



Registration No. 197302030N

FOR IMMEDIATE RELEASE

RESPONSE TO SGX QUERIES ON FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011 (“RESULTS ANNOUNCEMENT”)

In response to the queries raised by the Singapore Exchange Limited (“SGX”) in its letter dated 6 March 2012 in connection with our Results Announcement, we wish to provide additional information as follows.

SGX’s Queries:

We note that “Inventories” increased by 21.8% from S\$72.7m to S\$88.6m, and such increase contributed to the negative cashflow from operations of S\$13.8m. The Company disclosed that the increase in “Inventories” was due to stocking up in the group companies to carry a range of inventory pursuant to expansion plans in the respective countries. In respect of the above, to provide the following information:-

- (i) Inventory turnover ratio for the current financial year as compared to previous financial year, and elaborate on material variance, if any;
- (ii) Directors’ view on the risk of inventory obsolescence or diminution in value and the basis for their views.

Company’s Response:

- (i) The increase in inventory turnover days was due to stocking up in the Group companies to carry a range of inventory pursuant to expansion plans in the respective countries. This is in line with our business nature as a stockist to serve our customers’ requirements locally in the respective countries.

In addition, there is a long lead time of delivery from suppliers for our products. Hence, the Group had to place the stock orders with its suppliers well in advance. The increase in stocks relates to new stocks which the Group had purchased directly from its suppliers.

- (ii) There is low risk of inventory obsolescence or diminution in value as our stocks have always been recorded at the lower of cost and net realizable value in the accounts. The Group also reviews its inventories regularly and makes provisions for inventory obsolescence as and when required. In addition, the increase in stocks relate to new stocks which the Group had purchased directly from its suppliers.

BY ORDER OF THE BOARD

Kwek Che Yong
Deputy Chairman
6 March 2012