to determine whether there is any indication of impairment. Based on the review, the Company recorded an impairment loss of \$1,693,930 which mainly relate to a subsidiary which had disposed of its sole underlying investment. The recoverable amount was determined using the fair value less costs to sell approach.

Details of key subsidiaries are as follows:

	Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
				2011 %	2010 %
@	Topseller Pte Ltd	Marketing and sale of agency lines and proprietary brands	Singapore	100	100
@	Econ Minimart Services Pte Ltd	Dormant	Singapore	100	100
@	Tipex Pte. Ltd. and its subsidiaries:	Supply of provisions and household products	Singapore	74	74
@	Tips Trading Pte. Ltd.	Supply of shelving	Singapore	74	74
^	Tips Industry (M) Sdn. Bhd	Packaging and sale of paper products	Malaysia	74	74
^	Beautex Marketing (M) Sdn. Bhd.	Dormant	Malaysia	74	74
^	Socma Trading (M) Sdn. Bhd. and its subsidiaries:	Marketing and sale of household and consumer products	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

7. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
				2011 %	2010 %
^	Econfood Manufacturing (M) Sdn. Bhd.	Dormant	Malaysia	100	100
^	Fresh Fruit Juice Manufacturing (M) Sdn. Bhd.	Manufacture of grass jelly products	Malaysia	100	100
@	PSC Investment Pte Ltd and its subsidiaries:	Investment holding	Singapore	100	100
∞	PSC (China) Property Co., Limited	Property development, property holdings and property related activities	Hong Kong	100 ⁽¹⁾	—
∞	Guangzhou PSC Properties Co., Ltd	Property development, property holdings and property related activities	People's Republic of China	100	100
@	Fortune Food Manufacturing Pte Ltd and its subsidiary:	Manufacture of soya bean products and noodles	Singapore	100	100
@	Fortune Food Marketing Pte Ltd	Sale of soya bean products, yoghurt, noodles, and dry grocery products	Singapore	100	100
@	PSC Resort Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
ψ	Palm Meadow Sdn. Bhd.	Property investment	Malaysia	100	100

(1) PSC (China) Property Co., Limited is a wholly-owned subsidiary of the Group with 90% of the equity interest held by PSC Investment Pte Ltd and 10% held by Guangzhou PSC Properties Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS

7. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
				2011 %	2010 %
@	Tat Seng Packaging Group Ltd and its subsidiaries:	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	Singapore	64	64
^	Tat Seng Packaging (Suzhou) Co., Ltd and its subsidiaries:	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	People's Republic of China	64	64
^	Nantong Hengcheng Paper Industry Co., Ltd and its subsidiary:	Manufacture and sale of corrugated boards	People's Republic of China	44.8	44.8
^	Nantong Tat Seng Packaging Co., Ltd	Manufacture and sale of corrugated boards	People's Republic of China	44.8	44.8
^	Hefei Dansun Packaging Co., Ltd	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	People's Republic of China	60.4	60.4
@	United Packaging Industries Pte. Ltd.	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	Singapore	64	64
@	Topseller Development Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
^	Flobina Sdn. Bhd.	Property investment	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

7. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
				2011 %	2010 %
@	PSC International Pte Ltd and its subsidiaries:	Investment holding	Singapore	100	100
@	Health Solutions International Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	95	95
@	Health Solutions Holdings Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	95	95
^	Halyway Holding Ltd and its subsidiary:	Investment holding	Cyprus	95	95
&	HS Hellas S.A	Dormant	Greece	95	95
Ω	Health Solutions (Malaysia) Sdn. Bhd. and its subsidiaries:	Construction of hospital turnkey projects and provision of healthcare consultancy and hospital management services	Malaysia	95	95
Ω	Health Solutions Services Sdn. Bhd.	Provision of healthcare consultancy and project management	Malaysia	95	95
Ω	HS Medeq Consult Sdn. Bhd.	Dormant	Malaysia	95	—
*	Health Solutions Medical Services (Vietnam) Co., Ltd.	Provision of healthcare consultancy and medical services	Vietnam	95	95
▽	PT Health Solutions Indonesia	Provision of healthcare consultancy services	Indonesia	95	95
@	Education Solutions International Pte. Ltd.	Investment holding	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

7. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
				2011 %	2010 %
@	I-Econ Management Services Pte. Ltd.	Franchise ownership	Singapore	100	100
@	D & P Lifestyle Pte. Ltd.	General wholesale trading (including general importers and exporters) and wholesale on a fee or contract basis	Singapore	100	100

@ Audited by KPMG LLP, Singapore.

^ Audited by other member firms of KPMG International.

Ψ Audited by Goh Joon Hai & Co., Malaysia.

Ω Audited by Moore Stephens AC, Malaysia.

* Audited by Grant Thornton, Vietnam.

▽ Audited by Grant Thornton, Indonesia.

∞ Audited by Deloitte Touche Tohmatsu, Hong Kong.

& Not required to be audited by law of country of incorporation.

8. Associates

	Group		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Investment in associates	53,262,514	49,683,123	26,866,726	27,107,612
Impairment losses	(5,222,682)	(85,691)	(6,601,687)	(6,123,971)
	48,039,832	49,597,432	20,265,039	20,983,641

Investment in associates at 31 December 2011 includes goodwill of \$419,290 (2010: \$5,425,538).

NOTES TO THE FINANCIAL STATEMENTS

8. Associates (cont'd)

At the reporting date, the Group and the Company assessed the carrying amount of its investment in associates to determine whether there is any indication of impairment. Based on the review in 2011, the Group and the Company recorded an impairment losses of \$5,136,991 and \$477,716 respectively on its associates following the change in their financial conditions. The impairment losses was included in the share of results of associates in the consolidated income statement. The recoverable amount was determined using the fair value less costs to sell approach.

Details of key associates are as follows:

	Name of associate	Principal activities	Country of incorporation	-- Effective equity held by --			
				the Group	the Group	the Company	the Company
				2011	2010	2011	2010
&	Health Solutions (Australia) Pty Ltd) Provision of healthcare) consultancy and hospital) management services)	Australia	46.6	46.6	—	—
~	Health Solutions (WA) Pty Ltd))	Australia	44.5	44.5	—	—
Ω	Health Solutions (S.E. Asia) Sdn. Bhd.	Provision of healthcare consultancy and management services to the health industry	Malaysia	28.5	28.5	—	—
α	HSI Philippines, Inc.	Advisory and management services to hospitals, healthcare facilities and medical establishments	Philippines	38	38	—	—
√	Harbin Puwei Real Estate Development Co Ltd	Development of property	People's Republic of China	40	40	—	—
+	Longkou Luzhibei Preserved Fruit Company Limited	Manufacture and distribution of preserved fruits	People's Republic of China	40	40	—	—
*	Intraco Limited	Engineering and projects packaging, trading of food and food processing, systems integrator, specialised distributor of telecommunication, data communication and semiconductor products, and commodities trading	Singapore	29.9	29.9	29.9	29.9
&	China Worldbest Health Solutions Holding Co., Ltd	Inactive	People's Republic of China	31.3	31.3	31.3	31.3
β	Sport Social Affairs Co., Ltd	Sport lottery	Cambodia	25	25	—	—

NOTES TO THE FINANCIAL STATEMENTS

8. Associates (cont'd)

- & Not required to be audited by law of country of incorporation.
- ~ Audited by Ernst & Young, Australia.
- Ω Audited by Moore Stephens AC, Malaysia.
- α Audited by Jaime B. Santos, Philippines.
- √ Audited by Harbin Public Accountant Office, People's Republic of China.
- + Audited by Yantai Yiji Accounting firm, People's Republic of China.
- * Audited by KPMG LLP, Singapore.
- β Audited by MeiLing Accountant & Advisory Co., Ltd, Cambodia.

The summarised financial information of the associates, not adjusted for the percentage of ownership held by the Group are as follows:

	2011 \$	2010 \$
Assets and liabilities		
Total assets	232,956,013	217,915,200
Total liabilities	89,928,328	77,590,993
Results		
Revenue	363,430,113	315,528,533
Profit after taxation	4,168,053	7,922,879

The Group has not recognised losses relating to certain associates where the Group's share of losses exceeds the carrying amount of its investment in those associates. The Group's share of cumulative unrecognised losses is \$1,964,726 (2010: \$2,745,516). The Group has no obligation in respect of these losses.

None of the Group's associates are publicly listed entities and consequentially do not have published price quotations, except for Intraco Limited, which is listed on the Singapore Stock Exchange (SGX) and has a carrying amount of \$20,722,017 (2010: \$23,433,096). Based on its closing price at the reporting date, the fair value of the Group's investment is \$5,838,257 (2010: \$9,140,706).

NOTES TO THE FINANCIAL STATEMENTS

9. Other financial assets

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Non-current investments				
Available-for-sale financial assets	1,239,740	14,097,575	865,340	1,462,158
Current investments				
Held-to-maturity investments	16,523,391	20,838,240	–	3,615,840
Financial assets designated at fair value through profit or loss	4,533,227	–	4,533,227	–
	21,056,618	20,838,240	4,533,227	3,615,840

Available-for-sale financial assets relate to investments in equity securities.

Held-to-maturity investments are debt securities that have stated interest rates of 10% (2010: 2% to 6%) per annum and mature within the next three months. The maximum exposure to credit risk of the debt securities at the reporting date is the carrying amount. All debt securities are denominated in Hong Kong dollars.

The financial assets designated at fair value through profit or loss are equity securities that otherwise would have been classified as available-for-sale. The performance of those equity securities designated at fair value through profit or loss upon initial recognition is actively monitored and they are managed on a fair value basis.

As at 31 December 2011, held-to-maturity investments of the Group relate to investments in the debt securities of one (2010: two) investee companies.

As at 31 December 2011, the Group's and the Company's available-for-sale financial assets were assessed for impairment. An impairment loss of \$520,900 (2010: Nil) was recognised on an investment on the basis of a prolonged decline in the fair value below cost.

The Group's exposure to credit, currency and interest rate risks and fair value information related to other financial assets is disclosed in note 20.

Sensitivity analysis – equity price risk

The available-for-sale financial assets and financial assets designated at fair value through profit or loss of the Group and the Company relate to investments in quoted equity securities.

NOTES TO THE FINANCIAL STATEMENTS

9. Other financial assets (cont'd)

A 10% increase/(decrease) in the underlying equity prices at the reporting date would increase/(decrease) profit before tax and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2010.

	Group		Company	
	10% increase \$	10% decrease \$	10% increase \$	10% decrease \$
2011				
Profit before tax	453,323	(573,833)	453,323	(536,393)
Equity	123,974	(3,464)	86,534	(3,464)
2010				
Profit before tax	—	(206,000)	—	(142,000)
Equity	210,216	(4,216)	146,216	(4,216)

The 2010 analysis for the Group excluded an available-for-sale quoted equity security with a carrying value of \$11,995,417 as the market in which the security was traded was not considered active during the year (see note 20).

10. Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

	At 1 January 2010 \$	Recognised in profit or loss \$	Effect of movements in exchange rates \$	At 31 December 2010 \$	Recognised in profit or loss \$	Effect of movements in exchange rates \$	At 31 December 2011 \$
Group							
Deferred tax assets							
Property, plant and equipment	67,317	(38,298)	—	29,019	(29,019)	—	—
Trade and other receivables	—	—	—	—	103,600	—	103,600
Tax value of loss carry forward	618,732	(49,111)	—	569,621	139,138	14,080	722,839
Trade and other payables	405,531	(57,675)	—	347,856	260,995	16,166	625,017
Other items	159,101	97,415	1,154	257,670	(206,690)	(3,261)	47,719
Total	1,250,681	(47,669)	1,154	1,204,166	268,024	26,985	1,499,175
Deferred tax liabilities							
Property, plant and equipment	(3,256,539)	81,935	(6,887)	(3,181,491)	(80,725)	2,159	(3,260,057)
Other financial assets	(553,981)	(661,896)	6,654	(1,209,223)	223,842	46	(985,335)
Total	(3,810,520)	(579,961)	(233)	(4,390,714)	143,117	2,205	(4,245,392)

NOTES TO THE FINANCIAL STATEMENTS

10. Deferred tax assets and liabilities (cont'd)

Company	At 1 January 2010 \$	Recognised in profit or loss \$	At 31 December 2010 \$	Recognised in profit or loss \$	At 31 December 2011 \$
Deferred tax assets					
Tax value of loss carry forward	596,859	(27,239)	569,620	(163,676)	405,944
Other items	46,937	3,698	50,635	(2,320)	48,315
Total	643,796	(23,541)	620,255	(165,996)	454,259
Deferred tax liabilities					
Property, plant and equipment	(745,411)	24,819	(720,592)	(136,060)	(856,652)
Other financial assets	(163,355)	(53,433)	(216,788)	157,580	(59,208)
Total	(908,766)	(28,614)	(937,380)	21,520	(915,860)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
Deferred tax liabilities	3,584,814	3,683,395	461,601	317,125
Deferred tax assets	838,597	496,847	—	—

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2011 \$	2010 \$
Tax losses	3,047,052	2,573,187
Deductible temporary differences	2,724,379	1,647,339
	5,771,431	4,220,526

NOTES TO THE FINANCIAL STATEMENTS

10. Deferred tax assets and liabilities (cont'd)

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. \$1,109,101 (2010: \$1,230,599) of the tax losses and deductible temporary differences will expire within the next 5 years. The remaining tax losses and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

At 31 December 2011, deferred tax liabilities for temporary differences of \$18,777,124 (2010: \$14,554,577) related to investments in subsidiaries were not recognised because the Company controls whether the liabilities will be incurred and it is satisfied that such liabilities will not be incurred in the foreseeable future.

11. Inventories

	Note	Group		Company	
		2011 \$	2010 \$	2011 \$	2010 \$
Raw materials		17,634,008	19,736,318	–	–
Work-in-progress		732,865	777,498	–	–
Finished goods		43,360,969	35,391,954	7,589,604	6,780,725
Packing materials		906,739	810,985	–	–
		62,634,581	56,716,755	7,589,604	6,780,725
Contract work-in-progress	12	–	331,626	–	–
		62,634,581	57,048,381	7,589,604	6,780,725

In 2011, allowance for write-down of finished goods amounting to \$37,125 (2010: \$61,818) and \$1,086 (2010: \$739) has been reversed by the Group and the Company respectively, when the related finished goods were sold above their carrying amounts. The reversal was included in other income.

12. Contract work-in-progress

	Group	
	2011 \$	2010 \$
Project costs	–	331,626
Comprising:		
Work-in-progress	–	331,626

NOTES TO THE FINANCIAL STATEMENTS

13. Trade and other receivables

		Group		Company	
	Note	2011	2010	2011	2010
		\$	\$	\$	\$
Trade receivables		120,469,932	101,561,355	6,511,973	5,992,175
Impairment losses		(5,861,868)	(4,572,655)	(517,283)	(517,283)
Net trade receivables		114,608,064	96,988,700	5,994,690	5,474,892
Deposits		832,238	897,972	160,191	152,902
Non-trade receivables		45,292,716	55,326,119	313,672	11,891,251
Tax recoverable		622,882	543,580	481,736	481,736
Interest receivable		1,362,837	213,769	1,433	39,989
Amounts due from:					
– subsidiaries	14	–	–	105,943,950	101,501,873
– associates	15	10,068,739	9,049,924	–	11,174
Loans and receivables		172,787,476	163,020,064	112,895,672	119,553,817
Advance to suppliers		2,991,743	10,815,279	–	–
Prepayments		975,239	747,094	144,876	38,334
		176,754,458	174,582,437	113,040,548	119,592,151

Included in non-trade receivables of the Group as at 31 December 2011 was an amount recoverable of \$43,224,107 relating to proceeds receivable from the sale of property interests. This receivable constitute approximately 24% of the Group's trade and other receivables as at 31 December 2011 and is due from one party. This receivable was settled subsequent to the reporting date.

Included in the non-trade receivables of the Group and the Company as at 31 December 2010 were amounts receivable of \$53,284,033 and \$11,442,960 respectively, relating to proceeds receivable under repurchase transactions whereby the Group entered into purchases of investments and agreements to sell them at a certain date in the future at a fixed price. These receivables constitute approximately 30% and 10% of the Group's and Company's trade and other receivables respectively as at 31 December 2010, and are due from three parties and one party respectively. These receivables were settled subsequent to the year end.

The Group's and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in note 20.

NOTES TO THE FINANCIAL STATEMENTS

14. Amounts due from subsidiaries

	Company	
	2011	2010
	\$	\$
Interest-bearing loans	2,500,000	2,500,000
Current accounts:		
– trade	1,369,600	713,464
– non-trade	110,999,801	107,213,860
	114,869,401	110,427,324
Impairment losses	(8,925,451)	(8,925,451)
	105,943,950	101,501,873

The interest-bearing loans are unsecured and repayable on demand. At the reporting date, the loans bear interest at 5% (2010: 5%) per annum. The non-trade current account balances are unsecured, interest-free and repayable on demand.

15. Amounts due from associates

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Current accounts:				
– trade	199	199	–	–
– non-trade	13,463,713	12,448,406	1,422,193	1,433,367
	13,463,912	12,448,605	1,422,193	1,433,367
Impairment losses	(3,395,173)	(3,398,681)	(1,422,193)	(1,422,193)
	10,068,739	9,049,924	–	11,174

The non-trade amounts due from associates are unsecured, interest-free and repayable on demand.

The change in impairment loss in respect of amounts due from associates during the year was as follows:

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
At 1 January	3,398,681	3,356,505	1,422,193	1,422,193
Impairment loss recognised	–	41,413	–	–
Effect of movements in exchange rates	(3,508)	763	–	–
At 31 December	3,395,173	3,398,681	1,422,193	1,422,193

NOTES TO THE FINANCIAL STATEMENTS

16. Cash and cash equivalents

	Note	Group		Company	
		2011 \$	2010 \$	2011 \$	2010 \$
Cash at bank and in hand		25,019,099	24,308,742	1,201,253	1,296,555
Fixed deposits with banks		31,903,942	22,913,235	16,137,845	10,758,382
Cash and cash equivalents		56,923,041	47,221,977	17,339,098	12,054,937
Bank overdrafts	19	(2,469,250)	(2,216,636)	–	–
Deposits pledged		(5,081,630)	(6,246,498)	–	–
Cash and cash equivalents in the cash flow statement		49,372,161	38,758,843	17,339,098	12,054,937

Bank deposits pledged represents amounts pledged as security by certain subsidiaries to obtain credit facilities (note 19).

The Group's and the Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 20.

17. Assets held for sale

In 2011, the Group has disposed certain investment properties for a consideration of \$832,466.

18. Capital and reserves

Share capital

	2011 No. of shares	2010 No. of shares
Group and Company		
On issue at 1 January	568,156,746	561,226,746
Exercise of share options	–	6,930,000
On issue at 31 December	568,156,746	568,156,746

At 31 December 2011, the Company held 12,115,000 (2010: 12,115,000) of its own uncanceled shares.

The total number of issued shares excluding treasury shares as at the end of the year ended 31 December 2011 was 556,041,746 (2010: 556,041,746).

In 2010, 6,930,000 shares were issued as a result of the exercise of vested options arising from the PSC Executives' Share Options Scheme granted to key management personnel, senior employees and non-executive directors.

NOTES TO THE FINANCIAL STATEMENTS

18. Capital and reserves (cont'd)

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

All issued shares are fully paid, with no par value.

Reserves

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Other reserves	3,963,362	3,433,753	814,133	814,133
Fair value reserve	48,093	2,086,037	48,093	177,577
Translation reserve	(1,045,059)	(5,214,557)	—	—
Retained earnings	77,716,943	81,490,070	10,838,787	8,525,490
	80,683,339	81,795,303	11,701,013	9,517,200

Other reserves

Other reserves of the Group comprises mainly (i) the reserve arising from bonus shares issued by a subsidiary, (ii) the reserve arising from acquisition of non-controlling interest, (iii) the share option reserve, and (iv) the statutory reserves of certain subsidiaries. In accordance with the relevant PRC regulations, certain subsidiaries in the PRC are required to appropriate at least 10% of their profit after tax in their annual statutory financial statements, as determined in accordance with the PRC accounting standards and regulations applicable to the subsidiaries, to the statutory reserve until such reserve reaches 50% of the registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserve is not available for dividend distribution to shareholders. As at 31 December 2011, the statutory reserve included in other reserves is \$2,125,953 (2010: \$1,597,238).

Other reserves of the Company relates to the share option reserve comprising the cumulative value of employee services received for the issue of share options.

Fair value reserve

The fair value reserve of the Group and the Company comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

NOTES TO THE FINANCIAL STATEMENTS

18. Capital and reserves (cont'd)

Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of monetary items which form part of the Group's net investment in foreign operations provided certain conditions are met.

Dividends

The following dividends were declared and paid by the Group and the Company:

Paid by the Company to owners of the Company

	Group and Company	
	2011	2010
	\$	\$
Final tax-exempt dividend paid of 1.00 cent (2010: 1.50 cents) per share in respect of financial year ended 31 December 2010 (2010: 31 December 2009)	5,560,417[^]	8,337,029

[^] Based on the total number of issued shares excluding treasury shares as at 9 May 2011 of 556,041,746.

After the reporting date, the following dividends were proposed by the directors. The dividends have not been provided for and there is no income tax consequences.

	Group and Company	
	2011	2010
	\$	\$
Final exempt dividend proposed of 1.00 cent (2010: 1.00 cent) per share in respect of financial year ended 31 December 2011	5,560,417[*]	5,560,417

^{*} Based on the total number of issued shares excluding treasury shares as at 31 December 2011 of 556,041,746.

Paid by subsidiaries to non-controlling interests

	Group	
	2011	2010
	\$	\$
Final tax-exempt dividend paid of 4.92 cents (2010: 4.92 cents) per share in respect of financial year ended 31 December 2010 (2010: 31 December 2009)	38,376	38,376
Interim tax-exempt dividend paid of 1.00 cent (2010: 1.00 cent) per share in respect of financial year ended 31 December 2011 (2010: 31 December 2010)	566,710	566,710
	605,086	605,086

NOTES TO THE FINANCIAL STATEMENTS

19. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 20.

	Group	
	2011	2010
	\$	\$
Non-current liabilities		
Finance lease liabilities	808,066	–
Current liabilities		
Bank overdrafts	2,469,250	2,216,636
Secured bank loans	4,116,582	3,708,693
Unsecured bank loans	8,233,163	6,202,063
Bankers' acceptance	–	597,983
Bills payable	12,872,300	26,658,707
Finance lease liabilities	591,906	91,516
	28,283,201	39,475,598
Total loans and borrowings	29,091,267	39,475,598

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate %	Year of maturity	Carrying amount 2011	2010
				\$	\$
Group					
Bankers' acceptance	RM	3.57 – 3.58	2011	–	597,983
Bank loans:					
– variable rate loans	RMB	5.90 – 7.87	2012	10,085,626	5,855,829
	USD	3.60	2011	–	346,234
– fixed rate loans	RMB	5.81 – 7.22	2012	2,264,119	3,708,693
Bank overdrafts	RM/SGD	5.50 – 7.10	2012	2,469,250	2,216,636
Bills payable	RMB	–	2012	12,763,171	26,459,185
	SGD	–	2012	109,129	199,522
Finance lease liabilities	RMB	7.85	2014	1,399,972	91,516
Total loans and borrowings				29,091,267	39,475,598

- (i) The bank overdrafts of the Group are secured on bank deposits of \$2,750,000 (2010: \$2,750,000) (note 16).
- (ii) The secured bank loans comprise term loans amounting to \$2,264,119 (2010: \$3,708,693), secured on certain leasehold buildings held by a subsidiary with carrying amounts of \$10,762,418 (2010: \$10,819,765), which form part of the securities in (iii) below.

NOTES TO THE FINANCIAL STATEMENTS

19. Loans and borrowings (cont'd)

- (iii) Bills payable of \$12,763,171 (2010: \$26,459,185) are secured by certain leasehold buildings and certain plant and machinery held by certain subsidiaries with carrying amounts of \$16,756,038 (2010: \$17,500,375) (note 4) and bank deposits of \$2,331,630 (2010: \$3,496,498) (note 16).

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2011 \$	Interest 2011 \$	Principal 2011 \$	Future minimum lease payments 2010 \$	Interest 2010 \$	Principal 2010 \$
Group						
Within one year	680,792	88,886	591,906	92,704	1,188	91,516
Between one and five years	850,990	42,924	808,066	—	—	—
	1,531,782	131,810	1,399,972	92,704	1,188	91,516

20. Financial instruments

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the costs of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

NOTES TO THE FINANCIAL STATEMENTS

20. Financial instruments (cont'd)

The Group has an investment policy which sets out the types of strategic investments and investments in financial assets that may be undertaken and relevant evaluation criteria. Excess funds generated from operations, diversification of investments, proceeds from private placement of shares or rights issue may be invested in financial assets pending identification and evaluation of long term investments. Approvals are required from executive management or the Board of Directors depending on the size of each investment.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The carrying amount of financial assets in the statement of financial position represents the Group and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company does not hold any collateral in respect of its financial assets.

Risk management policy

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures.

At the reporting date, credit risk is concentrated mainly in cash and fixed deposits with banks, held-to-maturity investments and trade and other receivables. Cash and fixed deposits are placed with banks which are regulated.

As described above, the Group may undertake investments in financial assets in accordance with its investment policy. The concentration of credit risk of the Group's and the Company's held-to-maturity investments and non-trade receivables are described in notes 9 and 13 respectively. The Group manages its credit risk on its held-to-maturity investments and non-trade receivables by obtaining sufficient financial guarantee from credit worthy counterparties or collateral where appropriate, as means of mitigating the risk of financial loss from defaults.

Except for the intra-group financial guarantees given by the Company as set out herein, the Group and the Company does not provide guarantees that would expose the Group or the Company to credit risk. The maximum exposure of the Company in respect of the intra-group financial guarantees at the end of the reporting period if the facility is drawn down by the subsidiary is in the amount of \$4,664,610 (2010: \$5,618,950).

Credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, are engaged in a wide spectrum of activities, and sell in a variety of end markets.

NOTES TO THE FINANCIAL STATEMENTS

20. Financial instruments (cont'd)

Exposure to credit risk

The maximum exposure to credit risk for trade receivables (including trade amounts due from subsidiaries and associates) at the reporting date (by type of customer) was:

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Consumer business	44,371,040	41,123,175	6,897,983	5,722,049
Health solutions	2,034,445	5,307,922	—	—
Packaging	68,202,778	50,557,802	—	—
	114,608,263	96,988,899	6,897,983	5,722,049

Impairment losses

The ageing of trade receivables (including trade amounts due from subsidiaries and associates) at reporting date was as follows:

	Gross 2011 \$	Impairment 2011 \$	Gross 2010 \$	Impairment 2010 \$
Group				
Not past due	94,249,503	58,436	77,934,059	207,936
Past due 0 – 90 days	17,347,589	201,311	15,942,097	265,081
Past due 91 – 180 days	1,172,167	98,063	832,354	225,929
Past due 181 – 365 days	523,244	359,410	268,030	226,617
More than one year	7,177,628	5,144,648	6,585,014	3,647,092
	120,470,131	5,861,868	101,561,554	4,572,655
Company				
Not past due	6,836,811	466,307	5,996,755	506,249
Past due 0 – 90 days	580,844	53,365	245,769	14,226
Past due 91 – 180 days	803	803	—	—
Past due 181 – 365 days	—	—	—	—
More than one year	463,115	463,115	463,115	463,115
	7,881,573	983,590	6,705,639	983,590

NOTES TO THE FINANCIAL STATEMENTS

20. Financial instruments (cont'd)

The movement in the allowance for impairment in respect of trade receivables (including trade amounts due from subsidiaries and associates) during the year was as follows:

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
At 1 January	4,572,655	3,640,131	983,590	978,299
Impairment loss recognised	1,289,213	932,524	–	5,291
At 31 December	5,861,868	4,572,655	983,590	983,590

The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of amount owing is possible, at which point the amounts are considered irrecoverable and are written off against financial assets directly. At 31 December 2011, the Group and the Company do not have any collective impairments on their trade receivables. The analysis is performed on the same basis for 2010.

Certain trade receivables of the Group and the Company are collateralised on the items below. Claims against such collateral are limited to the outstanding obligations.

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Bankers' Guarantee	1,901,805	1,633,700	650,000	700,000
Fixed deposits	2,635,000	2,755,000	2,635,000	2,755,000
	4,536,805	4,388,700	3,285,000	3,455,000

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group monitors its liquidity risk by regularly monitoring current and expected liquidity requirements and ensuring sufficient liquid cash and readily realisable marketable securities and adequate lines of funding from major financial institutions to meet the Group's liquidity requirements in the short and long term.

NOTES TO THE FINANCIAL STATEMENTS

20. Financial instruments (cont'd)

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount \$	Contractual cash flows \$	Within 1 year \$	Within 1 to 5 years \$
Group				
2011				
Non-derivative financial liabilities				
Bank overdrafts	2,469,250	(2,618,167)	(2,618,167)	—
Variable rate loans	10,085,626	(10,538,906)	(10,538,906)	—
Fixed rate loans	2,264,119	(2,318,088)	(2,318,088)	—
Bills payable	12,872,300	(12,872,300)	(12,872,300)	—
Finance lease liabilities	1,399,972	(1,531,782)	(680,792)	(850,990)
Trade and other payables	90,184,688	(90,184,688)	(90,184,688)	—
	119,275,955	(120,063,931)	(119,212,941)	(850,990)
2010				
Non-derivative financial liabilities				
Bank overdrafts	2,216,636	(2,367,367)	(2,367,367)	—
Variable rate loans	6,202,063	(6,318,285)	(6,318,285)	—
Fixed rate loans	3,708,693	(3,804,701)	(3,804,701)	—
Bankers' acceptance	597,983	(597,983)	(597,983)	—
Finance lease liabilities	91,516	(92,704)	(92,704)	—
Bills payable	26,658,707	(26,658,707)	(26,658,707)	—
Trade and other payables	75,874,304	(75,874,304)	(75,874,304)	—
	115,349,902	(115,714,051)	(115,714,051)	—

NOTES TO THE FINANCIAL STATEMENTS

20. Financial instruments (cont'd)

	Carrying amount \$	Contractual cash flows \$	Within 1 year \$
Company			
2011			
Trade and other payables	21,268,692	(21,268,692)	(21,268,692)
Recognised financial liabilities	21,268,692	(21,268,692)	(21,268,692)
Intra-group financial guarantee	–	(4,664,610)	(4,664,610)
	21,268,692	(25,933,302)	(25,933,302)
2010			
Trade and other payables	22,173,415	(22,173,415)	(22,173,415)
Recognised financial liabilities	22,173,415	(22,173,415)	(22,173,415)
Intra-group financial guarantee	–	(5,618,950)	(5,618,950)
	22,173,415	(27,792,365)	(27,792,365)

Except for cash flow arising from the intra-group financial guarantee, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk is managed through established investment policies and guidelines. These policies and guidelines are reviewed regularly taking into consideration changes in the overall market environment.

Currency risk

Risk management policy

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are the Malaysian Ringgit (MYR), Hong Kong dollar (HKD) and Singapore dollar (SGD). The Group does not have a policy to hedge its currency exposure but aims to minimise its exposure at any one time.

NOTES TO THE FINANCIAL STATEMENTS

20. Financial instruments (cont'd)

Exposure to currency risk

The Group's and Company's exposures to foreign currency based on notional amounts are as follows:

	Malaysian Ringgit \$	Hong Kong Dollar \$	Singapore Dollar \$	Other currencies \$
Group				
2011				
Other financial assets	–	21,056,618	–	–
Trade and other receivables	8,722,077	1,358,256	2,366,552	2,211,259
Cash and cash equivalents	67,368	16,916	181,011	974,631
Trade and other payables	(1,681,742)	(32,026)	(41,949,622)	(3,645,253)
Gross exposure	7,107,703	22,399,764	(39,402,059)	(459,363)
2010				
Other financial assets	11,995,417	20,838,240	–	–
Trade and other receivables	9,591,440	37,295,409	2,941,552	3,323,289
Cash and cash equivalents	46,481	38,050	99,153	822,990
Trade and other payables	(1,625,756)	–	(39,748,455)	(8,616,098)
Gross exposure	20,007,582	58,171,699	(36,707,750)	(4,469,819)
	Malaysian Ringgit \$	Hong Kong Dollar \$	Singapore Dollar \$	Other currencies \$
Company				
2011				
Other financial assets	–	4,533,227	–	–
Trade and other receivables	6,197,268	–	–	–
Cash and cash equivalents	15,835	16,916	–	10,095
Trade and other payables	–	(3,392)	–	–
Gross exposure	6,213,103	4,546,751	–	10,095
2010				
Other financial assets	–	3,615,840	–	–
Trade and other receivables	6,531,293	11,483,240	–	–
Cash and cash equivalents	16,161	38,050	–	6,523
Trade and other payables	–	–	–	–
Gross exposure	6,547,454	15,137,130	–	6,523

NOTES TO THE FINANCIAL STATEMENTS

20. Financial instruments (cont'd)

Sensitivity analysis

A weakening of 10% in the following major currencies against the functional currency of each of the Group entities at 31 December would have increased/(decreased) equity and profit or loss (before any tax effects) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Equity	Profit or loss	Equity	Profit or loss
	\$	\$	\$	\$
2011				
Malaysian Ringgit	–	(710,770)	–	(621,310)
Hong Kong Dollar	–	(2,239,976)	–	(454,675)
Singapore Dollar	–	3,940,206	–	–
Other currencies	–	45,936	–	(1,010)
2010				
Malaysian Ringgit	(1,199,542)	(801,216)	–	(654,745)
Hong Kong Dollar	–	(5,817,170)	–	(1,513,713)
Singapore Dollar	–	3,670,775	–	–
Other currencies	–	446,982	–	(652)

A strengthening of the above currencies against the functional currency of each of the Group entities at 31 December would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Risk management policy

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risks arise primarily from their loans and borrowings. The Group's policy is to maintain the bank borrowings to the minimum, and to obtain the most favourable interest rates available without increasing its foreign exchange exposure.

Surplus funds in the Group are placed in deposits with banks and are subject to interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

20. Financial instruments (cont'd)

Profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group		Company	
	Carrying amount		Carrying amount	
	2011	2010	2011	2010
	\$	\$	\$	\$
Fixed rate instruments				
Financial assets	16,523,391	20,838,240	12,000,000	12,115,840
Financial liabilities	(2,264,119)	(3,708,693)	–	–
	14,259,272	17,129,547	12,000,000	12,115,840
Variable rate instruments				
Financial assets	43,016,244	33,622,192	16,137,845	10,758,382
Financial liabilities	(13,954,848)	(9,108,198)	–	–
	29,061,396	24,513,994	16,137,845	10,758,382

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 1% in interest rate at the reporting date would have increased/(decreased) profit or loss (before any tax effects) by the amounts shown below. There is no impact on equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

	Profit or loss			
	Group		Company	
	1%	1%	1%	1%
	increase	decrease	increase	decrease
	\$	\$	\$	\$
2011				
Variable rate instruments	290,614	(290,614)	161,378	(161,378)
2010				
Variable rate instruments	245,140	(245,140)	107,584	(107,584)

NOTES TO THE FINANCIAL STATEMENTS

20. Financial instruments (cont'd)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders value. Capital consists of total equity and excluding non-controlling interests of the Group.

The Group manages its capital structure and makes alignment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may align the dividend payment to shareholders, return capital to shareholders or issue new shares.

There were no changes in the Group's approach to capital management during the year.

As disclosed in note 18, a subsidiary of the Group is required by the Foreign Enterprise Law of the People's Republic of China (the "PRC") to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the financial years ended 31 December 2011 and 2010.

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	Designated at fair value	Held-to- maturity	Loans and receivables	Available- for-sale	Other financial liabilities	Total carrying amount	Fair value
	\$	\$	\$	\$	\$	\$	\$
Group							
2011							
Cash and cash equivalents	-	-	56,923,041	-	-	56,923,041	56,923,041
Loans and receivables	-	-	172,787,476	-	-	172,787,476	172,787,476
Available-for-sale financial assets	-	-	-	1,239,740	-	1,239,740	1,239,740
Financial assets designated at fair value through profit or loss	4,533,227	-	-	-	-	4,533,227	4,533,227
Held-to-maturity investments	-	16,523,391	-	-	-	16,523,391	16,523,391
	4,533,227	16,523,391	229,710,517	1,239,740	-	252,006,875	252,006,875
Bank overdrafts	-	-	-	-	2,469,250	2,469,250	2,469,250
Secured bank loans	-	-	-	-	4,116,580	4,116,580	4,116,580
Unsecured bank loans	-	-	-	-	8,233,165	8,233,165	8,233,165
Bills payable	-	-	-	-	12,872,300	12,872,300	12,872,300
Finance lease liabilities	-	-	-	-	1,399,972	1,399,972	1,399,972
Trade and other payables	-	-	-	-	90,184,688	90,184,688	90,184,688
	-	-	-	-	119,275,955	119,275,955	119,275,955

NOTES TO THE FINANCIAL STATEMENTS

20. Financial instruments (cont'd)

	Held-to-maturity \$	Loans and receivables \$	Available- for-sale \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
Group						
2010						
Cash and cash equivalents	–	47,221,977	–	–	47,221,977	47,221,977
Loans and receivables	–	163,020,064	–	–	163,020,064	163,020,064
Available-for-sale financial assets	–	–	14,097,575	–	14,097,575	14,097,575
Held-to-maturity investments	20,838,240	–	–	–	20,838,240	20,838,240
	20,838,240	210,242,041	14,097,575	–	245,177,856	245,177,856
Bank overdrafts	–	–	–	2,216,636	2,216,636	2,216,636
Secured bank loans	–	–	–	3,708,693	3,708,693	3,708,693
Unsecured bank loans	–	–	–	6,202,063	6,202,063	6,202,063
Bankers' acceptance	–	–	–	597,983	597,983	597,983
Bills payable	–	–	–	26,658,707	26,658,707	26,658,707
Finance lease liabilities	–	–	–	91,516	91,516	91,516
Trade and other payables	–	–	–	75,874,304	75,874,304	75,874,304
	–	–	–	115,349,902	115,349,902	115,349,902

	Designated at fair value \$	Held- to-maturity \$	Loans and receivables \$	Available- for-sale \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
Company							
2011							
Cash and cash equivalents	–	–	17,339,098	–	–	17,339,098	17,339,098
Loan to a subsidiary	–	–	9,500,000	–	–	9,500,000	9,500,000
Loans and receivables	–	–	112,895,672	–	–	112,895,672	112,895,672
Available-for-sale financial assets	–	–	–	865,340	–	865,340	865,340
Financial assets designated at fair value through profit or loss	4,533,227	–	–	–	–	4,533,227	4,533,227
	4,533,227	–	139,734,770	865,340	–	145,133,337	145,133,337
Trade and other payables	–	–	–	–	21,268,692	21,268,692	21,268,692

NOTES TO THE FINANCIAL STATEMENTS

20. Financial instruments (cont'd)

	Held-to-maturity \$	Loans and receivables \$	Available-for-sale \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
Company						
2010						
Cash and cash equivalents	–	12,054,937	–	–	12,054,937	12,054,937
Loan to a subsidiary	–	6,000,000	–	–	6,000,000	6,000,000
Loans and receivables	–	119,553,817	–	–	119,553,817	119,553,817
Available-for-sale financial assets	–	–	1,462,158	–	1,462,158	1,462,158
Held-to-maturity investments	3,615,840	–	–	–	3,615,840	3,615,840
	3,615,840	137,608,754	1,462,158	–	142,686,752	142,686,752
Trade and other payables	–	–	–	22,173,415	22,173,415	22,173,415

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Group				
2011				
Equity securities:				
– Available-for-sale	1,239,740	–	–	1,239,740
– Designated at fair value through profit or loss	4,533,227	–	–	4,533,227
	5,772,967	–	–	5,772,967
2010				
Equity securities, available-for-sale financial assets	2,102,158	–	11,995,417	14,097,575

NOTES TO THE FINANCIAL STATEMENTS

20. Financial instruments (cont'd)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Company				
2011				
Equity securities:				
– Available-for-sale	865,340	–	–	865,340
– Designated at fair value through profit or loss	4,533,227	–	–	4,533,227
	5,398,567	–	–	5,398,567
2010				
Equity securities, available-for-sale financial assets	1,462,158	–	–	1,462,158

During the financial year ended 31 December 2010, there were no transfers between Level 1 and Level 2.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Group \$
Available-for-sale financial assets	
At 1 January 2011	11,995,417
Change in fair value	(375,780)
Disposal	(11,619,637)
At 31 December 2011	–

In 2011, the available-for-sale financial assets recorded in the Level 3 category was disposed.

The fair value of the equity security as at 31 December 2010 was determined using a valuation technique, based on an independent professional valuation as of that date. The fair value of the security was determined using the realisable net asset value approach, which takes into consideration the fair value of the underlying assets and liabilities of the entity to which the security relates. The assets held by the relevant entity comprise mainly properties whose fair values were determined by an independent licensed appraiser. The fair values of the properties were based on market values determined using the comparison method, residual method and depreciated replacement cost method, where appropriate.

An analysis of the effect of changing one or more inputs to reasonably possible alternative assumptions has not been presented as such an effect would not have resulted in a significant change to the fair value measurement of the Group's total equity.

NOTES TO THE FINANCIAL STATEMENTS

21. Equity compensation benefits

The PSC Executives' Share Option Scheme ("the Scheme") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 8 July 2003. The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Tao Yeoh Chi (Chairman), Chee Teck Kwong Patrick and John Chen Seow Phun.

The Company's employees who are given awards in the Scheme are granted options to buy shares in the Company. The options can only be exercised after a certain period (the "Option Period"), depending on the type of options granted to the employees. During the Option Period, the employees have no right to the shares or the ability to exercise any rights of a shareholder.

Options may be granted at the average of the closing price of the Company's shares on the Singapore Exchange Securities Trading Limited (SGX-ST) for the 5 business days immediately preceding the date of grant ("Market Price") or at a price of up to 20% discount of the Market Price.

Under the Scheme, a non-discounted option vests 1 year after the date of grant and a discounted option vests 2 years after the date of grant. Unless they are cancelled or have lapsed prior to the expiry date, options granted will expire 120 months after the date of grant, except for options granted to non-executive directors which will expire 60 months after the date of grant.

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price of the options	Options outstanding at 01/01/2011	Options exercised	Options cancelled	Options outstanding at 31/12/2011	Number of option holders at 31/12/2011	Exercise period
20/08/2003	\$0.220	2,060,000	–	–	2,060,000	4	20/08/2004 – 19/08/2013
22/01/2009	\$0.160	15,820,000	–	–	15,820,000	7	22/01/2010 – 21/01/2019
22/01/2009	\$0.160	1,600,000	–	–	1,600,000	3	22/01/2010 – 21/01/2014
		19,480,000	–	–	19,480,000		

No options were exercised in 2011.

NOTES TO THE FINANCIAL STATEMENTS

21. Equity compensation benefits (cont'd)

Inputs for measurement of grant date fair values

The grant date fair value of the options was measured based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair value at grant date of the options were as follows:

	2003	2009
Fair value of share options and assumptions		
Fair value at grant date	\$0.27	\$0.04 – \$0.05
Share price at grant date	\$0.44	\$0.16
Exercise price	\$0.22	\$0.16
Expected volatility (weighted average volatility)	36.0%	36.0%
Option life (expected weighted average life)	5.90 years	6.61 years
Expected dividends	2%	2%
Risk-free interest rate (based on government bonds)	3.2%	1.1% – 1.5%

22. Deferred income

	Group	
	2011 \$	2010 \$
Cost		
At 1 January	146,882	154,643
Effect of movements in exchange rates	8,003	(7,761)
At 31 December	154,885	146,882
Accumulated amortisation		
At 1 January	38,422	25,632
Amortisation charge during the year	10,872	14,488
Effect of movements in exchange rates	2,752	(1,698)
At 31 December	52,046	38,422
Carrying amounts		
Current	9,876	10,935
Non-current	92,963	97,525
	102,839	108,460

Deferred income relates to government grants received for the acquisition of factory building and plant and machinery by a subsidiary in PRC and will be amortised over the useful lives of the related assets acquired. There were no unfulfilled conditions or contingencies attached to these grants.

NOTES TO THE FINANCIAL STATEMENTS

23. Trade and other payables

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Trade payables	64,607,869	47,142,361	5,984,274	5,581,711
Retention monies payable	–	17,046	–	–
Amounts due to:				
– subsidiaries (trade)	–	–	1,196	26,778
– subsidiaries (non-trade)	–	–	8,956,028	8,127,593
– a director of the Company (non-trade)	–	2,268,353	–	–
Other payables	10,446,680	9,860,331	3,343,102	3,438,340
Accruals	15,130,139	16,586,213	2,984,092	4,998,993
	90,184,688	75,874,304	21,268,692	22,173,415

The non-trade amounts due to subsidiaries and a director are unsecured, interest-free and repayable on demand.

The Group's and the Company's exposure to currency and liquidity risk related to trade and other payables are disclosed in note 20.

24. Revenue

	Group	
	2011	2010
	\$	\$
Sale of goods	390,786,020	367,276,260
Revenue from construction contracts and healthcare consultancy	2,057,627	6,443,715
	392,843,647	373,719,975

NOTES TO THE FINANCIAL STATEMENTS

25. Profit for the year

The following items have been included in arriving at profit for the year:

	Note	Group	
		2011 \$	2010 \$
Allowance for doubtful receivables		1,289,213	932,524
Audit fees paid to:			
– auditors of the Company		370,000	358,784
– other auditors		260,239	176,666
Non-audit fees paid to:			
– auditors of the Company		52,996	44,250
– other auditors		20,695	56,010
Bad debts written off		41,652	164,775
Bad debts recovered		(104,627)	(395)
Contribution to defined contribution plans included in staff costs		2,970,533	3,084,932
Cost of inventories included in cost of sales		314,267,891	289,533,689
Depreciation of investment properties	6	27,157	27,979
Depreciation of property, plant and equipment	4	7,432,356	6,917,107
Exchange (gain)/loss (net)		(846,282)	1,719,038
(Gain)/Loss on disposal of:			
– investment properties		(277,489)	–
– property interest		(1,940,666)	–
– property, plant and equipment		(170,290)	63,898
Impairment loss on:			
– amounts due from an associate		–	41,413
– assets held for sale		–	1,863,466
Inventories written off		207,212	205,428
Jobs credit grant, included in staff costs		–	(212,935)
Net loss on disposal of available-for-sale financial assets		1,315,037	–
Operating expenses arising from rental of investment properties		16,898	24,433
Operating lease expense		6,502,764	5,477,397
Property, plant and equipment impaired/written off		173,562	80,501
Rental income from investment property		135,803	139,913
Staff costs		43,751,453	43,188,487

NOTES TO THE FINANCIAL STATEMENTS

26. Finance income and finance costs

	Group	
	2011	2010
	\$	\$
Recognised in profit or loss		
Interest income:		
– repurchase transactions	–	1,956,639
– held-to-maturity investments	1,651,419	3,453,039
– fixed deposits	232,162	249,394
Dividend income on available-for-sale financial assets	1,430	124,805
Finance income	1,885,011	5,783,877
Interest expense:		
– bank borrowings	(1,161,973)	(892,325)
– finance lease liabilities	(83,044)	(31,314)
Change in fair value of financial assets designated at fair value through profit or loss	(3,241,951)	–
Impairment loss on available-for-sale financial assets	(520,900)	–
Loss on disposal of available-for-sale financial assets	(1,315,037)	–
Finance costs	(6,322,905)	(923,639)
Net finance (costs)/income recognised in profit or loss	(4,437,894)	4,860,238

The above finance income and finance expense included the following interest income and expense in respect of assets (liabilities) not at fair value through profit or loss:

– Total interest income on financial assets	1,883,581	5,659,072
– Total interest expense on financial liabilities	1,245,017	923,639

27. Tax expense

	Group	
	2011	2010
	\$	\$
Tax recognised in profit or loss		
Current tax expense		
Current year	3,849,579	4,817,882
Adjustment for prior years	(435,425)	(551,510)
	3,414,154	4,266,372
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	(182,391)	51,706
Adjustment for prior years	(224,834)	575,924
Others	(3,916)	–
	(411,141)	627,630
Total tax expense	3,003,013	4,894,002

NOTES TO THE FINANCIAL STATEMENTS

27. Tax expense (cont'd)

	Group	
	2011	2010
	\$	\$
Reconciliation of effective tax rate		
Profit for the year	4,488,731	17,306,866
Total tax expense	3,003,013	4,894,002
Profit excluding tax	7,491,744	22,200,868
Tax calculated using Singapore tax rate of 17% (2010: 17%)	1,273,596	3,774,148
Effect of different tax rates in other countries	601,308	1,289,090
Income not subject to tax	(367,771)	(464,326)
Tax effect on share of profit of associates	(521,136)	(818,165)
Expenses not deductible for tax purposes	2,175,348	958,420
Tax rebate/incentives	(151,126)	(187,461)
Tax losses not recognised	706,699	244,899
Utilisation of previously unrecognised tax losses	—	(4,148)
Adjustment for prior years	(660,259)	24,414
Others	(53,646)	77,131
	3,003,013	4,894,002

28. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2011 was based on the profit attributable to ordinary shareholders of \$2,316,005 (2010: \$14,238,465), and a weighted average number of ordinary shares outstanding of 556,041,746 (2010: 554,096,458), calculated as follows:

Weighted average number of ordinary shares (basic)

		Group	
	Note	2011	2010
Issued ordinary shares at 1 January	18	556,041,746	561,226,746
Effect of treasury shares purchased		—	(11,215,614)
Effect of share options exercised		—	4,085,326
Weighted average number of ordinary shares during the year		556,041,746	554,096,458

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2011 was based on profit attributable to ordinary shareholders of \$2,316,005 (2010: \$14,238,465) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 561,430,354 (2010: 562,384,653), calculated as follows:

NOTES TO THE FINANCIAL STATEMENTS

28. Earnings per share (cont'd)

Weighted average number of ordinary shares (diluted)

	Group	
	2011	2010
	\$	\$
Weighted average number of ordinary shares (basic)	556,041,746	554,096,458
Effect of share options on issue	5,388,608	8,288,195
Weighted average number of ordinary shares (diluted) during the year	561,430,354	562,384,653

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

29. Operating segments

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Board of Directors reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- I Consumer Essentials
 - Consumer Business : Supply of provisions and household consumer products, retail franchising, manufacture and sale of soya bean products and noodles.
 - Health Solutions : Construction of hospital turnkey projects and provision of health-care consultancy and hospital management services.
- II Strategic Investments
 - Packaging : Manufacture and sale of corrugated paper products and other packaging products.

Other operations include investment holding, property investment and property-related activities. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2011 and 2010.

Information regarding the results of each reportable segment is included below. Performance is measured based on results from operating activities, as included in the internal management reports that are reviewed by the Board of Directors. Segment results from operating activities is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

29. Operating segments (cont'd)

	← Consumer Business	Essentials Health Solutions	Strategic Investments Packaging	Others	Total operations
	\$	\$	\$	\$	\$
Group					
2011					
External revenues	223,982,269	2,057,627	166,803,751	–	392,843,647
Results from operating activities	8,684,840	(2,612,452)	6,212,990	1,715,743	14,001,121
Net finance costs					(4,437,894)
Share of losses of associates (net of tax)					(2,071,483)
Profit before tax					7,491,744
Tax expense					(3,003,013)
Profit for the year					4,488,731
Other segment information					
Depreciation of:					
– property, plant and equipment	2,843,081	48,285	4,540,990	–	7,432,356
– investment properties	–	–	–	27,157	27,157
Capital expenditure	1,247,095	11,228	6,971,026	–	8,229,349
Other non-cash expenses/(income)	4,752,568	441,512	(201,042)	4,436,191	9,429,229
2010					
External revenues	214,000,349	6,443,714	153,275,912	–	373,719,975
Results from operating activities	5,996,704	282,393	8,363,248	(2,114,449)	12,527,896
Net finance income					4,860,238
Share of profit of associates (net of tax)					4,812,734
Profit before tax					22,200,868
Tax expense					(4,894,002)
Profit for the year					17,306,866
Other segment information					
Depreciation of:					
– property, plant and equipment	2,766,395	55,649	4,095,060	–	6,917,104
– investment properties	–	–	–	27,979	27,979
Capital expenditure	2,604,823	13,206	8,738,555	–	11,356,584
Other non-cash expenses	1,597,565	702,961	223,209	1,696,436	4,220,171

NOTES TO THE FINANCIAL STATEMENTS

29. Operating segments (cont'd)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers or investments, where appropriate. Segment non-current assets are based on geographical location of the assets.

	Singapore \$	Malaysia \$	China \$	Australia \$	Others \$	Total \$
2011						
External revenue	192,971,767	73,389,090	126,482,790	–	–	392,843,647
Non-current assets	47,900,781	6,466,264	40,040,233	23,481,546	948,147	118,836,971
2010						
External revenue	187,851,526	74,307,733	111,560,716	–	–	373,719,975
Non-current assets	53,115,728	6,962,466	34,545,622	17,811,712	5,759,617	118,195,145

30. Acquisitions and disposals of subsidiaries and non-controlling interests

Year ended 31 December 2010

Disposals of subsidiaries

In March 2010, the Group disposed of its subsidiary, Innoform Media Pte Ltd and its subsidiaries, for a total consideration of \$6,630,000. The disposal costs incurred amounted to \$180,000.

The disposed subsidiaries contributed a net profit of \$2,113,515 for the year ended 31 December 2009 and a net profit of \$46,035 from 1 January 2010 to the date of disposal.

NOTES TO THE FINANCIAL STATEMENTS

30. Acquisitions and disposals of subsidiaries and non-controlling interests (cont'd)

Effects of disposal

The cash flow and net assets of subsidiaries disposed were as follows:

	Group 2010 \$
Property, plant and equipment	2,675,426
Intangible assets	14,229,522
Inventories	2,670,833
Cash and cash equivalents	1,290,815
Trade and other receivables	8,550,591
Deferred tax assets	1,902
	<u>29,419,089</u>
Trade and other payables	11,917,090
Loans and borrowings	1,964,969
Current tax payable	58,690
Deferred tax liabilities	1,383,285
	<u>15,324,034</u>
Net assets disposed	14,095,055
Non-controlling interests	(5,689,931)
Realisation of foreign currency translation reserve	88,342
Impairment loss on assets held for sale	(1,863,466)
Sale consideration	6,630,000
Disposal costs incurred	(180,000)
Cash of subsidiaries disposed	(1,290,815)
Cash inflow on disposal of subsidiaries	<u>5,159,185</u>

Acquisition of non-controlling interests

In April 2010, the Group acquired an additional interest in Hefei Dansun Packaging Co., Ltd. for \$1,302,250 in cash, increasing its ownership from 51.2% to 60.4%. The carrying amounts of Hefei Dansun Packaging Co., Ltd.'s net assets in the Group's financial statements on the date of acquisition was \$7,794,593.

The Group recognised a decrease in non-controlling interests of \$1,187,250 and other reserves of \$115,000 arising from the above acquisition.

The following summarises the effect of changes in the Group's ownership interest in Hefei:

	\$
Group's ownership interest at the beginning of the year	3,838,933
Effect of increase in Group's ownership interest	717,788
Share of comprehensive income	650,767
Group's ownership interest at the end of the year	<u>5,207,488</u>

NOTES TO THE FINANCIAL STATEMENTS

31. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Equity and debt securities

The fair value of available-for-sale financial assets and financial assets designated at fair value through profit or loss are based on their quoted closing bid price at the reporting date, with the exception of those equity securities which are not traded in an active market for the year ended 31 December 2010. For equity securities that are not traded in an active market, the fair value is determined by using a valuation technique (see note 20). It is not practicable to calculate the fair value of non-current held-to-maturity investments in unquoted debt securities because of the lack of quoted market prices in an active market, significant range of reasonable fair value estimates, and the inability to reasonably assess the probabilities of the various estimates (note 20).

(ii) Loans and borrowings

The carrying amounts of loans and borrowings where interest rates reprice within 6 months are assumed to approximate their fair values because of the short period to repricing.

(iii) Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, held-to-maturity investments in debt securities, trade and other payables and loans and borrowings) approximate their fair values. All other financial assets and liabilities are discounted to determine their fair values.

(iv) Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on the measurement date, the exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

NOTES TO THE FINANCIAL STATEMENTS

32. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

- (a) Future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Within one year	5,400,715	5,727,485	1,703,384	1,317,464
Between one and five years	12,858,662	14,083,071	3,266,903	3,511,743
More than five years	18,770,265	20,119,597	7,342,844	8,053,441
	37,029,642	39,930,153	12,313,131	12,882,648

Included in the commitments for future minimum lease payments is annual land rent relating to the leasehold building owned by the Company built on land subject to a 60-year lease commencing from 1 May 1967. The annual land rent currently payable under the lease agreement is \$710,598 (2010: \$710,598).

Leases as lessor

- (b) The Group and the Company lease out certain of their property, plant and equipment and investment properties (see notes 4 and 6). The future minimum lease payments under non-cancellable leases are as follows:

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Within one year	592,418	611,642	745,278	1,059,111
Between one and five years	334,934	189,799	348,677	254,149
	927,352	801,441	1,093,955	1,313,260

NOTES TO THE FINANCIAL STATEMENTS

33. Capital commitments

At 31 December, the Group and the Company have the following commitments:

Capital commitments in respect of leasehold improvement contracts, Enterprise Resource Planning system and purchase of property, plant and equipment:

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
Contracted but not provided for	743,483	5,532,338	406,253	594,800

34. Contingent liabilities

As at 31 December 2011, Health Solutions (Malaysia) Sdn Bhd ("HSM"), a subsidiary, has filed a legal claim against a customer in Thailand on grounds of breach of contract. The total sum claimed was US\$39.2 million (approximately \$50.9 million).

The customer filed a counter claim against HSM amounting to Baht 350.6 million (approximately \$14.4 million) for the breach of the same contract. Based on available information as at 31 December 2011 and taking into consideration the legal opinion obtained, the directors have assessed that no provision is required to be made in the financial statements in respect of this counter claim.

35. Related parties

Key management personnel compensation

Compensation paid/payable to key management personnel comprise:

	Group	
	2011	2010
	\$	\$
Director fees	594,580	589,124
Short-term employee benefits	5,235,940	7,930,463
Post-employment benefits	96,533	81,357
	5,927,053	8,600,944

The key management personnel comprise the executive and non-executive directors, senior vice presidents, group financial controller of the Company and the directors of certain major subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

35. Related parties (cont'd)

Other than as disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	Group	
	2011	2010
	\$	\$
<i>Transactions with companies that have a common director with the Company</i>		
Interest income	–	93,370
Purchase of beverages and cereals	198,833	258,415
Advisory and consultancy fees paid/payable	60,000	60,000
Travelling expenses	65,723	–
<i>Associates</i>		
Sales	(2,051,611)	(2,558,890)
Rental income received/receivable	(206,550)	(211,470)
Hire of motor vehicles paid/payable	13,581	13,992

In 2010, investments in debt securities in companies that have a common director with the Company amounted to \$3,615,840.

36. Subsequent event

On August 2011, Tat Seng Packaging Group Ltd, a subsidiary, announced its intention to incorporate a new subsidiary with Shanghai Yunyi Packaging Products Co., Ltd. The Group will have a 67% equity interest in the subsidiary Tianjin Dansun Packaging Co., Ltd. ("Tianjin Dansun") whose principal activities relate to paper boxes production and packaging. Phase 1 of capital injection amounting to RMB8.0 million as registered capital was effected on 18 January 2012.

SUPPLEMENTARY INFORMATION

[SGX LISTING MANUAL DISCLOSURE REQUIREMENTS]

1 Directors remuneration

Company's directors receiving remuneration from the Group:

	Number of directors	
	2011	2010
Remuneration of:		
\$2,500,001 to \$3,000,000	–	1
\$1,500,001 to \$2,000,000	–	1
\$500,001 to \$1,000,000	2	–
\$200,000 and below	7*	6
	9	8

* One director from the remuneration band resigned during the financial year 2011.

2 Group properties

Description of properties held by the Group is as follows:

Location	Description	Tenure
348 Jalan Boon Lay, Singapore 619529	Two-storey warehouse with annexed office block used by the Group both for its operations and for rental income	60-year lease from 1 May 1967 and an option to renew for 22 years, 3 months and 30 days
348 Jalan Boon Lay, Singapore 619529	Single-storey factory used by a subsidiary for its operations	60-year lease from 1 May 1967 and an option to renew for 22 years, 3 months and 30 days
Lot MLO 1101, Kampong Bukit Kulai, Johor, Malaysia	Factory used by a subsidiary for its operations	Freehold
Lot MLO 1102 and 1103, Mukim of Sedenak, Kulai, Johor, Malaysia	Vacant land	Freehold
Lot 249, GPP 4841 Town Area XXI District of Melaka Tengah, Melaka, Malaysia	Vacant land	Freehold
Wilayah Pengembangan Sekupang Patam, Batam, Indonesia	Vacant land	30-year lease from 11 March 1986

SUPPLEMENTARY INFORMATION

[SGX LISTING MANUAL DISCLOSURE REQUIREMENTS]

2 Group properties (cont'd)

Location	Description	Tenure
Suzhou Jiangsu Province, Wanting Town, 88 Wendu Road, People's Republic of China	Factory premises, office building, dormitory and development	50-year lease of: – 58,798.6 sq m expiring on 4 September 2047
105 Zipeng Road HeFei Eco-Tech Development Zone, Anhui Province, People's Republic of China	Factory premises, office building	– 35,800 sq m on 48-year lease expiring on August 2053 – 13,600 sq m on 49-year and 8 months lease expiring on 8 December 2056
Jiangsu Province, Nantong City, Xiting Town, Ting Nan Heng Road, People's Republic of China	Factory premises, office building	– 26,586 sq m on 50-year lease expiring on 18 March 2060
20 KM, Jalan Pontian Lama 81110 Pulai, Johor, Malaysia	Apartments	Freehold

3 Interested person transactions

	Aggregate value of all transactions (excluding transactions less than \$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920) \$	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000) \$
Interested person Super Coffee Corporation Pte Ltd – Purchase of beverages and cereals	198,833	–

4 Material contracts

Except as disclosed in note 35 to the financial statements, there are no other material contracts entered into between the Company and its subsidiaries during the financial year involving the interest of the chief executive officer or each director of the Company.

资产负债表

截日2011年12月31日

		集团		公司	
	附注	2011 \$	2010 \$	2011 \$	2010 \$
资产					
产业及机器设备	4	68,454,930	66,260,994	16,435,909	17,655,747
无形资产	5	1,122,045	1,064,455	—	—
物业投资	6	1,220,164	1,272,264	—	—
子公司	7	—	—	45,024,123	45,024,123
子公司的贷款	7	—	—	9,500,000	6,000,000
联号公司	8	48,039,832	49,597,432	20,265,039	20,983,641
其它金融资产	9	1,239,740	14,097,575	865,340	1,462,158
递延税款资产	10	838,597	496,847	—	—
非流动资产合计		120,915,308	132,789,567	92,090,411	91,125,669
存货	11	62,634,581	57,048,381	7,589,604	6,780,725
应收账款及其它应收款	13	176,754,458	174,582,437	113,040,548	119,592,151
其它金融资产	9	21,056,618	20,838,240	4,533,227	3,615,840
现金和现金等同物	16	56,923,041	47,221,977	17,339,098	12,054,937
持有的待售资产	17	—	564,110	—	—
流动资产合计		317,368,698	300,255,145	142,502,477	142,043,653
资产合计		438,284,006	433,044,712	234,592,888	233,169,322
股东权益					
股本	18	201,161,582	201,161,582	201,161,582	201,161,582
储备	18	80,683,339	81,795,303	11,701,013	9,517,200
		281,844,921	282,956,885	212,862,595	210,678,782
少数股东权益		31,637,509	29,156,110	—	—
股东权益合计		313,482,430	312,112,995	212,862,595	210,678,782
负债					
贷款与借货	19	808,066	—	—	—
递延收益	22	92,963	97,525	—	—
递延应付税款	10	3,584,814	3,683,395	461,601	317,125
非流动负债合计		4,485,843	3,780,920	461,601	317,125
应付账款和其他应付款	23	90,184,688	75,874,304	21,268,692	22,173,415
贷款与借款	19	28,283,201	39,475,598	—	—
递延收益	22	9,876	10,935	—	—
本期应付税款		1,837,968	1,789,960	—	—
流动负债合计		120,315,733	117,150,797	21,268,692	22,173,415
负债合计		124,801,576	120,931,717	21,730,293	22,490,540
负债及股东权益合计		438,284,006	433,044,712	234,592,888	233,169,322

附注内容是财务报表的组成部分之一。

综合损益表

截日2011年12月31日

	附注	2011 \$	2010 \$
收入	24	392,843,647	373,719,975
售出产品成本		(316,682,277)	(292,155,579)
毛利		76,161,370	81,564,396
其它收入		6,705,794	3,590,257
分销费用		(38,860,280)	(38,633,088)
行政费用		(29,334,624)	(31,226,895)
其它费用		(671,139)	(2,766,774)
营业活动之盈利		14,001,121	12,527,896
金融收入		1,885,011	5,783,877
金融费用		(6,322,905)	(923,639)
净金融 (损失)/收入	26	(4,437,894)	4,860,238
联号公司(损失)/盈利分派 (税后)		(2,071,483)	4,812,734
税前盈利		7,491,744	22,200,868
所得税	27	(3,003,013)	(4,894,002)
本期盈利	25	4,488,731	17,306,866
可归属：			
公司业主		2,316,005	14,238,465
少数股东权益		2,172,726	3,068,401
本期盈利		4,488,731	17,306,866
每股盈利			
每股盈利基额 (分)	28	0.42	2.57
每股盈利摊薄 (分)	28	0.41	2.53

附注内容是财务报表的组成部分之一。

SHAREHOLDING STATISTICS 16 MARCH 2012

Number of Issued and Fully Paid Shares	:	556,041,746
excluding Treasury Shares		
Class of Shares	:	Ordinary Shares with equal voting rights
Issued and Fully Paid Share Capital	:	S\$203,944,151.15

SUBSTANTIAL SHAREHOLDERS as at 16 March 2012

SUBSTANTIAL SHAREHOLDERS	NUMBER OF SHARES HELD		SHAREHOLDING PERCENTAGE
	DIRECT INTEREST	DEEMED INTEREST	%
Violet Profit Holdings Limited	134,112,551	—	24.12
Ku Yun-Sen ⁽¹⁾	—	134,112,551	24.12
Tang Cheuk Chee	49,449,500 ⁽²⁾	47,106,000 ⁽³⁾	17.36
Allan Yap ⁽⁴⁾	—	96,555,500	17.36
Goi Seng Hui	68,109,404	—	12.25

Notes:

⁽¹⁾ Ku Yun-Sen is deemed to have an interest through Violet Profit Holdings Limited.

⁽²⁾ On 28 February 2011, Tang Cheuk Chee, the spouse of Allan Yap (Executive Chairman of the Company) entered into a Sale and Purchase Agreement with Super Group Ltd, for the acquisition of 49,449,500 ordinary shares in the capital of the Company. The acquisition was completed on 7 June 2011.

⁽³⁾ Tang Cheuk Chee is deemed to have an interest in shares of the Company upon acquisition of the controlling interest in Sino Diamond International Co., Ltd and Widelead International Limited.

⁽⁴⁾ Allan Yap is deemed to be interested in 96,555,500 shares held by his spouse Tang Cheuk Chee in the capital of the Company, by virtue of Section 7 of the Companies Act, Cap.50.

DIRECTORS' SHAREHOLDING as at 21 January 2012

DIRECTORS	HOLDINGS IN THE NAME OF DIRECTOR OR IN WHICH DIRECTOR HAS A DIRECT INTEREST	HOLDINGS IN WHICH THE DIRECTOR IS DEEMED TO HAVE AN INTEREST
Allan Yap	—	96,555,500
Tang Cheuk Chee	49,449,500	47,106,000
Foo Der Rong	876,750	—
John Chen Seow Phun	1,000,000	—
Lien Kait Long	5,530	—
Chee Teck Kwong Patrick	800,000	—

SHAREHOLDING STATISTICS 16 MARCH 2012

ANALYSIS OF SHAREHOLDERS as at 16 March 2012

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	2,166	22.65	852,956	0.15
1,000 – 10,000	5,089	53.20	20,911,788	3.68
10,001 – 1,000,000	2,287	23.91	111,025,930	19.54
1,000,001 and above	23	0.24	435,366,072	76.63
	9,565	100.00	568,156,746	100.00

TREASURY SHARES

Total Number of Ordinary Shares held in treasury (“Treasury Shares”)	:	12,115,000
Voting Right	:	None
Percentage of this holding against total number of issued shares excluding Treasury Shares	:	2.18%

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 16 March 2012, 45.71% of the issued ordinary shares of the Company is held by the public. Rule 723 of the Listing Manual of the SGX-ST is therefore complied with.

MAJOR SHAREHOLDERS LIST – TOP 20 as at 16 March 2012

NO.	NAME OF SHAREHOLDER	NO. OF SHARES HELD	%
1.	CIMB Securities (Singapore) Pte. Ltd.	134,235,823	24.14
2.	DBS Vickers Securities (S) Pte. Ltd.	97,650,966	17.56
3.	Raffles Nominees (Pte) Ltd.	52,629,649	9.47
4.	Tang Cheuk Chee	49,449,500	8.89
5.	Hong Leong Finance Nominees Pte. Ltd.	16,830,421	3.03
6.	United Overseas Bank Nominees Pte. Ltd.	15,698,429	2.82
7.	Citibank Nominees Singapore Pte. Ltd.	10,753,638	1.93
8.	DBS Nominees Pte. Ltd.	10,353,349	1.86
9.	UOB Kay Hian Pte. Ltd.	6,978,907	1.26
10.	OCBC Nominees Singapore Private Limited	5,704,867	1.03
11.	China Healthcare Limited	2,996,700	0.54
12.	United 18 Investments Pte. Ltd.	2,700,000	0.49
13.	Ng Kim Hweng	2,190,000	0.39
14.	OCBC Securities Private Ltd.	2,145,888	0.39
15.	Phillip Securities Pte. Ltd.	2,075,845	0.37
16.	Goi Seng Hui	1,982,000	0.36
17.	HL Bank Nominees (S) Pte. Ltd.	1,918,000	0.34
18.	Sim Teng Yam	1,808,000	0.33
19.	Maybank Kim Eng Securities Pte. Ltd.	1,528,890	0.27
20.	Tan Wai See	1,267,000	0.23
		420,897,872	75.70

NOTICE OF ANNUAL GENERAL MEETING

PSC CORPORATION LTD.
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)
(COMPANY REGISTRATION NO. 197400888M)

NOTICE IS HEREBY GIVEN that the Thirty-Eighth Annual General Meeting of PSC Corporation Ltd. (the "Company") will be held at 348 Jalan Boon Lay, Singapore 619529 on Friday, 27 April 2012 at 10:00 a.m. to transact the following businesses:—

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts of the Company and the Group for the financial year ended 31 December 2011 together with the Auditors' Report thereon. **[Resolution 1]**
2. To declare a first and final one-tier tax exempt cash dividend of 1.0 cent per ordinary share for the financial year ended 31 December 2011. **[Resolution 2]**
3. To re-elect the following Directors of the Company, each of whom will retire in accordance with Article 87 of the Company's Articles of Association and who being, eligible, offer himself for re-election:

(a) Dr Allan Yap	[Resolution 3a]
(b) Mr Lien Kait Long	[Resolution 3b]

[See Explanatory Note (1)]

4. To re-elect Mdm Tang Cheuk Chee, a Director of the Company, who will retire in accordance with Article 93 of the Company's Articles of Association and who, being eligible, offer herself for re-election. **[Resolution 4]**
5. To approve the payment of Directors' Fees of S\$335,000 for the financial year ended 31 December 2011. (2010: S\$340,000) **[Resolution 5]**
6. To re-appoint KPMG LLP as Auditors and to authorise the Directors of the Company to fix their remuneration. **[Resolution 6]**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

PSC CORPORATION LTD.
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)
(COMPANY REGISTRATION NO. 197400888M)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions 7 to 9 with or without amendments as ordinary resolutions:

8. Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

That pursuant to Section 161 of the Companies Act, Cap. 50 (the “Companies Act”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), authority be and is hereby given to the Directors of the Company to:

- (a) (i) issue shares in the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) 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 (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

- (b) (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 of the Company while this Resolution was in force,

(the “Share Issue Mandate”)

Provided that:

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

NOTICE OF ANNUAL GENERAL MEETING

PSC CORPORATION LTD.
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)
(COMPANY REGISTRATION NO. 197400888M)

- (2) (subject to such calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (i) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (ii) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of the Resolution;
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the Share Issue Mandate 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 of the Company; and
- (4) unless revoked or varied by the Company in general meeting, the Share Issue Mandate shall continue in force (i) 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 or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[Resolution 7]

[See Explanatory Note (2)]

9. Authority to issue shares under the PSC Executives' Share Option Scheme

That pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to offer and grant options under the PSC Executives' Share Option Scheme (the "Scheme") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, 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 to be held, whichever is earlier.

[Resolution 8]

[See Explanatory Note (3)]

NOTICE OF ANNUAL GENERAL MEETING

PSC CORPORATION LTD.
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)
(COMPANY REGISTRATION NO. 197400888M)

10. Renewal of Share Buyback Mandate

That for the purposes of Sections 76C and 76E of the Companies Act, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued ordinary shares fully paid in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to 8% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in the Company's letter to the shareholders dated 12 April 2012 (the "Letter") in accordance with the terms of the Share Buyback Mandate set out in the Letter, and this mandate shall, unless revoked or varied by the Company in general meeting, 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 earlier.

[Resolution 9]

[See Explanatory Note (4)]

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of PSC Corporation Ltd (the "Company") will be closed on 29 May 2012 for the purpose of determining the entitlements to the dividend to be proposed at the Annual General Meeting of the Company to be held on 27 April 2012.

Duly completed registrable transfers received by the Company's Share Registrar, M&C Services Private Limited, of 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 up to 5.00 p.m. on 28 May 2012 will be registered to determine members' entitlements to the said dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 27 April 2012 will be made on 12 June 2012.

BY ORDER OF THE BOARD

Chong Eng Wee
Go Kim Chuan Mark
Joint Company Secretaries
Singapore

12 April 2012

NOTICE OF ANNUAL GENERAL MEETING

PSC CORPORATION LTD.
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)
(COMPANY REGISTRATION NO. 197400888M)

NOTES:–

- 1) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead.
- 2) A proxy need not be a member of the Company.
- 3) The instrument appointing a proxy shall, in the case of an individual, be signed by the appointor or his attorney, and in case of a corporation shall be either under its common seal or signed by its attorney or a duly authorised officer on behalf of the corporation.
- 4) The instrument appointing a proxy must be deposited at the registered office of the Company at 348 Jalan Boon Lay, Singapore 619529 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

EXPLANATORY NOTES ON THE ORDINARY AND SPECIAL BUSINESS TO BE TRANSACTED:–

- 1) Dr Allan Yap is the Executive Director and Executive Chairman of the Company. Mr Lien Kait Long, upon re-election as Director of the Company, remains as Chairman of the Nominating Committee and member of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.
- 2) The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date 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 or such authority is varied or revoked by the Company in general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

- 3) The proposed Ordinary Resolution 8, if passed, will empower the Directors to issue shares pursuant to the exercise of Options granted under the PSC Executives' Share Option Scheme 2003 (the "Scheme") which was approved at the Extraordinary General Meeting of the Company held on 8 July 2003. Pursuant to the Extraordinary General Meeting of the Company held on 28 September 2007, the maximum number of shares issued or to be issued for Options under the Scheme had been changed to 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company.
- 4) The proposed Ordinary Resolution 9, if passed, will empower the Directors to purchase or acquire, from the date of the above meeting to the date of the next Annual General Meeting, an aggregate amount not exceeding eight per cent (8%) of the issued share capital of the Company (excluding any ordinary shares held as treasury shares by the Company from time to time) as at the date of Resolution 9. More details of the Share Buyback Mandate to be renewed are set out in the Letter to shareholders enclosed with this Notice.

常年股东大会通告

普威集团有限公司
(于新加坡共和国注册成立)
(公司注册号码197400888M)

普威集团有限公司第38届常年股东大会将于2012年4月27日(星期五)上午10时正, 于新加坡邮区619529, 惹兰文礼348号举行。大会主要议程如下: -

普通事项

1. 接纳截至2011年12月31日止财政年之董事报告及经审核账目和审计师报告。 [决议案1]
 2. 宣布在截至2011年12月31日止财政年派发每股1分的首期及终期免税现金股息。 [决议案2]
 3. 根据公司章程第87条款, 重选以下符合资格并愿意重选的退休董事:
 - (a) Allan Yap 博士 [决议案3a]
 - (b) Lien Kait Long 先生 [决议案3b]
- [见附注(1)]
4. 根据公司章程第93条款, 重选符合资格并愿意重选的本公司退休董事Tang Cheuk Chee女士。 [决议案4]
 5. 批准截至2011年12月31日止财政年之董事酬劳为S\$335,000。(2010年为: S\$340,000) [决议案5]
 6. 再次委任KPMG LLP会计公司为公司审计师, 并授权董事会决定其酬金。 [决议案6]
 7. 审议可在常年股东大会上获得适当审议的其他任何普通事项。

特殊事项

仔细考虑且在适当情况之下, 通过以下决议案7至9为普通修正决议或无修正决议案: -

8. 根据公司法第50章第161节以及《新加坡证券交易所上市指南》第806条所规定授权发行公司股本中的股份。

据公司法第50章第161节(“《公司法》”)以及《新加坡证券交易所上市指南》第806条所规定, 授权公司董事: -

- (a) (i) 发行公司之股份(“股票”), 无论是以认股证、红利或其它方式发行; 以及/或
- (ii) 订立或授予可能或需要发行股票的配股、协议或股票认购权(统称为“票据”), 包括但不限于产生和发行(以及调整)股票认购权、认股权证、债券或其它可转换为股份的票据,

在公司董事认为适当之情况下, 于任何时候按条款向合适人士发行本公司之股份; 以及

常年股东大会通告

普威集团有限公司
(于新加坡共和国注册成立)
(公司注册号码197400888M)

(b) (尽管由本决议案所赋予之授权可能已经失效) 在本决议案有效的情况下, 根据公司董事所订立或授予的任何票据发行股票,

(“股票发行授权”)

其条件如下:

- (1) 按本决议案所应发行之股份(包括按本决议案订立或授予的票据而发行的股份)和票据总数不得超过公司股本中已发行股份总数(不包括库存股在内)的百分之五十(50%)(按下节(2)计算), 其中, 不按比例发行给公司现有股东的股份和票据之总数不得超过公司股本中已发行股份总数(不包括库存股在内)的百分之二十(20%)(按下节(2)计算);
- (2) 按照新加坡证券交易所所指示之计算方式, 为确定按上节(1)而可能发行股份和票据的总数, 已发行股份和票据的比例, 应参照以下股份进行调整之后, 根据在本决议案通过之时本公司股本中已发行股份的总数(不含库存股在内)进行计算:
 - (i) 可兑换证券或票据在转换或行使时所产生的新股份;
 - (ii) 本决议案获得通过之时因行使的股票认购权获授予股票奖励而产生的未承兑新股份;
 - (iii) 任何随后的花红分发、股份合并或拆分;
- (3) 在行使按本决议案所赋予之股票发行授权时, 公司应遵守现行之《新加坡证券交易所上市指南》的规定(除非新加坡证券交易所已免除该规定)及公司章程; 及
- (4) 除非股票发行授权在公司股东大会上遭撤销或修改, 否则, 应持续有效(i)至本公司下一届常年股东大会, 或依法律要求召开之下一届常年股东大会日期为止, 以较早者为准; 或(ii)若属于按本决议案订立或授予的票据而应发行的股票, 则至依据该票据条款发行此类股票为止。

[决议案7]

[见附注(2)]

9. 授权按普威执行人员认股权计划发行股份

按公司法第161节及普威执行人员认股权计划发行的认股权, 授权董事会在任何时候配发和发行股份。包括只要所行使的认股权是在此决议案有效时发行的, 即使在行使认股权而须发行股份时, 此决议案所赋予的授权已经无效, 其条件是按此计划发行的股份总数在任何时候不得超过公司股本中(不包括库存股在内)已发行股份总数的百分之十五(15%)除非该授权在本公司股东大会上遭撤销或修改, 否则应持续有效, 至本公司下一届常年股东大会或依法律要求召开下一届常年股东大会日期为止, 以较早者为准。

[决议案8]

[见附注(3)]

常年股东大会通告

普威集团有限公司
(于新加坡共和国注册成立)
(公司注册号码197400888M)

10. 股票回购授权更新

根据《公司法》第76C和第76E节的规定，授权本公司董事会以不超过于2012年4月12日致股东的股票回购授权条款中规定的最高收购价格，按任何平等机会计划，（无论在新加坡证券所收购或场外收购）收购公司股份资本中的缴足发行普通股，并不超过公司股本中已发行股份总数（不包括库存股在内）的百分之八(8%)（参照常年股东大会召开之日的股份总数）。除非该授权在本公司股东大会上遭撤销或修改，否则应持续有效，至本公司下一届常年股东大会或依法律要求召开下一届常年股东大会日期为止，以较早者为准。

[决议案9]

[见附注(4)]

登记截止日期通告

为确定股东从本公司将于2012年4月27日常年股东大会上之提案股息派发所应享有之股息权利，本公司之股票转让将于2012年5月29日截止登记注册。

本公司股票注册处M&C服务私人有限公司（新加坡邮区068906，罗敏申路138号，The Corporate Office，门牌#17-00），截至2012年5月28日营业时间下午5时止，所受理有关本公司之完整登记转让将予以登记，以决定股东应享之提案股息。

该提案股息如在2012年4月27日常年股东大会上获通过，则将在2012年6月12日派发支付。

奉董事会令

Chong Eng Wee
Go Kim Chuan Mark
公司联合秘书
于新加坡

2012年4月12日

常年股东大会通告

普威集团有限公司
(于新加坡共和国注册成立)
(公司注册号码197400888M)

附注：

- 1) 每位有权参加股东大会及在会上投票之股东，得以委派一名代表代其出席及投票。
- 2) 股东代表无须为公司股东。
- 3) 若以个人名义，股东代表委派书须由委派股东或其律师签署；若以公司名义，则必须加盖公司印章或由代表公司之律师或其授权职员签署。
- 4) 股东代表委派书须于股东大会召开前的至少48小时送交本公司注册办事处（新加坡邮区619529，惹兰文礼348号），方为有效。

普通及特别事项附注：

- 1) Allan Yap博士为本公司执行董事兼执行主席。Lien Kait Long先生将在获得重选为公司董事后，继续担任提名委员会主席兼审核委员会成员，并且依《新加坡证券交易所上市指南》第704(8)条所规定，被视为独立董事。
- 2) 决议案7若获通过，将授权本公司董事自本届常年股东大会之日起至下一届常年股东大会；或依法律要求召开之下一届常年股东大会日期，或此授权在本公司常年股东大会上遭修改或撤销之日为止（以较早者为准），发行股份或定位或授予可转换为股票的票据和根据这类票据发行股份，其总数不得超过本公司股本中（不包括库存股在内）已发行股份总数的百分之五十(50%)，其中最高百分之二十(20%)可不按比例发行给本公司的现有股东。

在确定可发行累计股份数量时，公司股本中已发行股份的百分比，将根据本决议案获通过之时以及任何随后的股份合并或拆分时因转换或行使票据或任何其它可兑换证券、行使股票认购权或授予股票奖励而发行的未承兑新股份而调整之后，依据在本决议案获通过时公司股本中已发行股份总数（不包括库存股在内）计算。

- 3) 决议案8若获通过，将授权公司董事按照2003年7月8日举行的公司临时全体会议上批准的2003年度普威公司执行人员股票认购权计划（PSC Executives' Share Option Scheme 2003）对所行使的股票认购权发行股票。根据公司于2007年9月28日召开的临时股东大会，发行股份的最高数量或按普威公司执行人员股票认购权计划所发行的最高数量已改为，公司股本中（不包括库存股在内）的已发行股份总数的百分之十五(15%)。
- 4) 决议案9若获通过，将授权董事会从上述会议之日期至下一届常年股东大会之日期之间，收购相等于决议案9通过日之不超过本公司股份资本中已发行股份（不包括由公司持有、作为库存股的普通股份）之百分之八(8%)之发行股份，更多有关此待更新之股票回购授权，收录在附于此通告的信件中。

PROXY FORM – ANNUAL GENERAL MEETING

PSC CORPORATION LTD.

(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

(COMPANY REGISTRATION NO. 197400888M)

Total Number of Shares held in CDP Register

IMPORTANT

1. For Investors who have used their CPF monies to buy shares of PSC Corporation Ltd, the Report is forwarded to them at the request of their 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 vote should contact their CPF Approved Nominees.

I/We _____ NRIC/Passport No.: _____

of _____

being (a) member/members of the abovenamed Company hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)
(a)			

and/or (delete as appropriate)

(b)			
-----	--	--	--

or failing him/her, the Chairman of the Meeting, as my/our proxy to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the Thirty-Eighth Annual General Meeting of members of the Company (the "Meeting") to be held at 348 Jalan Boon Lay, Singapore 619529 on 27 April 2012 at 10:00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the space provided whether you wish your proxy to vote For or Against the Ordinary Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy will vote as the proxy deems fit.)

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
	ORDINARY BUSINESS:		
1.	Adoption of Reports and Accounts for the financial year ended 31 December 2011		
2.	Declaration of first and final dividend for the financial year ended 31 December 2011		
3.	Re-election of Directors in accordance with Article 87:		
	(a) Dr Allan Yap		
	(b) Mr Lien Kait Long		
4.	Re-election of Mdm Tang Cheuk Chee as Director in accordance with Article 93		
5.	Approval of Directors' Fees amounting to S\$335,000		
6.	Re-appointment of KPMG LLP as Auditors		
	SPECIAL BUSINESS:		
7.	Authority to issue new shares		
8.	Authority to issue shares under the PSC Executives' Share Option Scheme		
9.	Renewal of Share Buyback Mandate		

Dated this _____ day of _____ 2012

Signature(s) or Common Seal of Shareholder

IMPORTANT
PLEASE READ NOTES OVERLEAF



Notes:

- 1) Please insert the total number of shares in the Company held by you, either in the Depository Register (as defined in Section 130A of the Companies Act) or in the Register of Members, or both. If no number is inserted, the proxy form will be deemed to relate to all the shares in the Company held by you.
- 2) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company. Where a member appoints more than one proxy, the appointments shall be deemed invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
- 3) If any other proxy other than the Chairman of the Meeting is to be appointed, please delete the words "The Chairman of the Meeting" and insert the name(s) and particulars of the proxy/proxies to be appointed in the box provided. If the box is left blank or is incomplete, the Chairman of the Meeting shall be deemed to be appointed as your proxy. If the Chairman of the Meeting is appointed as a proxy, this instrument shall be deemed to confer on him the right to nominate a person to vote on his behalf on a show of hands.
- 4) The instrument appointing a proxy shall, in the case of an individual, be signed by the appointor or his attorney duly authorised in writing. In the case of a corporation, it must be executed either under its common seal or signed by its attorney or a duly authorised officer on behalf of the corporation. A corporation who is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting in accordance with Section 179 of the Companies Act.
- 5) The instrument appointing a proxy must be deposited at the registered office of the Company at 348 Jalan Boon Lay, Singapore 619529 not less than forty-eight (48) hours before the time appointed for holding the Meeting.
- 6) The Company shall be entitled to reject an instrument appointing a proxy/proxies if it is incomplete, improperly completed, illegible, or where the true intentions of the appointor is not ascertainable from the instructions contained in the instrument. The Company may also reject any instrument appointing a proxy/proxies where the appointor is not shown to have shares in the Company 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.



PSC Corporation Ltd

The Consumer Essentials Group

PSC CORPORATION LTD

Company Registration No: 197400888M
Incorporated in the Republic of Singapore

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