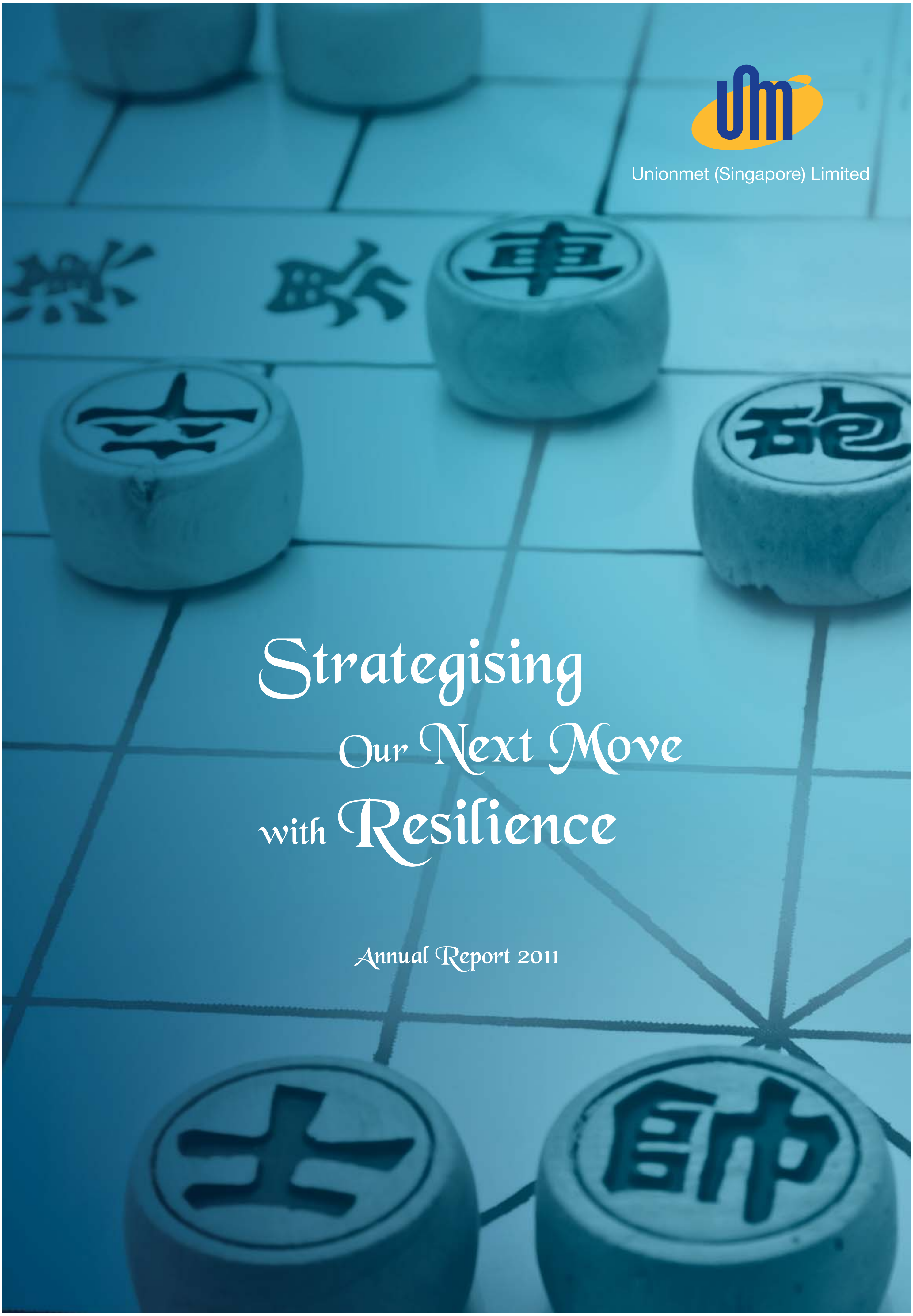

Unionmet (Singapore) Limited

Strategising Our Next Move with Resilience

Annual Report 2011

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About Unionmet

Incorporated in 2004, Unionmet (Singapore) Limited (the “Company” or “Unionmet”) is headquartered in Singapore, its production facilities and R&D divisions are strategically located in Liuzhou, Guangxi, the People’s Republic of China (“PRC”), which is close to zinc mines with relatively high indium content. The Company and its subsidiaries (the “Group”) are principally engaged in the manufacturing and trading of non-ferrous metals comprising indium ingots, zinc ingots and their related by-products as well as the trading of ferrous, non-ferrous and precious metals; kaolin and barite; and coal and coke.

The Group is a recipient of several awards, including the “Famous Brand Products of Guangxi” in 2006 for its “INTAI” brand and the ISO 14001 of “Certificate of Environmental Management System” in 2007, among others. In 2007, a subsidiary of the Group, Guangxi Intai Technology Co., Ltd., became one of the seven founding members of the newly formed China Indium Association (“CIA”). CIA, which comprises a majority of state-owned companies, represents the indium industry to liaise with the relevant PRC authorities on proposals and recommendations to develop the indium industry.

The Group serves a worldwide customer base.

The Company was listed on the SGX-ST Mainboard on 31 January 2007.

关于 新加坡联合金属有限公司

成立于2004年,新加坡联合金属有限公司(“本公司”或 “联合金属”),总部设在新加坡,其生产设施和研发部门位于毗邻含铟锌矿山的中国广西柳州市。本公司及其附属公司(“本集团”)主要从事生产及销售有色金属,其中包括铟锭,锌锭和其副产品以及贸易铁,有色金属和贵金属;高岭土和重晶石;及煤和焦炭。

本集团荣获多个奖项和认证,包括2006年“广西著名品牌产品“INTAI”牌和2007年“环境管理体系认证的ISO 14001” 等等。2007年,本集团的附属公司,广西铟泰科技有限公司,成为新成立的中国铟工业协会七个创始成员之一。中国铟工业协会拥有多个国有公司会员,代表铟行业向中国政府当局提交提案和建议,以发展铟产业。

本集团服务于广泛的客户基础,覆盖全世界的国家。

本公司在2007年1月31日在新加坡交易所上市。

CORPORATE MILESTONE

企业里程碑

2001

- Guangxi Intai Technology Co., Ltd ("Intai") was awarded "Certificate of Conformity of Product Quality".
- Intai was awarded 2nd "Science Advancement Award".

2003

Intai's continual improvement of the quality of its products to "6N pure indium" resulted to being awarded the 3rd "Science Advancement Award".

2004

Intai attained the ISO 9001:2000 certification for the production of indium ingots.

2005

- Intai and Liuzhou Union Zinc Industry Co., Ltd ("Union Zinc") are entitled to full exemption from Enterprise Income Tax ("EIT") for 2 years and a 50% reduction in EIT in subsequent 3 years as foreign investment enterprise.
- Unionmet was awarded Global Trader Programme ("GTP") for 3 years, which entitles the Company to a concessionary income tax of 10% in respect of income derived from approved products, which falls within the trading transactions provided for under such concession.

2006

- Union Zinc attained ISO 9001:2000 certification for production, sales and service in relation to zinc oxide and zinc carbonate.
- Intai's indium ingot was awarded "Famous Brand Products of Guangxi".

2007

- Unionmet (Singapore) Pte Ltd converted into a public limited company Unionmet (Singapore) Limited ("Unionmet") and successfully listed on Singapore Exchange Securities Trading Limited.
- Intai attained the ISO 14001 of "Certificate of Environmental Management System" for the production, sales and services of indium ingots and the relevant environmental management activities.
- Intai became one of the seven founding members of the newly formed China Indium Association.
- Incorporated a wholly owned subsidiary in the PRC known as Guangxi Crystal Union Photoelectric Materials Co., Ltd ("Crystal Union") to undertake the production and sale of photoelectric materials such as Indium-Tin-Oxide ("ITO").

2008

Union Zinc incorporated a wholly owned subsidiary in the PRC known as Rongan Union Zinc Industry Co., Ltd ("Rongan").

2009

Crystal Union attained approval for quality management system and environmental management system of Beijing New Century Certification Co. Ltd. ("BCC").

2011

- Liquidation of Rongan.
- Disposal of Crystal Union.
- Expansion of business scope to include ferrous, non-ferrous and precious metals; kaolin and barite; and coal and coke.

Chairman's Message

" The Group has expanded its business scope in trading activities and will continue to look out for business opportunities that will help the future growth of the Group."

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Unionmet (Singapore) Limited ("Unionmet" or the "Company"), I am pleased to present the Annual Report and financial results of Unionmet group of companies (the "Group") for the financial year ended 30 November 2011 ("FY2011").

Results Review

The year 2011 was most erratic with financial events in the Western economies creating uncertainties to the greater world economies. Coupled with the disruption caused by relocation of Intai's indium production facilities and factory buildings in the year 2011, the performance of the Group was affected.

For FY2011, the Group's total revenue decreased by approximately US$21.3 million or 92.1% to approximately US$1.8 million. This was due mainly to lower sales of indium and zinc-related products.

The decrease in sales of indium was due to cessation of the Group's indium production in the first quarter of the year 2011 and the Group's focusing effort on the logistics issues relating to the relocation of some of its indium production facilities. The Group had not been able to produce coarse indium since the first quarter of 2011 as its production operations had been affected by the relocation. Although indium production was restarted in April 2011, production had been kept to a minimum level due to the relatively high raw material prices during the year, making it uneconomical to produce indium.

The decrease in sale of zinc-related products was due to the cessation of the zinc processing arrangement between the Company's subsidiary and a third party producer. The Group will continue to produce zinc-related products through zinc processing arrangements with independent third parties on an ad-hoc basis.

The Group recorded a gross margin of (4.4%) in FY2011, compared to a gross margin of 15.2% in FY2010. The gross loss in FY2011 was the result of a write-down of approximately US$0.5 million of the Group's indium inventories in its Cost of Sales due to an overall higher raw material cost and a fall in the market price of indium in November 2011. The gross profit in FY2010 was the result of a net write-back of approximately US$0.8 million of the Group's inventories arising from the increase in the market price of indium above the Group's inventory cost in FY2010.

Chairman's Message

The Group's other income increased from approximately US$0.5 million in FY2010 to US$2.5 million in FY2011. This was due mainly to the following:

a) compensation on the land received by Intai amounting to US$1.7 million;

b) gain of US$0.3 million on disposal of Guangxi Crystal Union Photoelectric Materials Co., Ltd ("Crystal Union") and liquidation of Rongan Union Zinc Industry Co., Ltd ("Rongan"); and

c) higher interest income earned in FY2011.

General and administrative expenses increased by US$0.3 million to approximately US$2.4 million in FY2011 mainly due to higher professional fees and travelling expenses to pursue business opportunities, as well as staff costs. Selling and distribution expenses decreased by US$0.2 million to US$0.4 million in line with the decrease in the sales activity level of the Group.

The tax credit in FY2011 was due mainly to deferred tax assets arising from the write-down of indium inventories offset partially by deferred tax liabilities arising from the net compensation of land recognised by Intai.

As a result of the abovementioned factors, the Group recorded a profit after tax of approximately US$0.1 million in FY2011, compared to a profit after tax of US$1.2 million in FY2010.

On a weighted average basis, the Group recorded basic earnings per share of US0.01 cent from continuing operations of the Group as compared to US0.20 cents in FY2010.

Looking at the different segments of the business, the Group saw a decrease in the revenue of its core product, indium ingots, due to the decrease in both the quantity manufactured and sold in FY2011.

The decrease in sale of other products arose from the decrease in sale of the Group's zinc-related inventories and other by-products as production was affected by the discontinuation of the arrangement with the third party smelter that undertook zinc processing activities for one of the Company's subsidiaries.

The Group recorded a significant decrease in its overseas sales, specifically in Japan, USA and Europe markets as sales were directed to the PRC and Hong Kong markets.

Discontinued Operations

Arising from the Board's strategic review of the Group's businesses, Crystal Union was disposed and Rongan was liquidated. The net loss from discontinuing operations arose mainly from Crystal Union. The net loss decreased from US$0.9 million in FY2010 to US$0.2 million in FY2011 was mainly due to the decrease in impairment of property, plant and equipment, research and development expenses and lower depreciation on property, plant and equipment.

Financial Review

Financially, the Group's balance sheet remained healthy.

The Group's property plant and equipment decreased by approximately US$0.9 million to US$0.2 million as at FY2011. This was due mainly to the decrease in property, plant and equipment resulting from the disposal of Crystal Union.

The Group's cash and short-term deposits decreased by approximately US$0.4 million and US$1.4 million for the Group and Company, respectively, due to payments made for operating expenses of the Group and advances made to suppliers during the year.

Chairman's Message

Other receivables and prepayments increased by approximately US$4.0 million, mainly due to the remaining compensation receivable from Intai's sale of land of approximately US$3.9 million (RMB24.9 million). As previously announced on SGXNet on 15 November 2011, Intai will receive approximately RMB35.6 million in 3 tranches, the first tranche having been received upon the acquisition of a new piece of land by Intai for its production facilities.

The Group's inventories increased by approximately US$0.4 million as a result of slightly higher finished goods held towards the end of FY2011 as compared to FY2010.

Current liabilities increased to approximately US$4.5 million in FY2011 compared to US$1.0 million in FY2010, arising mainly from deferred revenue from the remaining compensation on the sale of land as mentioned above.

Shareholders' equity increased by US$0.5 million due to the Group's other comprehensive income for FY2011 arising mainly from the appreciation of the RMB against the USD.

The net asset value per ordinary share for the Group increased from US6.03 cents in FY2010 to US6.11 cents in FY2011.

Business Outlook and Future Plans

Pending the completion of the Group's factory at the new location at Liucheng County, PRC, the Company's subsidiary, Intai, has shifted out of its current premises and moved into the premises currently occupied by Crystal Union at Yang He Industrial Area, Liuzhou City, to continue its indium production. Due to the Chinese New Year holidays, commencement of the construction of the factory had been delayed and the new factory is expected to be fully operational during the second half of the calendar year 2012.

The industry that the Group operates in continues to be subjected to uncertain demand and the pricing volatility of commodities. The Board and Management expect the Group's business environment to continue to be tough and challenging. The Board remains cautious on the performance of the Group for FY2012.

The Group has expanded its business scope to carry out trading in ferrous and non-ferrous metals; kaolin and barite; and coal and coke. The Board will continue to look out for business opportunities that will help the future growth of the Group.

Acknowledgement

To ensure that the Company is well placed to tackle challenges ahead, on 1 February 2012 I have taken up an active role in overseeing the Group's operations and business development, including formulating and executing business strategies. I welcome back Mr Chen Cong who rejoined the Board on 1 February 2012. On behalf of the Board, I wish to take this opportunity to record our gratitude to our shareholders, customers and business partners for their loyal support during the difficult period. We would also like to thank Mr Huang Wei, who retired as Honorary Member of the Company, for his contribution as one of the founding members which led to the listing of the Company on the Singapore Stock Exchange.

The Board would also like to thank the management and staff for their hard work, sacrifice and commitment to the Group. I also wish to thank my fellow Board members for their invaluable guidance and counsel throughout the year.

Yours truly,
Zeng Fuzu
Executive Chairman

主席 致词

“本集团已扩展其贸易活动中的业务范围，并将继续寻找有助于推动本集团未来增长的新商机。”

尊敬的各位股东：

我谨代表新加坡联合金属公司（“联合金属”或“本公司”）董事会，欣然向各位股东提呈联合金属集团公司（“本集团”）截至2011年11月30日之财政年度（2011财政年）报告及财务业绩。

业绩检阅

由于西方经济体债务缠身，造成世界经济在2011年处于动荡之中，加上2011年度铟泰的铟生产设施搬迁及厂房重建所造成的因素，致使本集团的业绩受到影响。

2011财政年，本集团的总收入减少约2,130万美元或92.1%，至约180万美元。大幅度的下滑可归于铟和锌相关产品的销售额显著下降所导致。

造成铟销售额下降的原因，是由于本集团在2011年第一季度停止铟生产，而将精力集中于部分铟生产设施搬迁相关的物流问题。由于生产受到搬迁的影响，本集团自2011年第一季度以来就未能生产出粗铟。虽然铟于2011年4月重新开始生产，但由于本年度期间原材料价格相对较高，而使生产铟变得很不合算。因此，本集团的生产量一直维持在最低水平。

锌相关产品的销售额下降的原因,是由于本公司属下子公司与第三方生产商之间的锌加工协议中止引起。本集团将根据需求，通过与独立第三方订立锌加工协议继续生产锌相关产品。

2011财政年，本集团出现4.4%的毛损率。相比之下，2010财政年则取得15.2%的毛利率。2011财政年的毛亏损,是本集团根据2011年11月原材料成本总体上涨及铟的市场价格下滑所致。主要是由于本集团铟库存货跌价准备计提减值约50万美元所造成，而2010财政年的毛利润，则是因本集团冲减回约80万美元的存货净转回。这是因为铟的市价高于本集团2010年的存货成本所致。

2011财政年，本集团的其他收入从2010财政年约50万美元增长至250万美元，主要是因为：

一） 铟泰收到出售土地补偿金170万美元；

二） 出售广西晶联光电材料有限责任公司（“晶联”）及清算融安优联锌业有限责任公司（“融安”）出售收益净得30万美元；及

三） 2011财政年取得较高的利息收入。

本集团2011财政年的行政开支增长30万美元，至约240万美元，主要是由于支付较高的专业与管理费用以及寻找新商机所包含的差旅费。销售及分销费用减少20万美元，至40万美元，与本集团的销售活动水平相一致。

2011财政年的税务抵免主要是因为铟库存货跌价准备计提减值所产生的递延所得税，抵消部分铟泰出售土地应收到的补偿金所产生的递延所得税负债。

综合上述所有因素，本集团于2011财政年取得约10万美元的税后利润 (2010财政年的税后利润为120万美元)。

经过加权平均计算，本集团在2011财政年取得每股基本盈利为0.01美分 (2010财政年则为0.20美分)。

从集团业务的不同环节，看到了其核心产品的生产和销售数量双双下滑，来自铟锭的收入有所减少。

本集团旗下子公司与承担锌加工的第三方冶炼厂中止协议，使得产品生产受到影响，导致本集团锌相关产品库存及其他副产品的销售下滑，从而造成其他产品的销售额减少。

销售目标转向中国和香港市场，本集团的海外销售，特别是对日本、美国及欧洲市场的销售显著下降。

主席致词

终止非盈利业务

经本集团董事会审查经营策略，决定出售晶联和清算融安。终止经营业务的净亏损主要来自晶联。净亏损在2010财政年从90万美元减少至2011财政年约20万美元，主要是由于物业，厂房及设备减值的减少，及研究，开发费用和厂房及设备折旧费的降低。

财务回顾

截至2011财政年，本集团的资产负债表仍保持稳健。

本集团的固定资产从2010财政年90万美元减少至2011财政年约20万美元。主要原因为晶联的出售。

本集团和本公司的现金及短期存款在本年度分别减少约40万美元和140万美元，以用于支付在本年度期间的营业费用及支付供应商的预付款。

其他应收款项及预付款项增加约400万美元，主要源自铟泰出售土地应收的剩余补偿金约390万美元（合计2,490万元人民币）。诚如之前于2011年11月15日在新交所网站上所公布的那样，铟泰将收到约3,560万元人民币。此款项分为3笔，第一笔款项已于铟泰为其建设新的生产设施而购买土地时收讫。

2011财政年末，本集团所持有的制成品比2010财政年略有增长，致使本集团存货增加约40万美元。

截至2011年财政年，流动负债由100万美元增至约450万美元。这主要是基于上述出售土地所得剩余补偿金的递延收入所产生。

本集团的其他收益因人民币对美元升值而提高，股东权益增加了50万美元。

2011财政年，本集团的每普通股资产净值，从2010财政年的6.03美分增长到6.11美分。

业务展望及未来计划

在本集团在中国柳城县的新工厂完工之前，铟泰已暂时迁入柳州市阳和工业新区的厂房继续进行其铟生产（该厂房目前由晶联所用）。由于中国农历新年放假，新厂房建设已推迟开工，但新工厂预计将于2012年下半年建成并全面投入运作。

本集团将继续受到市场需求和商品价格波动的影响，董事会和管理层预计经营环境会持续艰难和充满挑战。对于本集团在2012财政年业绩的表现，董事会仍持谨慎态度。

本集团已扩大其经营范围，开拓金属，高岭土，重晶石，煤和焦炭的贸易。本集团将继续寻找有助于推动未来增长的新商机。

致谢

为确保本公司已做好准备迎接未来的挑战，我已于2012年2月1日担任执行董事的职务并承担起监督本集团营运及业务开发的任务，包括制定及执行经营策略。在此，我欢迎陈聪先生在2012年2月1日重返公司董事会。我谨籍此机会代表董事会，感谢我们的股东、客户和业务伙伴在困难时期给予我们鼎力支持。此外，我们还要感谢本公司已卸任的荣誉董事黄卫先生，感谢他身为本公司创办人之一并在任职期间对公司发展提供的指导直至公司最后在新交所上市所作的贡献。

最后，我谨代表董事会感谢管理层和全体员工在过去一年来对本集团的辛勤付出、积极奉献以及忠诚承诺。我也要感谢董事会同仁们在过去一年中给予我的宝贵指导和建议。

此致
曾福祖
执行主席

BOARD OF DIRECTORS
董事会

Mr. Zeng Fuzu | Executive Chairman

Mr. Zeng Fuzu, Executive Chairman and Executive Director, was appointed to the Board on 21 July 2004 and was re-elected on 23 March 2011. He is a member of the Company's Nominating Committee. Mr. Zeng was re-designated as Executive Chairman on 1 February 2012. Mr. Zeng will take an active role in overseeing the Group's operations and business development, including formulating and executing business strategies.

Mr. Zeng has more than 20 years of working experience in the base metal industry, as well as a good knowledge of cross border trading, financing, logistic support, structured trade finance and market development. Mr. Zeng is also the Co-Founder and, from November 1999 to August 2006, was the Managing Director of Raffemet Pte Ltd, which was ranked as one of the best performing Singapore 1000/SME 500 Companies from 2003 to 2006 by the DP Information Group, which recognises the nation's SMEs by their annual financial performance of sales/turnover and other financial indicators such as net profit and return on shareholders' funds.

From 1995 to 1997, Mr. Zeng was a Director and Vice-President in Nonfemet Commodity Pte Ltd, a Singapore subsidiary of China Nonfemet Group, in charge of marketing, strategic business planning, trading and finance. The China Nonfemet Group is a large conglomerate principally engaged in base metals trading and having diversified business interests in the areas such as finance, industrial project development and research and development. He carried on in the same capacity as Director and Vice-President when he bought over control and renamed Nonfemet Commodity Pte Ltd as Raffemet Pte Ltd at the end of 1997. From 1991 to 1994, Mr. Zeng was a Trading Manager, and then a Vice General Manager from 1994 to 1995, with Nonfemet Futures Company Ltd, responsible for marketing and customer relationship and formulating business strategies. From 1988 to 1991, Mr. Zeng was the assistant to Group President of the China Nonfemet Group. From 1987 to 1988, Mr. Zeng was a Shipping Manager with Nonfemet Transportation Co., Ltd., a subsidiary of the China Nonfemet Group, in charge of handling shipping matters.

Mr. Zeng graduated with a Bachelor Degree in Mining Engineering from the Central-South University, PRC in 1987.

Mr. Meng Limin | Chief Executive Officer and Executive Director

Mr. Meng Limin was appointed to the Board on 21 April 2006 and was re-elected on 23 March 2011. He was appointed as Managing Director of the Company's PRC subsidiary, Guangxi Intai Technology Co., Ltd from 31 January 2008 to 31 January 2012 and of Union Zinc from 31 January 2008 to 28 February 2011. Mr. Meng has more than 10 years of working experience in the non-ferrous metals trading industry. He is responsible for overseeing and coordinating all sales and marketing activities of the Company. Mr. Meng is also responsible for formulating and executing business strategies, overall business operations and development, as well as finance and risk management. Mr. Meng will also focus on assisting the Executive Chairman on strategic developments and mergers and acquisition activities.

Prior to joining the Group in January 2005, Mr. Meng was the Deputy General Manager of the investment department of China Minmetals Nonferrous Metals Ltd, a non-ferrous metals trader in the PRC, in 2004. From 2002 to 2003, he was the General Manager of the rare and minor metals department of China Minmetals Nonferrous Metals Co., Ltd. He was also the General Manager of the rare and minor metals department of China National Nonferrous Metals Industry Trading Group, a non-ferrous metals trader in the PRC, from 2000 to 2002. Between 1988 to 2000, he worked in the Minmetals International Enterprises Development Company, a non-ferrous metals producer, and held various positions such as Deputy General Manager, in charge of trading ferroalloy and non-ferrous metals, assistant to the General Manager and Manager in the export department of Minmetals International Enterprises Development Company, a subsidiary of China Metals and Minerals Import and Export Corporation.

He graduated from the Tsinghua University in 1986 with a Bachelor Degree in Automobile Engineering and obtained his MBA from the Saint Mary University, Canada, in 1998.

BOARD OF DIRECTORS
董事会

Mr. Chen Cong | Executive Director and Senior Vice President

Mr. Chen Cong was the Group's Chief Executive Officer and Executive Director from 2004 to 2008 when he left the Group to pursue his personal interests. He rejoined the Group on 2 March 2011 as Managing Director of Union Zinc and was appointed as Executive Director and Senior Vice President of the Company on 1 February 2012.

Mr. Chen Cong is responsible for the Group's PRC subsidiaries in overseeing and coordinating all sales and marketing activities; formulating and executing the business strategies; overseeing overall business operations and development; and finance and risk management.

Mr. Chen has worked in the metallurgy industry for more than 20 years. From 2010 to 2011, Mr. Chen was the Deputy General Manager of Liuzhou Nonferrous Metals Smelting Co., Ltd. and the General Manager and Executive of GuangXi SiLiu M&C Co.,Ltd. From 1998 to 2004, Mr. Chen held various positions in Liuzhou Zinc Products Co. Ltd – a state-owned producer of zinc metals and zinc oxide, such as Head of Production & Technology Division, Chief Engineer and Deputy General Manager. From 1988 to 1998, he was the Deputy Head of Production & Technology Division and Deputy Manager of Liuzhou City Chemical Smelting Industrial Co., Ltd., a PRC producer of zinc metals and zinc oxide. From 1983 to 1988, he was a technical designer with Liuzhou Zinc Products Co., Ltd.

He graduated from the then Central-South Mining and Metallurgy Institute (now known as Central-South University), PRC with a Bachelor Degree in Engineering in 1983.

Mr. Huang Guozhi | Non-Executive Director

Mr. Huang Guozhi is a Non-Executive Director of the Company. He was appointed to the Board on 17 December 2004 and was re-elected on 17 March 2009. He is a member of the Company's Audit and Remuneration Committee on 1 February 2012. He is a Chinese certified securities analyst with over 10 years of experience in securities, ERP and information system fields. At present, he is mainly engaged in the securities investment and international businesses. From April 2005 to November 2005, he was a System Administrator with the Canadian Apartment Properties Real Estate Investment Trust, a Canadian property management company. From 1999 to 2003, Mr. Huang worked as a Securities & System Analyst with United Securities Ltd, a PRC state-owned company. He was the Manager of the Information Technology Department of Sanyo Semiconductor (Shekou) Ltd., a Japanese semi-conductor company, from 1997 to 1999. Mr. Huang worked as a Computer Engineer in the Zhuzhou Smelting Factory Co. Ltd., a PRC state-owned non-ferrous metals smelting company, from 1995 to 1997.

He holds a Bachelor of Engineering (Computer and its Application) Degree from the Central-South University, PRC in 1995.

Mr. Low Weng Keong | Independent Director

Mr. Low Weng Keong is an Independent Director of the Company. He was appointed to the Board on 13 March 2006 and was re-elected on 23 March 2011. He chairs the Company's Audit Committee and is a member of the Nominating and Remuneration Committees. He is also an independent Director of UOL Group Limited, Pan Pacific Hotel Group Limited and Riverstone Singapore Limited all of which are Singapore listed companies. He is also a Director and Immediate Past President of CPA Australia Limited.

Mr. Low retired as a senior partner of Ernst & Young in June 2005 after 19 years of practice with the firm. His appointments during his career with the firm included Head of Tax Practice, Member of the Management Committee and culminating in him being the Country Managing Partner and head of the Singapore firm.

Mr. Low is a Fellow CPA (Australia), Fellow Chartered Accountant (UK), Fellow CPA (Singapore) and Chartered Tax Advisor (UK).

BOARD OF DIRECTORS
董事会

Mr. Kelvin Valery Chia Hoo Khun | Independent Director

Mr. Kelvin Valery Chia Hoo Khun is an Independent Director of the Company. He was appointed to the Board on 13 December 2005 and was re-elected on 25 March 2010. He chairs the Company's Nominating and Remuneration Committees and is a member of the Audit Committee. He is currently the managing partner of a regional law firm, Kelvin Chia Partnership, which has offices in Singapore, Japan, China, Vietnam, Thailand, Myanmar, Indonesia, Cambodia and North Korea. His practice extends to a wide range of commercial matters with particular focus on cross-border commercial transactions, mergers and acquisitions, international arbitration, mining and resources related areas, intellectual property, litigation etc.

Mr. Chia obtained his honors degree in law from the National University of Singapore in 1977 and was called to the Singapore Bar in 1978. Mr. Chia also sits on the boards of several other listed companies.

KEY MANAGEMENT
管理层

Mr. Zhu Xirong | Senior Vice President

Mr. Zhu Xirong was the Group's Chief Financial Officer from January 2006 to October 2007 when he left the Group to pursue other job opportunities. He rejoined the Group on 1 March 2008 as a consultant to the Company and was appointed as the Senior Vice President of the Company on 1 February 2012 to assist the Executive Chairman on merger and acquisition activities as well as other duties as may from time to time given to him.

Mr. Zhu has more than 20 years of accounting and finance experience in the metal industry since 1980. Prior to rejoining the Group, Mr. Zhu was appointed as the Executive Director of China Railway Logistics Ltd, a listed public company in Hong Kong. He has served as an Executive Director and CFO of China Sciences Conservational Power Ltd, which is a listed company in Hong Kong. In April 2003, Mr. Zhu was appointed a Director of Z&D Private Limited, which is in the retail business. He has also been a Director of Tri-Metal Private Limited, which was previously a metal trading company but has been dormant since 2004. From 1998 to 1999, he rejoined Shum Yip Nonfemet Hong Kong Limited, a base metals trading and investment company, as Vice General Manager in charge of finance, accounting and investments, where he held the same post from 1988 to 1995. From 1996 to 1998, Mr. Zhu was the General Manager of the Finance Department of Oriental Metal (Holdings) Co., Limited, which is a non-ferrous metal trading and investment Listed Public company in Hong Kong. From 1985 to 1988, Mr. Zhu was an Assistant General Manager of the Finance Department at the China Nonferrous Metals Industry Shenzhen Associated Corporation, a non-ferrous metals production and trading company in the PRC. From 1980 to 1985, he was in charge of cost accounting in Baiyin Nonferrous Metals Corporation, which is a copper and zinc producer in the PRC.

Mr. Zhu obtained a diploma in Accounting from the Gansu Zigong Finance and Economics Institute, PRC in 1984 and a Master of Business in Accounting from Victoria University of Technology in Australia in 2002.

KEY MANAGEMENT
管理层

Ms. Lee Mei San | Chief Financial Officer

Ms. Lee Mei San was appointed as the Financial Controller on 4 December 2008 and was promoted to the position of Chief Financial Officer on 1 March 2010. She is responsible for providing financial management advice to the Chairman, CEO and the Board of Directors. She is also responsible for the accounts and financial matters of all subsidiaries within our Group and the review of operations of all departments to ensure effective system procedures are in place.

Ms. Lee has more than 10 years of cross-industry and regional experience in accounting and auditing. Before joining the Company, Ms. Lee was an auditor with a CPA firm in Singapore.

Ms. Lee qualified as a CPA in 2001 and is a member of the Institute of Certified Public Accountants of Singapore. She graduated from Nanyang Technological University in 1997, and holds a Bachelor of Accountancy.

Mr. Tang Yuanguang | Director of Intai and Head of Finance Department of the Company's PRC subsidiaries

Mr. Tang Yuanguang is the Head of Finance Department of the Company's PRC subsidiaries and was appointed as a Director of Intai on 31 January 2008. He is responsible for all financial matters of the Company's PRC subsidiaries, including financial management, financial analysis, budgeting, capital control and tax planning.

Mr. Tang has undertaken financial matters for companies in the non-ferrous metallurgical industry for about 20 years. He is familiar with the operations of enterprises in this industry as well as the local rules and regulations relating to the financial and tax system. His experience and professional competency has endowed him with knowledge in the construction of financial systems, financial analysis, financial budgets, financial and capital risks, management and control. Prior to joining the Group in December 2004, Mr. Tang was the Deputy Head of Finance Department of the Liuzhou Zinc Products Group, a state-owned zinc and zinc oxide producer, from 1998 to 2004. From 1992 to 1998, he was the Head of Finance Section of the Liuxin Non-ferrous Metals Research & Development Company, having been the Deputy Head of the Finance Section from 1989 to 1992. He first joined the Liuxin Non-ferrous Metals Research & Development Company, a zinc metals and zinc oxide producer in the PRC, as an Accountant in the Research and Development Department in1986.

Mr. Tang graduated from the Northern Industrial University with a graduation certificate in Industrial Accountancy in 1986.

Mr. Liu Xiaoming | Director of Intai

Mr. Liu Xiaoming was appointed as a Director of Intai on 31 January 2008. He is in charge of matters relating to the smelting and production of indium ingots and zinc-related products. Mr. Liu has more than 10 years of experience in the non-ferrous metals industry through the various appointments he has held in his career.

From 2006 to 2007, Mr. Liu was the Deputy General Manager of Intai. From 1999 to 2005, Mr. Liu was the Assistant to the General Manager of Intai. From 1992 to 1999, he was employed as a technician in the Technology Department of Liuzhou Nonferrous.

Mr. Liu graduated from the Changsha Nonferrous Metals Higher Vocational School in 1992 with a certificate in non-ferrous metals smelting.

CORPORATE INFORMATION
企业资讯

BOARD OF DIRECTORS

Executive Directors
Zeng Fuzu (Chairman)
Meng Limin
Chen Cong

Non-Executive & Non-Independent Director
Huang Guozhi

Independent Directors
Low Weng Keong
Kelvin Valery Chia Hoo Khun

AUDIT COMMITTEE
Low Weng Keong (Chairman)
Kelvin Valery Chia Hoo Khun
Huang Guozhi

NOMINATING COMMITTEE
Kelvin Valery Chia Hoo Khun (Chairman)
Low Weng Keong
Zeng Fuzu

REMUNERATION COMMITTEE
Kelvin Valery Chia Hoo Khun (Chairman)
Low Weng Keong
Huang Guozhi

COMPANY SECRETARIES
Busarakham Kohsikaporn
Toh Lei Mui

REGISTERED OFFICE
8 Shenton Way AXA Tower #42-02
Singapore 068811
Tel: (65) 65343533
Fax: (65) 64380543
www.unionmet.com.sg

BANKERS
Natixis
DBS Bank Ltd
UOB Ltd

SHARE REGISTRARS
B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

AUDITORS
Ernst & Young
One Raffles Quay
North Tower, Level 18
Singapore 048583

PARTNER-IN-CHARGE
Vincent Toong Weng Sum
(with effect from financial period 2009)

CORPORATE STRUCTURE
企业架构

Unionmet (Singapore) Limited
Singapore

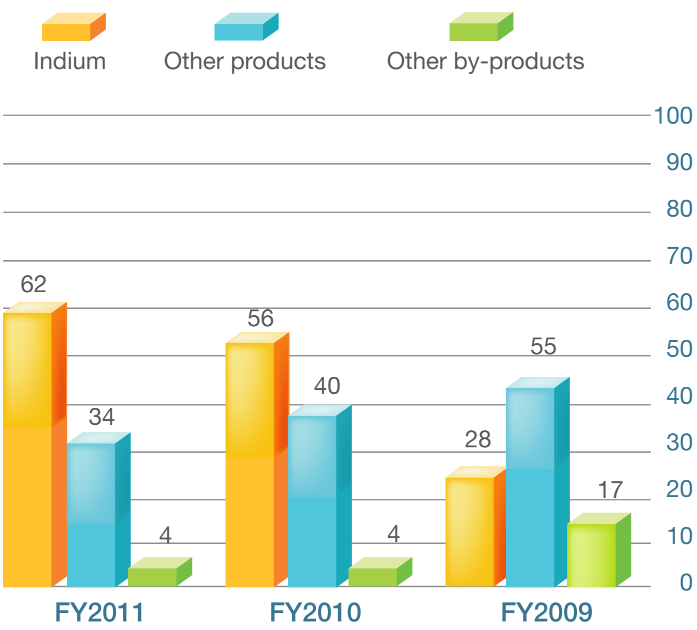
100%
Liuzhou Union Zinc Industry Co., Ltd.
Smelting and selling non-ferrous metals and related by-products
The People's Republic of China

100%
Guangxi Intai Technology Co., Ltd.
Smelting and selling non-ferrous metals and related by-products
The People's Republic of China

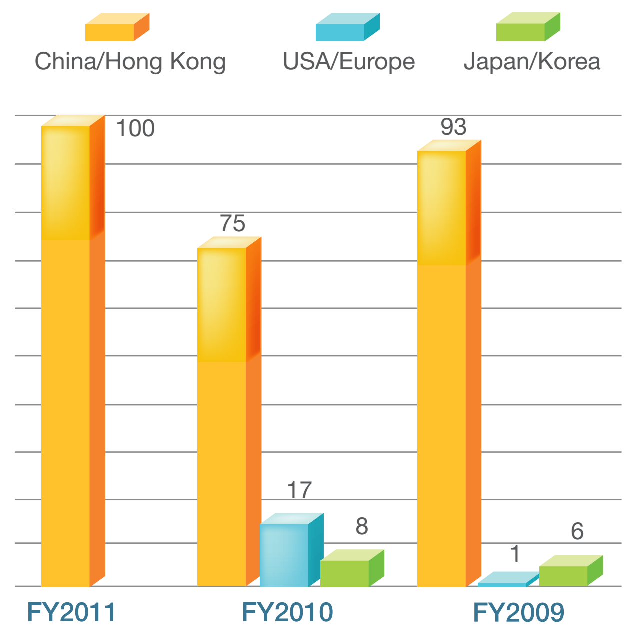
Group Financial Highlights
集团财务摘要

(In US$'000) Year ended 30 November	FY2011	FY2010	FY2009
FOR THE YEAR			
Turnover	1,842	23,183	8,459
Earnings/(losses) before interest expense, tax, depreciation and amortisation (EBITDA)	68	1,702	(2,001)
Net profit/(loss) before tax	8	1,550	(2,094)
Net profit/(loss) after tax and minority interest (PATMI)	60	1,241	(2,228)
Net profit/(loss) margin (%)	3.3%	5.4%	(26.3%)
AT YEAR END			
Total assets	42,057	38,065	37,183
Net tangible assets	37,466	37,004	36,332
Total equity	37,466	37,004	36,332
Total liabilities	4,591	1,061	851
Cash and cash equivalents	34,700	35,090	23,180
Debt-to-Equity ratio (times)	0.12	0.03	0.02
PER SHARE			
Earnings/(losses) per share (cents)			
- basic	0.01	0.20	(0.36)
- fully diluted	0.01	0.20	(0.36)
Net assets value (cents)	6.11	6.03	5.92
Net tangible assets (cents)	6.11	6.03	5.92
RETURN (%)			
Return to turnover	3.3%	5.4%	(26.3%)
Return on shareholders' equity	0.2%	3.4%	(6.1%)
Return on total assets	0.1%	3.3%	(6.0%)

Revenue by Products (%)



Geographical Segments (%)



财务目录
Financial Contents

REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the "Board") of UNIONMET (SINGAPORE) LIMITED ("Unionmet" or the "Company") is committed to high standards of corporate governance within the Company and its subsidiary companies (the "Group"). The Board confirms that it has generally adhered to the principles and guidelines as set out in the Code of Corporate Governance 2005 (the "Code"), and where applicable, relevant and practicable to the Group. This report describes the Group's corporate governance practices with specific reference to each of the principles of the Code and explained the areas of non-compliance.

1. BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board oversees the Group's overall strategic plans, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices. The primary function of the Board is to protect and enhance long-term value and returns for its shareholders.

Board's approval is required for matters such as corporate restructuring, mergers and acquisition, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, acceptances of bank facilities, annual budget, release of the Group's quarterly, half-year and full-year's results and interested person transactions of a material nature.

The Board conducts regular scheduled meetings on a quarterly basis to coincide with the announcement of the Group's quarterly results. Ad-hoc Board meetings are convened as and when they are deemed necessary in between the scheduled meetings. The Articles of Association of the Company (the "Articles") provide for Directors to convene meetings by ways of tele-conferencing, video conferencing, audio or other similar communications equipment. When a physical Board meeting is not possible, timely communication with members of the Board can be achieved through electronic means or via circulation of written resolutions for approval by the relevant members of the Board or Board Committees.

To assist in the execution of its responsibilities, the Board has delegated specific authorities to the various Board Committees namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC").

All Committees are chaired by an Independent Director and consist a majority of Non-Executive Directors. Further details of the scope and functions of the various Board committees are set out in the later part of the Report.

Details of Board and Board Committee Meetings held during the financial year ended 30 November 2011 are summarised in the table below:

Name of Director	Board Meetings	AC Meetings	NC Meetings	RC Meetings
Number of Meetings	**4**	**4**	**1**	**1**
Zeng Fuzu	4	4	1	1
Meng Limin	3	NA	NA	NA
Huang Guozhi	3	NA	NA	NA
Kelvin Valery Chia Hoo Khun	4	4	1	1
Low Weng Keong	4	4	1	1

Notes :
NA: Not Applicable

BOARD COMPOSITION AND GUIDANCE

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

The Board currently has six (6) Directors, one-third of whom are Independent Directors.

	Name of Director	Position
1.	Zeng Fuzu	Executive Chairman
2.	Meng Limin	Executive Director & Chief Executive Officer
3.	Chen Cong	Executive Director & Senior Vice President
4.	Huang Guozhi	Non-Executive Director
5.	Kelvin Valery Chia Hoo Khun	Independent Director
6.	Low Weng Keong	Independent Director

The size and composition of the Board are reviewed on an annual basis by the NC to ensure that it has an appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The NC also strives to ensure that the size of the Board is conducive to discussions and facilitates decisions. The NC with the concurrence of the Board considers the current Board size of six (6) members as appropriate, having regard to the nature and scope of the Group's operations. Each Director has been appointed on the strength of his calibre, experience and stature and is expected to bring a diversity of experience and expertise to contribute to the development of the Group strategy and performance of its business.

The profile of the Directors is set out on pages 8 to 10 of this Annual Report.

Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business and enable the Board to make informed and balanced decision. When reviewing Management proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

The NC is of the opinion that the Board is able to exercise objective judgment on corporate affairs independently and no individual or small group of individuals dominates the Board's decision making process.

Directors are kept informed of the relevant new laws, regulations and changing commercial risks, from time to time. Relevant updates, news releases issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Accounting and Corporate Regulatory Authority ("ACRA") will also be circulated to the Board for information.

Newly appointed Directors would be briefed on the business activities and the strategic direction and policies of the Group. Directors also have the opportunity to meet with Management to gain a better understanding of the Group's business operations.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

Principle 3: There should be a clear division of responsibilities at the top of the Company – the working of the Board and the executive responsibility of the Company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The roles of Chairman and CEO are separate and these positions are held by Mr Zeng Fuzu and Mr Meng Limin respectively.

To ensure that the Group is well placed to tackle challenges ahead, Mr Zeng was re-designated as Executive Chairman on 1 February 2012 to take an active role in overseeing the Group's operations and business development, including formulating and executing business strategies.

As Chairman, Mr Zeng also ensures that board meetings are held when necessary, setting the board meeting agenda in consultation with the Group Chief Financial Officer and Company Secretaries, assisting in ensuring compliance with the Group's guidelines on corporate governance, acting as a facilitator at Board meetings and maintaining regular dialogue with Management on all operational matters.

Mr Meng, the CEO of the Company, implements the Board's decision and assumes the executive responsibility of the day-to-day management of the Company. He will also assist the Chairman on strategic developments and merging activities.

BOARD MEMBERSHIP

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

The NC, regulated by a set of written terms of reference, comprises three (3) Directors, a majority of whom, including the Chairman, are independent. The NC members are:

a) Kelvin Valery Chia Hoo Khun (Chairman)
b) Low Weng Keong
c) Zeng Fuzu

The principal functions of the NC are as follows:

a) reviewing and recommending to the Board the structure, size and composition of the Board and Board Committees;

b) making recommendation to the Board on all Board appointments, including nomination of the Directors having regard to the Director's contribution and performance (e.g. attendance, level of participation, business performance of the Group);

c) determining annually the independence of the Directors;

d) reviewing and evaluating whether or not such Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations; and

e) evaluating Board's performance as a whole.

The NC had adopted the "Process for Selection and Appointment of New Directors". This provides the procedure for identification of potential candidates, evaluation of candidates' skills, knowledge and experience, assessment of candidates' suitability and recommendation for nomination to the Board. Upon the appointment of each Director, the Executive Director is provided a service agreement for an initial period of three years, setting out the terms and conditions of his appointment. For the Independent Director, a formal letter will be issued setting out the terms and conditions of his appointment.

The NC meets at least once a year.

Pursuant to Article 89 of the Company's Articles of Association, one-third of the Board of Directors will retire from office by rotation and be subject to re-election at the Company's Annual General Meeting ("AGM"). In addition, Article 88 of the Company's Articles provides that a newly appointed Director must retire and submit himself for re-election at the next AGM following his appointment. Thereafter, he is subject to re-election at least once every three (3) years.

Mr Kelvin Valery Chia Hoo Khun and Mr Huang Guozhi will be retiring by rotation pursuant to Article 89 at the forthcoming AGM and being eligible, will be offering themselves for re-election.

Mr Chen Cong, who was appointed on 1 February 2012, will be retiring pursuant to Article 88 at the forthcoming AGM has offered himself for re-election.

The Board has accepted the NC's recommendation on the re-appointment at the forthcoming AGM.

The NC has reviewed the independence of the Board members with reference to the guidelines set out in the Code and has determined that Mr Kelvin Valery Chia Hoo Khun and Mr Low Weng Keong are independent and free from any of the relationships outlined in the Code.

A Director with multiple board representations is expected to ensure that sufficient time and attention is given to the affairs of the Group. A written confirmation on such is obtained from the Independent Directors.

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.*

The NC has adopted a formal system of assessing the performance and effectiveness of the Board as a whole. The evaluation of the Board is conducted annually and is in the form of a questionnaire relating to the size and composition of the Board, the Board's access to information, Board processes and accountability, Board performance in relation to discharging its principal responsibilities and standards of conduct of the Board members. The Board has taken the view that the financial indicators as recommended by the Code to be included as part of the performance criteria for Board evaluation might not be appropriate as these are more of an assessment of Management's performance and therefore less applicable to the Board.

As part of the process, the Directors have to complete the Board Evaluation Questionnaire which is then collated by the Company Secretaries and presented to the NC. The NC will also discuss the feedback with the Board members.

For FY2011, the NC is generally satisfied with the Board evaluation results, which indicated areas for improvement with no significant problems being identified. The NC has discussed these results with the Board and the Board has agreed to work on these areas for improvement. The NC will continue to review its procedure, effectiveness and development from time to time.

ACCESS TO INFORMATION

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

All Directors have unrestricted access to the Company's records and information. From time to time, they are furnished with detailed information concerning the Group to enable them to be fully cognisant of the decisions and actions of the Group's executive management.

The agenda for Board meetings is prepared in consultation with the Chairman. As a general rule, detailed Board papers are prepared for each meeting and are normally circulated in advance prior to each meeting. The Board papers include sufficient background and information from the Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings.

All Board members have separate and independent access to the advice and services of the Company Secretaries, who are responsible to the Board for ensuring that board procedures are followed and that applicable rules and regulations are complied with. All Board members also have separate and independent access to the Senior Management of the Company and the Group at all times.

Board members are aware that they, whether as a group or individually, in the furtherance of their duties, can take independent professional advice, if necessary, at the Company's expense.

At least one (1) of the Company Secretaries will attend all meetings of the Board and the Board Committees of the Company and ensure that Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretaries are subject to the approval of the Board as a whole.

2. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

The RC, regulated by a set of written terms of reference, comprises three (3) Non-Executive Directors, a majority of whom, including the Chairman is independent. The RC members are:

a) Kelvin Valery Chia Hoo Khun (Chairman)
b) Low Weng Keong
c) Huang Guozhi (Appointed on 1 February 2012)

Mr Zeng Fuzu ceased to be a member of the RC following his re-designation as an Executive Chairman on 1 February 2012 and Mr Huang Guozhi was appointed a member to fill the vacancy.

The RC meets at least once annually.

The principal functions of the RC are as follows:

a) recommending to the Board a framework of remuneration for the Board and key executives with the aim of building a capable and committed Board and Management team through competitive compensation and focused management and progressive policies;

b) determining specific remuneration packages and terms of employment for each Executive Director;

c) reviewing and recommending Directors' fees for Non-Executive Directors, taking into account factors such as their effort and time spent, and their responsibilities; and

d) recommending to the Board long term incentive schemes which may be set up from time to time.

If required, the RC will seek expert advice inside or outside the Company on remuneration of all Directors.

The RC had recommended to the Board an amount of S$236,667 as Directors' fees for the financial year ending 30 November 2012, payable quarterly in arrears. The Board will table this at the coming AGM for shareholders' approval. The Executive Directors do not receive any Directors' fees.

No Director is involved in deciding his own remuneration.

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 for this purpose. A significant proportion of Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.

In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors.

The Executive Directors' remuneration as set out in their respective three-year service agreements with an automatic two-year renewal clause (unless otherwise terminated by either party giving not less than three months' notice to the other), consist of a salary and a performance bonus to be determined at the discretion of the Board of Directors.

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.

Directors

The fees and remuneration paid to each of the Directors of the Company for the financial year ended 30 November 2011 are all below S$250,000. A breakdown of the level and mix of the remuneration of the Directors is as follows:

FY2011 Directors' remuneration	Fees	Salary	Bonus	Other benefits	Total
	%	%	%	%	%
S$250,001 to S$500,000					
Meng Limin	-	72	23	5	100
Below S$250,000					
Zeng Fuzu	100	-	-	-	100
Huang Guozhi	100	-	-	-	100
Kelvin Valery Chia Hoo Khun	100	-	-	-	100
Low Weng Keong	100	-	-	-	100

There were no employees of the Group who are immediate family members of a Director, the CEO or a substantial shareholder, and whose remuneration exceeds S$150,000 during the year ended 30 November 2011.

Key Executives

Details of remuneration paid to the key executives of the Group (who are not Directors) for the year ended 30 November 2011 are all below S$250,000. A breakdown of the level and mix of the remuneration of the key executives is as follows:

Name of executive	Salary	Bonus	Other benefits	Total
	%	%	%	%
Lee Mei San	70	23	7	100
Tang Yuanguang	19	71	10	100
Liu Xiaoming	19	71	10	100

The remuneration for the Executive Directors and the key executives comprises a basic salary component and a variable component, which is the performance bonus, based on the performance of the Group as a whole and their individual performance.

The annual review of the compensation of Directors and key executives are carried out by the RC to ensure that their remuneration commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group.

3. ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

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

The Board provides to the shareholders, a balanced and understandable assessment of the Company's performance, position and prospects through the presentation of the annual financial statements and results announcements on a quarterly basis.

Report on Corporate Governance

The Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a timely basis in order for the Board to discharge its duties effectively.

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, regulated by a set of written terms of reference, comprises three (3) Non-Executive Directors, a majority of whom, including the Chairman is independent. The AC members are:

a) Low Weng Keong (Chairman)
b) Kelvin Valery Chia Hoo Khun
c) Huang Guozhi (appointed on 1 February 2012)

Mr Zeng Fuzu ceased to be a member of the AC following his re-designation as an Executive Chairman on 1 February 2012 and Mr Huang Guozhi was appointed a member to fill the vacancy.

The AC members bring with them invaluable managerial and professional expertise in the financial, legal and business management fields.

The AC meets at least four (4) times a year and as and when deemed appropriate to carry out its functions.

The AC carries out the functions set out in the Code and the Singapore Companies Act, Cap. 50. The AC also monitors proposed changes in accounting policies; reviews the internal audit functions and adequacy of the Group's internal controls; reviews interested person transactions; and discusses accounting implications of major transactions including significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance.

In addition, the AC reviews with the external auditors the audit plan, including the nature and scope of the audit before the audit commences, their evaluation of the system of internal controls, their audit report and their management letter and Management's response. To do so, the AC meets regularly with the Group's external auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group.

It is also the duty of the AC to review and approve future hedging policy, instruments used for hedging and foreign exchange policy and practice of the Group (if applicable). The Group has in place a zinc hedging policy that Management adheres.

The Company has put in place a Whistle-Blowing Programme whereby staff may in confidence, raise their concerns about possible improprieties in matters of financial reporting or other matters. The objective of the Programme is to ensure that process is in place, for the independent investigation of such concerns and for appropriate follow-up actions to be taken. There were no reports of whistle-blowing received in FY2011.

The AC has full access to and cooperation by Management and has full discretion to invite any Executive Director or executive officer to attend its meetings.

The AC meets with the external auditors and internal auditors separately, at least once a year, without the presence of Management.

The AC has reviewed the non-audit related work carried out by the external auditors during the financial year ended 30 November 2011, which comprised tax services and is satisfied that their independence and objectivity has not been impaired by the provision of those services.

The total amount of fees paid to the external auditors for FY2011 amounted to US$123,000 and US$11,600 for audit and non-audit services respectively.

The AC has recommended to the Board the re-appointment of Ernst & Young LLP as the external auditors at the forthcoming AGM.

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

INTERNAL AUDIT

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

The Board recognizes that it is responsible for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's business and assets. The systems that are in place are intended to provide reasonable but not absolute assurance against material misstatements or loss, and including the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation and best practices, and the containment of business risks. The effectiveness of the internal financial control systems and procedures at present are monitored by Management.

The internal audit function of the Group has been outsourced to an independent Certified Public Accountants firm. The AC reviews and approves the internal audit plan as well as the internal audit report and effectiveness of the actions taken by Management on the recommendations made by the internal auditor in this respect. The internal auditors report directly to the Chairman of the AC on internal audit matters and to the CEO on administrative matters.

The AC is of the view that the internal auditor has adequate resources to perform its functions and has, to the best of its ability, maintained its independence from the activities that it audits.

Based on the AC's review, the Board is satisfied that the system of internal control is adequate to meet the needs of the Group in its current business environment.

4. COMMUNICATION WITH SHAREHOLDERS

GREATER SHAREHOLDER PARTICIPATION

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.

In line with the continuous disclosure obligations pursuant to the Singapore Exchange Listing Rules and the Singapore Companies Act, it is the policy of the Board that all shareholders should be informed in a comprehensive manner all material developments that impact the Group on a timely basis.

The Company communicates pertinent information to its shareholders on a regular and timely basis through:

a) SGXNet announcements and press releases on major developments of the Group;

b) Financial statements containing a summary of the financial information and affairs of the Group for the relevant quarters and full-year via SGXNet;

c) Annual reports that are issued to all shareholders.

d) The Group's website at www.unionmet.com.sg from which shareholders can access information on the Group. The website provides, inter alia, all publicly disclosed financial information, corporate announcements, press releases, annual reports, and profiles of the Group.

In addition, shareholders are encouraged to attend the AGM to ensure a greater level of shareholder participation and for them to be kept up to date as to the Group's strategies and goals. The Notice of the AGM is despatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 working days before the meeting. Each item on special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to voice their views to, raise issues to and seek clarification from the Board of Directors or Management regarding the Company and its operations.

The Chairmen of the AC, NC and RC are normally available at the Company's AGM to address shareholders' questions relating to the work of these Committees. The Company's external auditors are also invited to attend the AGM and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of their auditors' report.

5. SECURITIES TRANSACTIONS

The Group has adopted an internal compliance code of conduct to provide guidance to its officers regarding dealings in the Company's securities and implication of Insider Trading.

The Group prohibits the Directors and employees to trade in the Company's securities, during the period beginning 1 month and 2 weeks before the date of the announcement of the full year or quarterly results respectively and ending on the date of the announcement of the relevant results. Directors and employees are also advised against dealing in the securities when they are in possession of any unpublished material price-sensitive information of the Group. The internal compliance code also discourages trading on short-term consideration.

The Group confirmed that it has adhered to its policy for securities transactions for FY2011.

6. INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions ("IPTs"). All IPTs are subject to review by the AC at its quarterly meetings.

The AC had reviewed and noted that the aggregate value of IPTs conducted during the financial year ended 30 November 2011 was below S$100,000 and within the threshold limits set out under Chapter 9 of the Listing Manual of the SGX-ST.

7. MATERIAL CONTRACTS

There were no material contracts of the Company, or its subsidiary involving the interests of the Chairman, CEO, any Director or controlling shareholder except for the service agreements entered into between the Company and the Executive Directors.

8. PLACEMENT PROCEEDS

The net proceeds of US$3.27 million (S$4.71 million) raised from the rights issue in July 2009 have not been utilized as at 30 November 2011.

9. RISK AND MANAGEMENT

The Company does not have a Risk Management Committee. However, Management regularly reviews the Company's business and operational activities to identify areas of significant business, financial and compliance risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the AC and Directors.

DIRECTORS' REPORT

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Unionmet (Singapore) Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 November 2011.

Directors

The Directors of the Company in office at the date of this report are:

Zeng Fuzu
Meng Limin
Chen Cong
Huang Guozhi
Kelvin Valery Chia Hoo Khun
Low Weng Keong

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of Director	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
The Company				
Ordinary shares				
Zeng Fuzu	93,391,918	93,391,918	111,401,702	111,401,702
Meng Limin	–	–	10,750,000	10,750,000
Huang Guozhi	–	–	47,778,889	47,778,889

There was no change in any of the above-mentioned interests between the end of the financial year and 21 December 2011.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company 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 the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' REPORT

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of the options to take up unissued shares of the Company and its subsidiaries.

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

The Company does not have any share option scheme.

Audit Committee

The Audit Committee ("AC") carries out the functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap 50, the SGX-ST Listing Manual and the Code of Corporate Governance. The AC also monitors proposed changes in accounting policies, reviews the internal audit functions and the adequacy of the Group's internal controls; reviews interested person transactions; and discusses accounting implications of major transactions including significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance. In addition, the AC reviews with the external auditors the audit plan, including the nature and scope of the audit before the audit commences, their evaluation of the system of internal controls, their audit report and their management letter and management response. To do so, the AC meets regularly with the Group's external auditors and its executive management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group.

The AC has full access to and cooperation by Management and has full discretion to invite any Executive Director or executive officer to attend its meetings.

The AC has met with the internal auditors and external auditors once separately, without the presence of the Management.

The AC has reviewed the non-audit related work carried out by the external auditors during the current financial year, which comprised tax services and is satisfied that their independence and objectivity has not been impaired by the provision of those services.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditors

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors:

Zeng Fuzu
Director

Meng Limin
Director

Singapore
23 February 2012

Statement By Directors

Pursuant to Section 201(15) of the Singapore Companies Act, Cap.50

We, Zeng Fuzu and Meng Limin, being two of the Directors of Unionmet (Singapore) Limited (the "Company"), do hereby state that, in the opinion of the Directors,

(i) the accompanying consolidated statement of comprehensive income, balance sheets, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and its subsidiaries (collectively, the "Group") as at 30 November 2011 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date, and

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

On behalf of the Board of Directors:

Zeng Fuzu
Director

Meng Limin
Director

Singapore
23 February 2012

Independent Auditors' Report

For the financial year ended 30 November 2011

To the Members of Unionmet (Singapore) Limited

Report on the financial statements

We have audited the accompanying financial statements of Unionmet (Singapore) Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 30 November 2011, the consolidated statement of comprehensive income, the statement of changes in equity and cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

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 judgment, 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 the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 November 2011 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

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

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore
23 February 2012

Consolidated Statement of Comprehensive Income

For the financial year ended 30 November 2011
(In United States dollars)

	Note	2011 $	2010 $
Continuing operations			
Revenue		1,841,737	23,182,888
Cost of sales		(1,922,991)	(19,649,364)
Gross (loss)/profit		(81,254)	3,533,524
Other income	3	2,540,218	473,776
Selling and distribution expenses		(3,972)	(195,756)
General and administrative expenses		(2,447,411)	(2,178,540)
Other expenses	4	–	(82,714)
Profit before tax from continuing operations	5	7,581	1,550,290
Income tax expense	6	52,730	(309,774)
Profit from continuing operations, net of tax		60,311	1,240,516
Discontinued operations			
Loss from discontinued operations, net of tax	7	(158,704)	(928,765)
(Loss)/profit after tax for the year		(98,393)	311,751
Attributable to owners of the parent			
Profit from continuing operations, net of tax		60,311	1,240,516
Loss from discontinued operations, net of tax		(158,704)	(928,765)
(Loss)/profit for the year attributable to owners of the parent		(98,393)	311,751
Other comprehensive income:			
Foreign currency translation		560,060	360,092
Other comprehensive income for the year, net of tax		560,060	360,092
Total comprehensive income for the year, net of tax		461,667	671,843
Attributable to owners of the parent			
Total comprehensive income from continuing operations		714,516	1,630,034
Total comprehensive loss from discontinued operations		(252,849)	(958,191)
Total comprehensive income for the year attributable to owners of the parent		461,667	671,843
Earnings per share from continuing operations attributable to owners of the parent (cents per share)		Cents	Cents
Basic and diluted	8	0.01	0.20
(Losses)/earnings per share (cents per share)			
Basic and diluted		(0.02)	0.05

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

as at 30 November 2011
(In United States dollars)

	Note	Group 2011 $	Group 2010 $	Company 2011 $	Company 2010 $
Non-current assets					
Property, plant and equipment	9	230,501	1,104,482	70,843	92,551
Investment in subsidiaries	10	–	–	4,437,983	5,277,983
Deferred tax assets	18	140,744	1,713	–	–
Land use rights	11	803,578	–	–	–
		1,174,823	1,106,195	4,508,826	5,370,534
Current assets					
Inventories	12	1,500,835	1,129,682	99,975	99,975
Trade receivables	13	–	40,178	–	–
Other receivables	14	4,631,725	668,789	63,847	56,451
Prepayments		42,225	23,629	27,780	22,867
Tax refundable		6,471	6,132	–	–
Cash and short-term deposits	15	34,700,076	35,090,277	23,875,838	25,274,023
		40,881,332	36,958,687	24,067,440	25,453,316
Current liabilities					
Trade payables	16	5,406	11,536	–	2,236
Other payables	17	420,618	731,449	178,015	183,563
Tax payable		46,525	260,595	–	–
Deferred revenue	19	3,974,590	–	–	–
		4,447,139	1,003,580	178,015	185,799
Net current assets		36,434,193	35,955,107	23,889,425	25,267,517
Non-current liability					
Deferred tax liabilities	18	143,098	57,051	–	–
Net assets		37,465,918	37,004,251	28,398,251	30,638,051
Equity attributable to owners of the parent					
Share capital	20	32,793,475	32,793,475	32,793,475	32,793,475
Reserves		4,672,443	4,210,776	(4,395,224)	(2,155,424)
Total equity		37,465,918	37,004,251	28,398,251	30,638,051

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 30 November 2011
(In United States dollars)

	Attributable to owners of the parent				
	Share capital $	Statutory reserve * $	Accumulated losses $	Foreign currency translation reserve** $	Total equity $
Group					
Balance at 1 December 2009	32,793,475	2,019,670	(1,012,533)	2,531,796	36,332,408
Profit for the financial year	–	–	311,751	–	311,751
Other comprehensive income	–	–	–	360,092	360,092
Total comprehensive income for the year	–	–	311,751	360,092	671,843
Transfer to statutory income	–	10,113	(10,113)	–	–
Balance at 30 November 2010	32,793,475	2,029,783	(710,895)	2,891,888	37,004,251
Balance at 1 December 2010	32,793,475	2,029,783	(710,895)	2,891,888	37,004,251
Loss for the financial year	–	–	(98,393)	–	(98,393)
Other comprehensive income	–	–	–	560,060	560,060
Total comprehensive income for the year	–	–	(98,393)	560,060	461,667
Transfer to statutory income	–	81,249	(81,249)	–	–
Balance at 30 November 2011	32,793,475	2,111,032	(890,537)	3,451,948	37,465,918

* The statutory reserve is computed based on 10% of the after tax profit of subsidiaries established in the People's Republic of China. It is made to comply with the local law and regulations.

** Foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Statements of Changes in Equity

For the financial year ended 30 November 2011
(In United States dollars)

	Share capital $	Accumulated losses $	Total equity $
Company			
Balance at 1 December 2009	32,793,475	(4,025,911)	28,767,564
Profit for the financial year	–	1,870,487	1,870,487
Total comprehensive income for the year	–	1,870,487	1,870,487
Balance at 30 November 2010	32,793,475	(2,155,424)	30,638,051
Balance at 1 December 2010	32,793,475	(2,155,424)	30,638,051
Loss for the financial year	–	(2,239,800)	(2,239,800)
Total comprehensive loss for the year	–	(2,239,800)	(2,239,800)
Balance at 30 November 2011	32,793,475	(4,395,224)	28,398,251

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year ended 30 November 2011
(In United States dollars)

	Note	2011 $	2010 $
Cash flows from operating activities:			
Profit before tax from continuing operations		7,581	1,550,290
Loss before tax from discontinued operations		(158,704)	(928,765)
(Loss)/profit before tax, total		(151,123)	621,525
Adjustments for:			
Depreciation of property, plant and equipment	9	179,836	604,759
Amortisation of land use rights	11	2,688	–
Net (gain)/loss on disposal of property, plant and equipment	3, 4	(32,668)	12,102
Net gain on disposal of subsidiaries	3	(303,549)	–
Impairment loss on property, plant and equipment	4	–	250,282
Reversal of allowance for doubtful debts	3	–	(123,135)
Interest income		(222,319)	(117,977)
Write-down of inventories/(reversal of write-down of inventories), net		349,293	(793,878)
Compensation for land	3	(1,709,843)	–
Unrealised exchange gain		(8,504)	(132,446)
Foreign currency translation		(55,981)	298,233
Operating cash flows before changes in working capital		(1,952,170)	619,465
Decrease in trade receivables		22,008	1,011,306
(Increase)/decrease in other receivables and prepayments		(4,043,271)	456,596
(Increase)/decrease in inventories		(1,206,932)	9,966,963
Increase/(decrease) in trade payables		663,543	(280,056)
Increase in other payables		1,040,374	227,824
Increase in deferred revenue		3,974,590	–
Cash flows (used in)/generated from operations		(1,501,858)	12,002,098
Income taxes (paid)/refund, net		(214,663)	26,911
Interest received		128,763	59,524
Net cash flows (used in)/generated from operating activities		(1,587,758)	12,088,533
Cash flows from investing activities:			
Compensation for land	3	1,709,843	–
Purchase of property, plant and equipment	9	(131,664)	(350,046)
Purchase of land use rights	11	(806,266)	–
Proceeds from disposal of property, plant and equipment		74,091	60,800
Net cash outflow on disposal of the subsidiaries (Note)		(219,516)	–
Net cash flows generated from/(used in) investing activities		626,488	(289,246)
Net (decrease)/increase in cash and cash equivalents		(961,270)	11,799,287
Effect of exchange rate changes on cash and cash equivalents		571,069	111,452
Cash and cash equivalents at beginning of year		35,090,277	23,179,538
Cash and cash equivalents at end of year	15	34,700,076	35,090,277

Consolidated Cash Flow Statement

For the financial year ended 30 November 2011
(In United States dollars)

Note:

On 23 May 2011 and 4 August 2011 respectively, the Company disposed of Guangxi Crystal Union Photoelectric Materials Co., Ltd. ("Crystal Union") and liquidated Rongan Union Zinc Industry Co., Ltd.("Rongan"), its wholly owned subsidiaries. The disposal was made for a total consideration of US$23,000 and was fully settled in cash.

The value of assets and liabilities of both the subsidiaries recorded in the consolidated financial statements at the point of disposal, and the cash flow effect of the disposal were:

	$
Property, plant and equipment	833,168
Trade receivables	53,289
Other receivables	154,037
Inventories	486,486
Cash and cash equivalents	242,516
	1,769,496
Trade payables	(669,672)
Other payables	(1,345,253)
Carrying value of net assets	(245,429)
Total consideration	23,000
Cash and cash equivalents of the subsidiaries	(242,516)
Net cash outflow on disposal of the subsidiaries	(219,516)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

30 November 2011
(In United States dollars)

1. Corporate information

Unionmet (Singapore) Limited (the "Company") is a limited liability company, incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 8 Shenton Way, AXA Tower, #42-02, Singapore 068811.

The principal activity of the Company is that of trading of non-ferrous metals. There has been no significant change in the nature of these activities during the financial year.

At an Extraordinary General Meeting of shareholders on 20 September 2011, the Company sought and obtained shareholders approval for the expansion of its business scope to include the trading of ferrous and precious metals; kaolin and barite; and coal and coke.

The principal activities of the subsidiaries are set out in Note 10 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars (USD or $). The Company's reporting and measurement currency is in USD, which reflects the economic substance of the underlying events and circumstances of the Company. Although the Company is domiciled in Singapore, most of the Company's transactions and sales are denominated in USD.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 December 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except as disclosed below:

FRS 103 Business Combinations (revised) and FRS 27 Consolidated and Separate Financial Statements (revised)

The revised FRS 103 *Business Combinations* and FRS 27 *Consolidated and Separate Financial Statements* are applicable for annual periods beginning on or after 1 July 2009. As of 1 January 2010, the Group adopted both revised standards at the same time in accordance with their transitional provisions.

FRS 103 Business Combinations (revised)

The revised FRS 103 introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Changes in significant accounting policies resulting from the adoption of the revised FRS 103 include:

– Transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;

– Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;

Notes to the Financial Statements

30 November 2011
(In United States dollars)

2.2 ***Changes in accounting policies (cont'd)***

– The Group elects for each acquisition of a business, to measure non-controlling interest at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and this impacts the amount of goodwill recognised; and

– When a business is acquired in stages, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 January 2010 are not adjusted.

There is no significant effect on the adoption of the revised FRS 103 on the Group's consolidated financial statements.

FRS 27 Consolidated and Separate Financial Statements (revised)

Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

– A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss;

– Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity; and

– When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interests, attribution of losses to non-controlling interests and disposal of subsidiaries before 1 January 2010. The changes will affect future transactions with non-controlling interests.

2.3 ***Standards issued but not yet effective***

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendment to FRS 32 Financial Instruments: *Presentation - Classification of Rights Issues*	1 February 2010
Amendment to FRS 101 *First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 107 Disclosures for First-time Adopters*	1 July 2010
INT FRS 119 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2010
Revised FRS 24 *Related Party Disclosures*	1 January 2011
Amendments to INT FRS 114 *Prepayments of a Minimum Funding Requirement*	1 January 2011
INT FRS 115 *Agreements for the Construction of Real Estate*	1 January 2011
Updates to *The Conceptual Framework for Financial Reporting 2010 (Chapters 1 and 3)*	1 March 2011
Amendments to FRS 107 *Financial Instruments: Disclosures – Transfers of Financial Assets*	1 July 2011
Amendments to FRS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*	1 January 2012

2.3 ***Standards issued but not yet effective (cont'd)***

Except for the revised FRS 24, the Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 24 is described below.

Revised FRS 24 Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2012.

2.4 ***Significant accounting estimates and judgements***

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Useful lives of property, plant and equipment

The cost of property, plant and equipment are depreciated on a straight-line basis over their estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 20 years. The carrying amount of the Group's property, plant and equipment as at 30 November 2011 was $230,501 (2010: $1,104,482). Changes in the expected level of usage, technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised and impact the profit in future years.

(ii) Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables, deferred tax assets and deferred tax liabilities at 30 November 2011 was $46,525 (2010: $260,595), $140,744 (2010: $1,713) and $143,098 (2010: $57,051) respectively.

(b) *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

2.4 ***Significant accounting estimates and judgements (cont'd)***

(b) *Judgements made in applying accounting policies (cont'd)*

(i) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(ii) Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for its property, plant and equipment at each reporting date. They are tested for impairment annually and at other times when such indicators exist. Changes in the expected usage due to developments in the PRC could impact the economic useful lives of these assets. Therefore impairments in property, plant and equipment could be charged and impact the profits of the Group.

(iii) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the end of the reporting period is disclosed in Note 24 to the financial statements.

2.5 ***Basis of consolidation***

Business combinations from 1 December 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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2.5 ***Basis of consolidation (cont'd)***

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.9. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 December 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.6 ***Subsidiaries***

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 ***Functional and foreign currency***

(a) *Functional currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be USD, as most of the Company's transactions and sales are denominated in USD.

2.7 ***Functional and foreign currency (cont'd)***

(b) *Foreign currency transactions*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(c) *Foreign currency translation*

The results and financial position of foreign operations are translated into USD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the rate ruling at that end of the reporting period; and

- Income and expenses for each statement of comprehensive income are translated at weighted average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

2.8 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost or valuation less accumulated depreciation and any accumulated impairment losses.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over their estimated useful life of the asset as follows:

Leasehold land and building	–	20 years
Leasehold improvement	–	5 years
Plant and machinery	–	10 years
Office equipment	–	5 years
Motor vehicles	–	5 years
Computers	–	3 years

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.9 ***Goodwill***

Goodwill is initially measured at cost being the excess of the cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.7.

Goodwill and fair value adjustments which arose on acquisition of foreign subsidiaries before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in USD at the rates prevailing at the date of acquisition.

(In United States dollars)

2.10 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously such as reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.11 ***Trade and other receivables***

Trade and other receivables are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.22. Trade receivables generally have 3 to 120 days credit terms and are recognised and carried at original invoiced amount less an allowance for any uncollectible amounts.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.16 below.

2.12 ***Inventories***

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

Raw materials	–	purchase costs on a weighted average basis;
Finished goods and work-in-progress	–	costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.13 ***Trade and other payables***

Liabilities for trade and other payables, which are normally settled on 30 - 60 days terms and payables to subsidiaries and related parties, are accounted for as financial liabilities. The accounting policy for this category is stated in Note 2.23.

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2.14 ***Employee benefits***

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to end of the reporting period.

2.15 ***Operating leases***

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. As a lessee, operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.16 ***Impairment of financial assets***

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

(a) *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The amount of reversal is recognised in profit or loss to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

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2.16 ***Impairment of financial assets (cont'd)***

(b) *Assets carried at cost*

If there is objective evidence such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer that an impairment loss on a financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.17 ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Rendering of services*

Management service fee is recognised, on an accrual basis upon which management services are rendered.

(c) *Interest income*

Interest income is recognised using the effective interest method.

(d) *Dividend income*

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

2.18 ***Research and development expenses***

Research and development costs are expensed as incurred.

2.19 ***Deferred revenue***

Deferred revenue is recognised at their fair value where there is reasonable assurance that the revenue will be received and all attaching conditions will be fulfilled. The deferred revenue will be recognised progressively by tranches in the profit and loss upon the fulfilment of each condition.

2.20 ***Income taxes***

(a) *Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

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2.20 ***Income taxes (cont'd)***

(b) *Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

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2.20 ***Income taxes (cont'd)***

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.21 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.22 ***Financial assets***

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

(a) *Financial assets at fair value through profit or loss*

Financial assets held for trading are classified as financial assets at fair value through profit or loss. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(b) *Loans and receivables*

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loan and receivable are carried at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in statement of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

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2.22 ***Financial assets (cont'd)***

(b) *Loans and receivables (cont'd)*

The Group classifies the following financial assets as loans and receivables:

- cash and short-term deposits;
- trade and other receivables.

2.23 ***Financial liabilities***

Financial liabilities within the scope of FRS 39 are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.24 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits that form an integral part of the Group's cash management.

Cash and short-term deposits carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.22.

2.25 ***Segment reporting***

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 27, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 ***Share capital and share issue expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

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3. Other income

	Group 2011 $	Group 2010 $
Interest income from bank deposits	222,084	117,768
Exchange gain, net	74,036	173,253
Subsidy income	87,186	47,113
Sundry income	1,571	6,710
Sale of scrap materials	109,641	–
Gain on disposal of property, plant and equipment	32,668	–
Gain on disposal of subsidiaries	303,549	–
Compensation for land	1,709,483	–
Reversal of allowance for doubtful debts	–	123,135
Others	–	5,797
	2,540,218	473,776

4 Other expenses

	Group 2011 $	Group 2010 $
Loss on disposal of property, plant and equipment	–	12,102
Net realised loss on derivative financial instruments	–	9,795
Impairment in value of property, plant and equipment	–	20,282
Loss on sale of raw materials	–	20,105
Others	–	20,430
	–	82,714

5. Profit before tax from continuing operations

	Note	Group 2011 $	Group 2010 $
Profit before tax is stated after charging/(crediting):			
Depreciation of property, plant and equipment		60,209	151,660
Amortisation of land use rights	11	2,688	–
Reversal of allowance for doubtful debts		–	(123,135)
Rental expenses		149,183	305,459
Machinery rental expenses		1,933	44,340
Write-down of inventories/(reversal of write-down of inventories), net		463,199	(915,271)
Staff costs	22	1,040,848	896,158
Non-audit fees paid to:			
- Auditors of the Company		11,600	6,209

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6. Income tax

(a) *Major components of income tax expense*

The major components of income tax expense for the financial year ended 30 November were:

	Group	
	2011	2010
	$	$
Statement of comprehensive income		
Current income tax		
- current income taxation	–	270,995
- under/(over) provision of tax in respect of prior years	347	(38,460)
Deferred income tax		
- movement in temporary differences	(53,077)	32,003
	(52,730)	264,538
Withholding tax	–	45,236
	(52,730)	309,774

(b) *Relationship between tax expense and accounting profit*

The reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate for the year ended 30 November is as follows:

	Group	
	2011	2010
	$	$
Profit before tax from continuing operations	7,581	1,550,290
Loss before tax from discontinued operations	(158,704)	(928,765)
(Loss)/profit before tax	(151,123)	621,525
Tax at the domestic rates applicable to profits in the countries where the Group operates *	(35,145)	209,400
Adjustments:		
Income not subject to tax	(341,677)	(62,875)
Effect of deferred withholding tax liability for undistributed reserves	–	45,236
Deferred tax asset not recognised	301,448	163,414
Non-deductible expenses	22,297	106,628
Under/(over) provision of prior year tax	347	(38,460)
Benefits from previously unrecognised tax losses	–	(113,569)
Tax expense	(52,730)	309,774

* The reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

(In United States dollars)

6. Income tax (cont'd)

(i) As at 30 November 2011, the Group has unabsorbed tax losses of approximately $7,100,000 (2010: $5,500,000) available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability.

The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

(ii) The subsidiary, Guangxi Intai Technology Co., Ltd. ("Intai"), is located in Liuzhou City of Guangxi Province and is subject to a corporate income tax rate of 25% (2010: 25%). Intai obtained approval from local tax bureau and was entitled to enjoy two years tax exemption and subsequent three years with 50% reduction as foreign investment enterprise beginning April 2005. For the years 2007 to 2009, Intai was subjected to a favourable corporate income tax rate of 12.5%. From 1 January 2010 onward, Intai is subject to the tax rate of 25%.

The subsidiary, Liuzhou Union Zinc Industry Co., Ltd. ("Union Zinc"), is located in Liuzhou City of Guangxi Province and is subject to a corporate income tax rate of 25% (2010: 25%). According to the income tax law of the PRC on foreign investment enterprises, Union Zinc is entitled to tax exemption from PRC corporate income tax for two years commencing from its first profit making year, after deducting the tax losses brought forward, and thereafter is entitled to a 50% tax exemption for the subsequent three years. As Union Zinc was established in September 2004, Union Zinc chose year 2005 as its first profit-making year. For the years 2007 to 2009, Union Zinc was subjected to a favourable corporate income tax rate of 12.5%. From 1 January 2010 onward, Union Zinc is subject to the tax rate of 25%.

7. Discontinued operations

On 23 May 2011, the Company announced the decision of its board of directors to dispose of one of its wholly-owned subsidiary, Crystal Union. The decision resulted from the Board's strategic review of the Group's businesses to improve its overall profitability and longer term shareholder returns, as Crystal Union has been making losses since the date of its incorporation and it is anticipated that substantial investments on property, plant and equipment without any return on investment as Crystal Union is not expected to be profitable in the foreseeable future.

The disposal of Crystal Union was completed on 4 August 2011. The voluntary liquidation of Rongan which was completed on 19 July 2011 was also the result of the Board's strategic review.

Income statement disclosures

The results that pertain to the discontinued operations are as follows:

	Group	
	2011	2010
	$	$
Revenue	144,193	111,833
Cost of sales	(87,477)	(284,571)
Gross profit/(loss)	56,716	(172,738)
Other income	4,377	54,308
Selling and distribution expenses	(10,002)	(4,208)
General and administrative expenses	(209,795)	(576,101)
Other expense	–	(230,026)
Loss from discontinued operations, net of tax	(158,704)	(928,765)
Losses per share disclosures		
Losses per share from discontinued operations attributable to owners of the parent (cents per share)	Cents	Cents
Basic and diluted	(0.03)	(0.15)

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7. Discontinued operations (cont'd)

Balance sheet disclosures

The statement of financial position as at 30 November 2010 includes the following items that pertain to the discontinued operations.

	$
Assets:	
Property, plant and equipment	905,160
Inventories	384,787
Trade and other receivables	154,566
Cash and short-term deposits	36,788
Assets of disposal group classified as held for sale	1,481,301
Liabilities:	
Trade and other payables	(1,580,747)
Liabilities of disposal group classified as held for sale	(1,580,747)
Net liabilities of disposal group classified as held for sale	(99,446)

Cash flow statement disclosures

The cash flows attributable to the discontinued operations are as follows:

	Group	
	2011 $	2010 $
Net cash flows generated from operating activities	206,828	484,953
Net cash flows used in investing activities	(4,641)	(497,457)
Net cash inflows/(outflows)	202,187	(12,504)

(In United States dollars)

8. Earnings per share

(a) *Basic earnings per share*

Basic earnings per share from continuing operations amounts are calculated by dividing profit for the year that is attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	Group	
	2011	**2010**
	$	**$**
Profit for the year attributable to equity holders of the parent	60,311	1,240,516
Weighted average number of ordinary shares	613,553,995	613,553,995
Basic earnings per share (cents)	0.01	0.20

(b) *Diluted earnings per share*

Diluted earnings per share from continuing operations amounts are calculated by dividing profit for the year that is attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group	
	2011	**2010**
	$	**$**
Profit for the year attributable to equity holders of the parent	60,311	1,240,516
Weighted average number of ordinary shares	613,553,995	613,553,995
Diluted earnings per share (cents)	0.01	0.20

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9. Property, plant and equipment

	Leasehold land and building $	Leasehold improvement $	Plant and machinery $	Office equipment $	Motor vehicles $	Computers $	Construction in progress $	Total $
Group								
Cost:								
At 1 December 2009	5,920	833,623	2,144,755	104,096	415,590	23,200	–	3,527,184
Additions	–	101,490	264,087	2,976	–	1,982	–	370,535
Disposals	(6,089)	(33,280)	(514,123)	(1,750)	(6,806)	(943)	–	(562,991)
Translation adjustment	169	22,360	60,617	2,704	11,892	–	–	97,742
At 30 November 2010 and 1 December 2010	–	924,193	1,955,336	108,026	420,676	24,239	–	3,432,470
Additions[1]	–	–	3,159	5,221	103,943	3,015	16,326	131,664
Disposals	–	–	(271,144)	–	(144,665)	–	–	(415,809)
Disposal of subsidiaries	–	(850,059)	(1,742,949)	(35,063)	(23,300)	–	(371)	(2,651,742)
Translation adjustment	–	44,548	108,138	5,531	23,265	–	–	181,482
At 30 November 2011	–	118,682	52,540	83,715	379,919	27,254	15,955	678,065
Accumulated depreciation and impairment loss:								
At 1 December 2009	1,652	460,249	1,071,715	59,695	296,948	20,906	–	1,911,165
Charge for the financial year	265	367,215	164,239	17,370	54,006	1,664	–	604,759
Disposals	(1,965)	(33,280)	(445,701)	(1,750)	(6,466)	(943)	–	(490,105)
Impairment loss	–	–	250,282	–	–	–	–	250,282
Translation adjustment	48	11,979	29,882	1,481	8,497	–	–	51,887
At 30 November 2010 and 1 December 2010	–	806,163	1,070,417	76,796	352,985	21,627	–	2,327,988
Charge for the financial year	–	52,970	85,817	10,580	28,453	2,016	–	179,836
Disposals	–	–	(237,386)	–	(136,885)	–	–	(374,271)
Disposal of subsidiaries	–	(850,059)	(919,021)	(18,175)	(11,534)	–	–	(1,798,789)
Translation adjustment	–	42,954	46,479	3,845	19,522	–	–	112,800
At 30 November 2011	–	52,028	46,306	73,046	252,541	23,643	–	447,564
Net book value:								
At 30 November 2011	–	66,654	6,234	10,669	127,378	3,611	15,955	230,501
At 30 November 2010	–	118,030	884,919	31,230	67,691	2,612	–	1,104,482

(1) Additions during the year include provision for reinstatement costs of $Nil (2010: $20,489).

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

During the year, the Group acquired property, plant and equipment with an aggregated cost of $131,664 (2010: $370,535) of which $Nil (2010: $20,489) were additions to reinstatement cost capitalised. Cash payments of $131,664 (2010: $350,046) were made to acquire the property, plant and equipment.

	Leasehold improvement $	Office equipment $	Computers $	Total $
Company				
Cost:				
At 1 December 2009	52,220	7,886	23,200	83,306
Additions	99,742	127	1,982	101,851
Written off	(33,280)	–	(943)	(34,223)
At 30 November 2010 and 1 December 2010	118,682	8,013	24,239	150,934
Additions	–	–	3,015	3,015
At 30 November 2011	118,682	8,013	27,254	153,949
Accumulated depreciation:				
At 1 December 2009	41,641	6,218	20,906	68,765
Charge for the financial year	21,132	1,045	1,664	23,841
Written off	(33,280)	–	(943)	(34,223)
At 30 November 2010 and 1 December 2010	29,493	7,263	21,627	58,383
Charge for the financial year	22,536	171	2,016	24,723
At 30 November 2011	52,029	7,434	23,643	83,106
Net book value:				
At 30 November 2011	66,653	579	3,611	70,843
At 30 November 2010	89,189	750	2,612	92,551

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10. Investments in subsidiaries

Investments in subsidiaries comprise:

	Company 2011 $	Company 2010 $
Unquoted equity shares, at cost	8,437,983	10,737,983
Less: Impairment loss	(4,000,000)	(5,460,000)
	4,437,983	5,277,983

In 2008, the Company impaired the cost of investment of Liuzhou Union Zinc Industry Co., Ltd. ("Union Zinc") by $4,000,000.

The impairment review was done comparing the recoverable amount, determined based on value-in-use calculations, with the carrying value of Union Zinc:

Basis used	Terminal growth rate	Discount rate	No of years cash flow
Value-in-use	3.4%	9.8%	5

The value in use is determined using the present value of the future cash flows expected to be derived from the cash generating units discounted by weighted average cost of capital for Union Zinc as disclosed provided above. The calculation used a five-year cash flow projection approved by management. Assumptions used in the five-year projections are based on industry forecasts. The terminal value is determined on a going concern basis, assuming a terminal growth rate of 2%. Based on the value in use and the carrying value of the investment in Union Zinc, an impairment of US$4,000,000 was made.

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10. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follow:

	Name of subsidiaries (Country of incorporation)	Principal activities (Place of business)	Cost 2011 $	Cost 2010 $	Percentage of equity held by the Group 2011 %	Percentage of equity held by the Group 2010 %
Held by the Company						
*	Liuzhou Union Zinc Industry Co., Ltd. (The People's Republic of China)	Smelting and selling non-ferrous metals and related by-products (The People's Republic of China)	4,200,000	4,200,000	100	100
*	Guangxi Intai Technology Co., Ltd. (The People's Republic of China)	Smelting and selling non-ferrous metals and related by-products (The People's Republic of China)	4,237,983	4,237,983	100	100
*^	Guangxi Crystal Union Photoelectric Materials Co., Ltd. (The People's Republic of China)	Manufacturing and selling of photoelectric materials (The People's Republic of China)	–	2,300,000	–	100
			8,437,983	10,737,983		

	Name of subsidiary (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2011 %	Percentage of equity held by the Group 2010 %
Held through Liuzhou Union Zinc Industry Co., Ltd.				
#^	Rongan Union Zinc Industry Co., Ltd. (The People's Republic of China)	Smelting and sales of non-ferrous metals and related by-products (The People's Republic of China)	–	100

* Audited by Ernst & Young, Guangzhou.
\# No audit is required.
^ Disposed during the year

During the year, the Company disposed of Guangxi Crystal Union Photoelectric Materials Co., Ltd and Rongan Union Zinc Industry Co., Ltd. Details of their disposal has been disclosed in Note 7 to the financial statements.

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11. Land use rights

	Group 2011 $	Group 2010 $
Cost:		
At 1 December	–	–
Additions	806,266	–
At 30 November	806,266	–
Accumulated amortisation:		
At 1 December	–	–
Amortisation for the year	2,688	–
At 30 November	2,688	–
Net carrying amount	803,578	–
Amount to be amortised:		
- Not later than one year	16,125	–
- Later than one year but not later than five years	80,626	–
- Later than five years	706,827	–

The Group acquired land use rights over a plot of state-owned land during the year in People's Republic of China ("PRC") where the Group's PRC production facilities resides. The land use rights are not transferrable and have a remaining tenure of 49.8 years.

12. Inventories

	Group 2011 $	Group 2010 $	Company 2011 $	Company 2010 $
Balance sheet:				
Raw materials	85,890	53,062	–	–
Low value consumables	24,983	38,467	–	–
Work-in-progress	151,094	315,971	–	–
Finished goods	1,238,868	722,182	99,975	99,975
Total inventories at lower of cost and net realisable value	1,500,835	1,129,682	99,975	99,975
Statement of comprehensive income:				
Inventories recognised as an expense in cost of sales	1,459,792	20,496,679	–	8,104,520
Write-down of inventories/(reversal of write-down of inventories), net	463,199	(915,271)	–	(844,738)

The reversal of write-down of inventories was made as the estimated net realisable values of the related inventories are above their carrying amounts.

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13. Trade receivables

Trade receivables are non-interest bearing and are generally on 3 to 120 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

14. Other receivables

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Deposits	36,517	422,289	33,279	34,576
Interest receivables	93,556	58,453	25,172	17,936
Land compensation receivable	3,974,590	–	–	–
Other receivables	188,478	180,625	5,396	3,939
Advances to suppliers	386,866	53,174	–	–
Less: Allowance for doubtful debts	(48,282)	(45,752)	–	–
	4,631,725	668,789	63,847	56,451

Land compensation receivable pertains to Intai's sale of land. Please see Note 19 for further information.

	Group	
	2011	2010
	$	$
Movement in allowance accounts:		
At 1 December	45,752	164,073
Exchange difference	2,530	4,814
Reversal for the year	–	(123,135)
At 30 November	48,282	45,752

15. Cash and short-term deposits

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Cash at bank	3,512,555	4,815,324	349,562	595,125
Short-term deposits	31,187,521	30,274,953	23,526,276	24,678,898
	34,700,076	35,090,277	23,875,838	25,274,023

Short-term deposits are made for varying periods of between one day and depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates. The interests earned range from 0.10% to 3.30% (2010: 0.01% to 1.98%) per annum.

Included in cash on hand and at bank is an amount of $340,184 (2010: $585,248) denominated in Singapore dollars.

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16. Trade payables

Trade payables are non-interest bearing and are normally settled on 30-60 days terms.

17. Other payables

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Salaries and welfare payable	86,317	671	–	–
Advances from customers	14,491	17,429	–	–
Sundry creditors	144,969	539,917	3,174	10,131
Accrued liabilities	174,841	173,432	174,841	173,432
	420,618	731,449	178,015	183,563

18. Deferred tax

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Deferred tax liabilities				
Balance at beginning of the year	(57,051)	(74,080)	–	–
(Provision)/reversal during the year	(86,047)	17,029	–	–
Balance at end of the year	(143,098)	(57,051)	–	–
The deferred tax liabilities arise as a result of:				
Future taxable income	(86,047)	–	–	–
Undistributed reserves of subsidiaries	(57,051)	(57,051)	–	–
	(143,098)	(57,051)	–	–
Deferred tax assets				
Differences in provisions	140,744	1,713	–	–

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19. Deferred revenue

	Group	
	2011	2010
	$	$
At 1 December	–	–
Deferred during the year	3,974,590	–
At 30 November	3,974,590	–
Current	3,974,590	–

The deferred revenue relates to the balance of compensation to be received from the Liuzhou Government arising from the sale of land by Guangxi Intai Technology Co.,Ltd ("Intai").

Pursuant to the agreement with the Liuzhou Government, Intai will receive additional compensation of approximately RMB35.6 million (US$5.8 million) in 3 tranches, subject to the satisfaction of conditions relating to the acquisition of a new plot of land and the building of a new factory. The first tranche of approximately RMB10.7 million (US$1.7 million) was received upon the acquisition of a new plot of land by Intai for its new production facility in November 2011. The amount received has been recognised as other income in 2011.

The Group has budgeted but not committed a capital expenditure of approximately RMB25 million (US$4.0 million) for the building of a new factory.

20. Share capital

	Group and Company	
	2011	2010
	$	$
Issued and fully paid:		
Balance at beginning and end of year		
613,553,995 (2010: 613,553,995) ordinary shares	32,793,475	32,793,475

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

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21. Commitments

(a) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statement is as follows:

	Group	
	2011	2010
	$	$
Capital commitments in respect of property, plant and equipment	–	285,402

(b) *Operating lease commitments*

The Group has entered into commercial leases on plant, machineries, office area and residential property where it is not in the best interest of the Group to purchase these assets. These leases have an average life of 5 years. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 November are as follows:

Not later than one year	132,302	130,622
Later than one year but not later than five years	42,681	137,465
Later than five years	18,581	19,385
	193,564	287,472

22. Staff costs

	Group	
	2011	2010
	$	$
Salaries and bonuses	938,695	790,408
Contribution to defined contribution plans	102,153	105,750
	1,040,848	896,158

Included in staff costs is directors' remuneration amounting to $253,856 (2010: $193,015).

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23. Compensation of key management personnel

	Group	
	2011	2010
	$	$
Employee benefits expense		
- salaries and bonus	659,908	462,137
- directors' fees	257,518	304,881
- defined contribution plans	33,877	10,816
- other short term benefits	13,110	32,201
	964,413	810,035
Comprise amounts paid to:		
- Directors of the Company	511,375	497,896
- other key management personnel	453,038	312,139
	964,413	810,035

24. Fair value of financial instruments

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged for or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximates fair value

Management has determined that the carrying amounts of cash and short-term deposits, trade and other receivables, and trade and other payables reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Classification of financial instruments

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Loans and receivables				
Assets				
Trade receivables	–	40,178	–	–
Other receivables	4,631,725	668,789	63,847	56,451
Cash and short-term deposits	34,700,076	35,090,277	23,875,838	25,274,023
	39,331,801	35,799,244	23,939,685	25,330,474
Liabilities at amortised cost				
Liabilities				
Trade payables	5,406	11,536	–	2,236
Other payables and accruals	420,618	731,449	178,015	183,563
	426,024	742,985	178,015	185,799

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25. Financial risk management objectives and policies

The Group's principal financial instruments other than derivative financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including commodity futures contracts. The purpose is to manage the price risks arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, price risk and liquidity risk. The Board reviews and agrees policies for managing risks and they are summarised below.

(a) *Interest rate risk*

The Group manages its interest rate risks on its interest income by placing cash balances with reputable banks and financial institutions.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments, that are exposed to interest rate risk:

	Group	
	2011	2010
	$	$
Within one year		
Floating rate		
Cash assets	34,350,514	34,495,152

Interest on financial instruments subject to floating interest rates is repriced regularly at intervals of less than a year (2010: less than a year) from the end of the reporting period. Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group that are not included in the above table are not subjected to interest rate risks.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if USD and Renminbi ("RMB") interest rates had been 10 (2010: 25) basis points and 25 (2010: 25) basis points lower and higher, respectively, with all other variables held constant, the Group's profit net of tax would have been $27,600 and $69,100 (2010: $69,500) lower and higher, arising mainly as a result of lower and higher interest income from cash at bank and short-term deposits.

	Increase/ decrease in basis points	Effect on profit/(loss) net of tax $	Effect on equity $
2011			
- RMB	+25	20,300	20,300
- USD	+25	48,800	48,800
- RMB	-10	(8,100)	(8,100)
- USD	-10	(19,500)	(19,500)
2010			
- RMB	+25	18,500	18,500
- USD	+25	51,000	51,000
- RMB	-25	(18,500)	(18,500)
- USD	-25	(51,000)	(51,000)

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25. Financial risk management objectives and policies (cont'd)

(b) ***Foreign currency risk***

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies arising from normal trading. The Group and the Company hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances (mainly in SGD) amount to $340,184 and $340,184 (2010: $585,248 and $585,248) for the Group and the Company respectively.

The Group is also exposed to currency translation risk arising from its net investments in People's Republic of China ("PRC"). The Group's net investments in PRC are not hedged as currency positions in RMB are considered to be long-term in nature.

It is the Group's policy not to enter into derivative forward foreign exchange contracts for speculative purposes.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the SGD exchange rates (against USD), with all other variables held constant, of the Group's profit/(loss) net of tax.

		Profit net of tax	
		2011	2010
		$	$
Group			
SGD	- strengthened 8% (2010: 8%)	-22,400	-31,100
	- weakened 8% (2010: 8%)	+22,400	+31,100

(c) ***Credit risk***

The Group trades only with recognised and credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Head of Finance.

The carrying amounts due from a related party and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values.

At the end of the reporting period, approximately Nil% (2010: 99%) of the Group's trade receivables were due from Nil (2010: 1) customers.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Head of Finance.

NOTES TO THE FINANCIAL STATEMENTS

30 November 2011
(In United States dollars)

25. Financial risk management objectives and policies (cont'd)

(d) *Price risk*

The Group is principally engaged in the smelting and sales of non-ferrous metal and entered into futures contracts for the sale of Zinc. The prices of the Group's products are influenced by global as well as regional supply and demand conditions. A decline in indium and zinc price could adversely affect the Group's financial performance.

To manage fluctuations of price risk in certain raw materials and finished goods prices, the Group's policy is to perform natural physical hedging and trading of commodity futures contracts. This is achieved through matching raw material purchases to sales of finished goods at any one time. As sales can be estimated based on order books, the Group controls the amount of raw materials purchased in the same period so as to limit its exposure to price fluctuations.

The Group has no commodity future contracts entered into as at end of the reporting period.

(e) *Liquidity risk*

The Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through funds generated from operations and proceeds received during the Initial Public Offering and the Rights Issue.

The Group's financial liabilities based on contractual undiscounted payments mature within one year and represent trade and other payables as at 30 November 2011 and 30 November 2010.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less	
	2011	2010
	$	$
Group		
Financial assets		
Trade receivables	–	40,178
Other receivables	4,538,169	610,336
Interest receivables	93,556	58,453
Cash and short-term deposits	34,700,076	35,090,277
Total undiscounted financial assets	39,331,801	35,799,244
Financial liabilities		
Trade payables	5,406	11,536
Other payables and accruals	420,618	731,449
Total undiscounted financial liabilities	426,024	742,985
Total net undiscounted financial assets	38,905,777	35,056,259

NOTES TO THE FINANCIAL STATEMENTS

30 November 2011
(In United States dollars)

25. Financial risk management objectives and policies (cont'd)

(e) ***Liquidity risk (cont'd)***

	1 year or less	
	2011	2010
	$	$
Company		
Financial assets		
Other receivables	38,674	38,516
Interest receivables	25,173	17,935
Cash and short-term deposits	23,875,838	25,274,023
Total undiscounted financial assets	23,939,685	25,330,474
Financial liabilities		
Trade payables	–	2,236
Other payables and accruals	178,015	183,563
Total undiscounted financial liabilities	178,015	185,799
Total net undiscounted financial assets	23,761,670	25,144,675

26. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 November 2011 and 30 November 2010.

		Group	
	Note	2011	2010
		$	$
Trade and other payables		426,024	742,985
Other liabilities		46,525	260,595
Less: Cash and short-term deposits	10	34,700,076	35,090,277
Net cash		34,227,527	34,086,697
Equity attributable to the equity holders of the parent		37,465,918	37,004,251
Less: Statutory reserve fund		(2,108,280)	(2,029,488)
Total capital		35,357,638	34,974,763
Capital and net cash		1,130,111	888,066
Gearing ratio		NA	NA

Notes to the Financial Statements

30 November 2011
(In United States dollars)

26. Capital management (cont'd)

As disclosed in the statement of changes in equity, the subsidiaries of the Group are required by the Foreign Enterprise Law of 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 subsidiaries for the financial year ended 30 November 2011.

The Group is currently in a net cash position. The Group's policy is to minimise the gearing ratio. The net cash includes trade and other payables, other liabilities, less cash and short-term deposits. Capital includes equity attributable to the equity holders of the parent less the abovementioned restricted statutory reserve fund.

27. Segment information

For management purposes, the Group is currently organised into three main business activities. The business activities are the basis on which the Group reports to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The three main business activities are as follows:

(a) Indium ingots – manufacturing and trading of indium ingots

(b) Other products – manufacturing and trading of other products

(c) Other by-products – manufacturing and trading of other by-products

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's profit or loss that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment to arrive at segment results.

Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and expenses, income tax and deferred tax assets and liabilities.

The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to their parties at current market prices.

The measurement basis of the Group's reportable segments is in accordance with its accounting policy as described in Note 2.

Geographical information

The Group's geographical information are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

Information about major customers

Revenues from three major customers in the indium ingot segment amounted to approximately US$1,200,000 (2010: US$9,000,000).

Revenues from two major customers in the other products segment amounted to approximately US$637,000 (2010: US$8,400,000).

Apart from these largest customers, there was no other single customer that contributed more than 10% of the consolidated revenue for the financial years ended 30 November 2011 and 2010.

NOTES TO THE FINANCIAL STATEMENTS

30 November 2011
(In United States dollars)

27. Segment information (cont'd)

The following table presents revenue and results information regarding the Group's reportable operating segments for the financial years ended 30 November 2011 and 2010.

	Indium $	Other products $	Other by-products $	Discontinued operations $	Adjustments and Elimination $	Total $
2011						
Segment revenue						
- Sales to external customers	1,138,348	636,578	66,811	144,193	(144,193)	1,841,737
- Inter-segment sales	146,414	–	–	–	(146,414)	–
Total revenue	1,284,762	636,578	66,811	144,193	(290,607)	1,841,737
Interest income	–	–	–	–	–	222,084
Depreciation of property, plant and equipment	(35,428)	(24,153)	(628)	(119,627)	119,627	(60,209)
Research and development expenses	–	–	–	(48,096)	48,096	–
(Write-down of inventories)/ Reversal of write-down of inventories, net	(463,199)	–	–	113,906	(113,906)	(463,199)
Segment profit/(loss)	(1,094,690)	(197,633)	62,844	(158,704)	1,395,764	7,581
Assets:						
Segment assets	1,663,064	911	319,219	–	(25,804)	1,957,390
Unallocated assets	–	–	–	–	–	40,098,765
Liabilities:						
Segment liabilities	3,352	16,545	–	–	–	19,897
Deferred tax liability	–	–	–	–	–	143,098
Tax payable	–	–	–	–	–	46,525
Unallocated liabilities	–	–	–	–	–	4,380,717
Other segment information:						
Capital expenditure on property, plant and equipment	(3,015)	(106,754)	(17,253)	(4,641)	4,641	(127,022)

NOTES TO THE FINANCIAL STATEMENTS

30 November 2011
(In United States dollars)

27. Segment information (cont'd)

	Indium $	Other products $	Other by-products $	Discontinued operations $	Adjustments and Elimination $	Total $
2010						
Segment revenue						
- Sales to external customers	13,146,745	9,227,928	808,215	111,833	(111,833)	23,182,888
- Inter-segment sales	4,732,672	–	35,790	–	(4,768,462)	–
Total revenue	17,879,417	9,227,928	844,005	111,833	(4,880,295)	23,182,888
Interest income	–	–	–	–	–	117,768
Depreciation of property, plant and equipment	(94,164)	(44,066)	(13,430)	(453,098)	453,098	(151,660)
Impairment loss on property, plant and equipment	(20,282)	–	–	(230,000)	230,000	20,282
Research and development expenses	–	–	–	(433,173)	433,173	–
Reversal of write-down of inventories/(write-down of inventories), net	984,134	–	(68,863)	(121,393)	121,393	915,271
Net realised loss on derivative financial instruments	–	–	(9,795)	–	–	(9,795)
Reversal of allowance for doubtful debts	–	–	123,135	–	–	123,135
Segment profit/(loss)	1,344,215	4,776	201,299	(928,765)	928,765	1,550,290
Assets:						
Segment assets	1,332,851	1,253,781	28,821	–	(580,475)	2,034,978
Unallocated assets	–	–	–	–	–	36,029,904
Liabilities:						
Segment liabilities	482,543	2,555	1,172,256	–	(1,648,865)	8,489
Deferred tax liability	–	–	–	–	–	57,051
Tax payable	–	–	–	–	–	260,595
Unallocated liabilities	–	–	–	–	–	734,496
Other segment information:						
Capital expenditure on property, plant and equipment	(81,362)	–	(1,227)	(267,457)	267,457	(82,589)

Notes to the Financial Statements

30 November 2011
(In United States dollars)

27. Segment information (cont'd)

	China/ Hong Kong $	Japan/ Korea $	USA/ Europe $	Singapore $	Discontinued operations $	Total $
2011						
Segment revenue						
- External	1,950,267	–	–	35,663	(144,193)	1,841,737
Segment assets	17,943,676	–	–	24,112,479	–	42,056,155
Capital expenditure on property, plant and equipment	(128,648)	–	–	(3,015)	4,641	127,022
2010						
Segment revenue						
- External	17,518,468	1,940,865	3,835,388	–	(111,833)	23,182,888
Segment assets	12,549,974	–	–	25,514,908	–	38,064,882
Capital expenditure on property, plant and equipment	(268,685)	–	–	(81,361)	267,457	(82,589)

28. Authorisation of financial statements for issue

The financial statements of the year ended 30 November 2011 were authorised for issue in accordance with a resolution of the Directors on 23 February 2012.

SHAREHOLDERS' INFORMATION

AS AT 16 FEBRUARY 2012

Class of shares : Ordinary share
Voting rights : One vote per share

The Company does not hold any Treasury Shares.

STATISTICS OF SHAREHOLDINGS

Size of Shareholding			Number of Shareholders	%	Number of Shares	%
1	-	999	45	1.64	2,693	0.00
1,000	-	10,000	795	29.00	5,315,161	0.87
10,001	-	1,000,000	1,874	68.37	147,586,341	24.05
1,000,001		and above	27	0.99	460,649,800	75.08
			2,741	100.00	613,553,995	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name/Date	Direct Interest	%	Indirect/Deemed Interest	%
Zeng Fuzu [(1)]	93,391,918	15.22	111,401,702	18.16
Huang Guozhi [(2)]	NIL	0	47,778,889	7.79
Ultra Plus Ventures Ltd [(1)]	NIL	0	111,401,702	18.16
Precious Stream Holdings Limited [(2)]	NIL	0	47,665,014	7.77
Bestway Premium Investments Pte. Ltd.	73,014,555	11.90	NIL	0

Notes:

(1) Mr Zeng Fuzu has a deemed interest in shares held by Ultra Plus Ventures Ltd ("Ultra Plus") by virtue of his 100% ownership in Ultra Plus. The shares held by Ultra Plus are registered in the name of DBS Nominees (Pte) Limited.

(2) Mr Huang Guozhi is deemed interested in 47,665,014 shares held by Precious Stream Holdings Limited by virtue of his 100% ownership in Precious Stream Holdings Limited. The total of 47,778,889 shares are registered in the name of DBS Nominees (Pte) Limited.

Shareholders' Information

AS AT 16 FEBRUARY 2012

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	DBS Nominees Pte Ltd	193,864,519	31.60
2.	Zeng Fuzu	93,391,918	15.22
3.	Bestway Premium Investments Pte. Ltd.	73,014,555	11.90
4.	Maybank Kim Eng Securities Pte Ltd	12,032,999	1.96
5.	Phillip Securities Pte Ltd	11,232,665	1.83
6.	OCBC Securities Private Ltd	9,831,666	1.60
7.	Royal Bank of Canada (Asia) Ltd	8,450,000	1.38
8.	Merrill Lynch (Singapore) Pte Ltd	7,866,000	1.28
9.	United Overseas Bank Nominees Pte Ltd	6,187,665	1.01
10.	Hong Leong Finance Nominees Pte Ltd	6,149,000	1.00
11.	UOB Kay Hian Pte Ltd	4,071,000	0.66
12.	Lim & Tan Securities Pte Ltd	3,738,482	0.61
13.	Raffles Nominees (Pte) Ltd	3,601,666	0.59
14.	Mayban Nominees (S) Pte Ltd	3,453,000	0.56
15.	Xu Renwei	3,073,000	0.50
16.	Zhang Dongliang	2,986,666	0.49
17.	Ng Kim Huat	2,600,000	0.42
18.	Wong Loy Hing	2,600,000	0.42
19.	DBS Vickers Securities (S) Pte Ltd	2,361,000	0.39
20.	OCBC Nominees Singapore Pte Ltd	1,955,000	0.32
		452,460,801	73.74

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

41.96% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of UNIONMET (SINGAPORE) LIMITED (the "Company") will be held at Amara Hotel Singapore, Connection 1, Level 3, 165 Tanjong Pagar Road, Singapore 088539 on Tuesday, 27 March 2012 at 10.00 am for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 30 November 2011 together with the Auditors' Report thereon.
(Resolution 1)

2. To re-elect the following Directors retiring pursuant to Articles 88 and 89 of the Company's Articles of Association:

Mr Chen Cong	(retiring under Article 88)	**(Resolution 2)**
Mr Huang Guozhi	(retiring under Article 89)	**(Resolution 3)**
Mr Kelvin Valery Chia Hoo Khun	(retiring under Article 89)	**(Resolution 4)**

Mr Kelvin Valery Chia Hoo Khun will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

3. To approve the payment of Directors' fees of S$236,667 for the year ending 30 November 2012 to be paid quarterly in arrears (2011: S$320,000).
[See Explanatory Note (i)] **(Resolution 5)**

4. To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.
(Resolution 6)

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

AS SPECIAL BUSINESS

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

6. **SHARE ISSUE MANDATE**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

(a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company;

NOTICE OF ANNUAL GENERAL MEETING

(b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company as at the date of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities;
[See Explanatory Note (ii)]

(Resolution 7)

By Order of the Board

Busarakham Kohsikaporn
Toh Lei Mui
Company Secretaries

Singapore, 9 March 2012

Explanatory Notes on Resolutions to be passed:

(i) The Ordinary Resolution 5 proposed in item 3 above, if passed, will facilitate the payment of Directors' fees during FY2012. A lower fee is proposed for FY2012 in view of Mr Zeng Fuzu relinquishing his non-executive role and take on an executive position with effect from 1 February 2012.

(ii) The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty percent (20%) may be issued other than on a pro rata basis.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 8 Shenton Way AXA Tower #42-02 Singapore 068811 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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UNIONMET (SINGAPORE) LIMITED
(Incorporated In Singapore with limited liability)
(Co. Reg. No: 200409104W)

IMPORTANT:

1. For investors who have used their CPF monies to buy Unionmet (Singapore) Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We, ______________________________

of ______________________________

being a member/members of Unionmet (Singapore) Limited (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 27 March 2012 at 10.00 am and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✔] within the box provided.)

No.	Resolutions relating to:	For	Against
1.	Directors' Report and Audited Accounts for the year ended 30 November 2011		
2.	Re-election of Mr Chen Cong as a Director		
3.	Re-election of Mr Huang Guozhi as a Director		
4.	Re-election of Mr Kelvin Valery Chia Hoo Khun as a Director		
5.	Approval of Directors' fees amounting to S$236,667		
6.	Re-appointment of Ernst & Young LLP as Auditors		
7.	Share Issue Mandate		

**Delete where inapplicable*

Dated this __________ day of ______________ 2012

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)/
and, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

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

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Shenton Way AXA Tower #42-02 Singapore 068811 not less than forty-eight (48) hours before the time appointed for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorise by 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, Cap. 50 of Singapore.

General:

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

Unionmet (Singapore) Limited
(Company Registration Number: 200409104W)

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